



January 30, 2024

ATTN: Senate Finance Committee
Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Dear Chairwoman Beidle and Members of the Senate Finance Committee,

The National Association of Insurance and Financial Advisors, better known as NAIFA and NAIFA-MD, would like to express our thanks to the committee for their consideration of SB 336, which eliminates unnecessary, antiquated, and burdensome rules mandating pre-licensing education courses for insurance producer exam candidates.

Founded in 1890, NAIFA represents the interests of more than 20,000 licensed insurance agents and financial advisers across the country. Ninety percent of NAIFA members serve middle-income clients and lower-income individuals and families. The Maryland Chapter of NAIFA, which has close to **269** members that serve our communities.

Americans' financial needs continue to drive demand for more licensed, highly skilled life insurance producers and financial professionals. However, the insurance industry lacks an adequate number of producers to serve the needs of Americans as recruiting and retention for new producers continue to decline. Providing access to a wide range of insurance and financial services to help Americans plan for life's big moments is critical for financial security.

Pre-licensing education mandates currently serve as an unnecessary barrier for new producers entering the industry and potentially have a disproportionate impact on minority candidates with no discernable benefit. NAIFA strongly supports states maintaining high standards of knowledge and professionalism for producers entering the industry and that these applicants continue to require that new producers must demonstrate the necessary knowledge required to obtain an insurance license.

Insurance licensing exams remain the most important and valid component for testing adequate knowledge for licensing, separating the qualified from the unqualified. Of the 26 states that have removed pre-licensing education barriers, none report an adverse impact on exam passing rates or exam scores. Further, states that collect study data show that exam takers nearly universally report engaging in pre-licensing education. This indicates that the mandate is not necessary to ensure exam takers will adequately study. By eliminating mandated education, SB 336 will instill fairness in the state's licensing system and ensure the regulatory burden shouldered by residents is not heavier than non-residents.

All applicants, especially those who might also be caregivers, considering insurance as a second career, or who come from non-traditional educational backgrounds, should be free to study in a way that best fits their schedule, budget, and study habits. This approach is widely accepted in the financial services industry and is in line with similar financial services licensing exams administered by FINRA.

In closing, on behalf of our insurance agents that serve their communities in Maryland, NAIFA would like to express our gratitude to you for bringing forth SB 336. We stand ready to answer any questions that you or your colleagues may have.

Sincerely,

Jeff Ryan
President, NAIFA-Maryland
Mass Mutual Financial Group