

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



KATHLEEN A. BIRRANE
Commissioner

TAMMY R. J. LONGAN
Acting Deputy Commissioner

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2471 Fax: 410-468-2020
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

Date: February 22, 2024

Bill # / Title: House Bill 265 - Insurance – Producer Licensing Requirements – Education and Experience

Committee: House Economic Matters Committee

Position: Letter of Information (LOI)

The Maryland Insurance Administration (MIA) appreciates the opportunity to provide the Committee with information regarding House Bill 265.

House Bill 265 amends the Insurance Article to remove requirements that producer applicants take a pre-licensing course or work for a year prior to licensing. However, the bill keeps in place the licensing examination requirement as well as the requirement that the applicant be of good character and trustworthy.

This bill removes a significant barrier to becoming an insurance producer in Maryland, particularly for those from disadvantaged backgrounds, due to the cost associated with pre-licensing courses. This will also provide consumers in underserved communities with access to producers who otherwise may have been unable to go through the pre-licensing process. Further, removing this requirement in Maryland would bring our State in line with the 29 other states plus Washington, DC, which have already eliminated pre-licensing course requirements, including neighboring states Delaware and Virginia. The National Association of Insurance Commissioners (NAIC) does not recommend pre-licensing education requirements in either the Producer Licensing Model Act or its Uniform Licensing Standards, although the NAIC offers model text for the states that require pre-licensing education.

The MIA does note that there have been concerns raised that the removal of pre-licensing requirements could lead to less knowledgeable and competent new producers. However, this has not been shown to be the case in other states that have eliminated the pre-licensing course requirement, as demonstrated by licensing examination passage rates. Maryland has a process to review the examination questions with experienced producers and subject matter experts within the MIA to ensure that the exam is rigorous and candidates have the knowledge to act as a producer. Further, it has been reported that many, if not most, applicants still choose to take a licensing examination prep class similar to the pre-licensing course, should they have the means to do so. However, the elimination of such a course as a requirement would remove it as a barrier to entry for producer applicants without the means to afford it.

Thank you for the opportunity to provide this letter of information. The MIA is available to provide additional information and assistance to the Committee.