

February 22, 2024

**Testimony of the American Council of Life Insurers Before the House
Economic Matters Committee in Support of HB 265**

- Good afternoon Mister Chair and members of the Committee. My name is Vince Ryan. I am the Regional Vice President of State Relations for the American Council of Life Insurers testifying in support of HB 265 and ask that this Committee give it a favorable report.
- ACLI is the leading trade association driving public policy and advocacy on behalf of the life insurance industry and its policyholders.
 - 90 million American families rely on life insurance industry for financial protection & retirement security.
 - Each day, life insurers pay out \$35.4 million in life insurance and annuities to Maryland families and businesses.
- Thank you for the opportunity to testify in support of Senate Bill 336, which addresses increasing concerns about agent recruitment, retention, and diversity.
- I thank Delegate Qi for her sponsorship of this legislation. I also thank Commissioner Birrane and the staff at the Maryland Insurance Administration for their work on this legislation with us.
- ACLI shares the conviction that a robust and diverse producer base is fundamental to the commitment of life insurers and life insurance producers/advisors to provide access to financial protection and savings products for all individuals.
- That is why, over the past several years, ACLI has worked with industry counterparts and regulators to identify and remove unnecessary barriers that prevent otherwise qualified candidates from entering and remaining in the industry.
- One barrier to entry is the presence of unnecessary pre-licensing education mandates.
- While the stated purpose of pre-licensing mandates has been to ensure candidates are prepared for the profession by helping them pass the licensing exam, the NAIC's Producer Licensing Working Group has determined that pre-licensing mandates do not achieve the goal of ensuring candidates are prepared for the profession.
- **Moreover, research has shown that pre-licensing mandates do not produce candidates more prepared to pass the exam.**
- Additionally, states without a mandate conduct post-exam questionnaires inquiring about time, methods and modes of preparation. These reports indicate that many candidates for licenses still take a course, buy

materials, or otherwise, prepare for the exam. The difference in non-mandated states is candidates for a license are free to study in a way that best fits their schedule, budget and, study habits.

- Pre-licensing mandates serve as barriers to entry into the industry by requiring excessive or unnecessary commitments of time, money and methods of study.
- By removing these mandates, candidates can study in a way that fits their needs and situation. These barriers are all particularly important when we consider the varying needs of those who may be caregivers, considering insurance as a second career, or who come from non-traditional educational backgrounds.
- To date, two states (Alabama and Washington) have enacted legislation to remove pre-licensing education barriers.
- Passage and enactment of this legislation in Maryland will make the state a forward-thinking leader in our region and expand the ranks of insurance professionals to serve the financial needs of our consumers.