

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 701

(Senator Jones, *et al.*)

Finance

Health and Government Operations

Insurance Producers - Life and Health Insurance Examinations - Annual Report

This bill requires the Maryland Insurance Commissioner or a designee, by April 1 of each year, to prepare and publish a statistical report regarding the life and health insurance producer examinations administered during the preceding calendar year.

The report has to include information on the total number of examinees, the percentage and number of examinees who passed the examination, the mean and standard deviation of scaled scores, and the correct answer rate and correlation for each test question and test form. Information must be presented for all examinees combined and separately by race or ethnicity, gender, race or ethnicity within gender, educational level, and native language. As soon as practicable, the Insurance Commissioner must submit the report to specified standing committees.

The bill terminates September 30, 2011.

Fiscal Summary

State Effect: None. The bill would not directly affect governmental finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Applicants for a license must pass a personal written examination to determine the competence of the applicant as to life insurance, health insurance, or

annuities, including contracts for nonprofit health service plans, vision plans, dental plan organizations, and HMOs, as well as the familiarity of the applicant with the applicable laws of the State. An applicant who fails an examination may not take another exam for at least 14 days after the date of the last examination failed, but there is no limit on the number of times an applicant may retake the examination. Prior to taking the examination, an applicant must take a prelicensing course.

Background: Neither MIA's Producer Licensing Section nor MIA's examination vendor (PSI) collect demographic data from test candidates. MIA indicates that if demographic data were collected by PSI, the vendor could produce the report required under the bill at no cost to the State. However, demographic data would have to be provided on a voluntary basis as MIA does not have statutory authority to collect such data. PSI previously collected similar data on a voluntary basis in other states, but found response rates to be low.

MIA selected PSI as its new examination vendor in June 2007, which resulted in new proprietary examinations created in consultation with an MIA review committee. Since that time, MIA has observed a noticeable decline in the pass rate for the examination, particularly among the life portion of the exam.

Applicants for a Maryland State Life, Accident/Health Producer license must take both the life, accident/health and general life accident/health portions of the examination. The examination fee is \$70.

Additional Information

Prior Introductions: None.

Cross File: HB 1100 (Delegate Tarrant, *et al.*) - Health and Government Operations.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

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