Annual Report
(Pursuant to New York Insurance Law § 214)

Report on Insurance Agent Licensing Examinations
July 2009

BY
New York State Insurance Department
Kermitt J. Brooks
Acting Superintendent of Insurance

Table of Contents

I.   Introduction

On May 21, 2008, Governor David A. Paterson signed Chapter 77 of the Laws of 2008 into law. Chapter 77 amended the New York Insurance Law to require the Superintendent of Insurance to collect certain information from those persons taking insurance agent licensing examinations, and to perform a study of the insurance agent licensing examinations. Specifically, Chapter 77 added a new Insurance Law § 2103(f)(3), which requires the Superintendent to request that an applicant taking insurance agent licensing examinations set forth his or her: (1) full name, residence address, business address and mailing address; (2) gender; (3) age; (4) education level; (5) race or ethnicity; and (6) native language;. The examination must also include a clear and unambiguous statement that the applicant is not required to disclose his or her gender, native language, highest level of education achieved and race or ethnicity, and that the New York State Insurance Department ("Department") will use the information for statistical purposes only.

Chapter 77 also added a new Insurance Law § 214, which requires the Superintendent to perform a study of the insurance agent licensing examinations required by Insurance Law § 2103. The study must include, at a minimum, the total number of examinees, the passing rate of all examinees, and the mean scores on the examination. In addition, the study must examine the correlation between the aforementioned items and "the applicants' native language, level of education, gender, race and ethnicity." The Superintendent must complete the study by January 1st of each year.

Chapter 77 of the Laws of 2008 went into effect September 2008. This report has been developed in accordance with Insurance Law § 214.

II   Demographic Information and Report

A.   Demographic Information

In accordance with Insurance Law § 2103(f)(3), the registration form for an insurance agent licensing examination sets forth six optional demographic questions. The questions are multiple choice, and ask the applicant to identify his or her gender, age, education level, race, ethnicity, and native language as follows:

> Gender: Female; Male; unspecified
>
> Age: I decline to participate; under 18; 18-24; 25-29; 30-34; 35-39; 40-44; 45-49; 50-54; 55-59; 60-64; 65 and over; unspecified
>
> Education: I decline to participate; high school or GED; some college; 2-year college degree (associates); 4-year college degree (BA - BS); master's degree; doctoral degree; unspecified
>
> Race: I decline to participate; American Indian and Alaska Native;

Asian; Black or African American; Native Hawaiian and Other Pacific; White; two or more races; unspecified

Ethnicity: I decline to participate; American/Canadian; Chinese; Cuban; Dutch; English; Filipino; French; German; Irish; Italian; Japanese; Korean; Mexican; Polish; Puerto Rican; Russian; Scottish; Swedish; Vietnamese; other Asian; other European; other Hispanic or Latino; unspecified

Native Language: I decline to participate; Arabic; Chinese; English; French; German; Italian; Korean; Polish; Russian; Spanish; Tagalog; Vietnamese; unspecified

An applicant may not leave any demographic question blank – he or she must specify an answer. Therefore, if the applicant does not wish to participate in the study, then he or she must choose "I decline to participate." If an applicant believes that his or her gender, race, education, age, ethnicity, or native language is not specified, then he or she may choose "unspecified."

B.   Demographic Report

At the Department's request, the Department's testing vendor provided the Department with a demographics report for the period September 1, 2008 through December 31, 2008, a copy of which is attached hereto. The demographic report sets forth certain statistics for each licensing examination. Specifically, it sets forth the total number of examinees, passing rate, and average score[1] for each licensing examination broken down further by gender, age, education, race, ethnicity and native language.

The Department notes that there was minimal participation in the study. Seventy percent of examinees did not identify their gender, race, education, ethnicity, and native language. Therefore, the Department bases its observations on the answers of only the 30% of examinees who voluntarily provided the foregoing information.

III.   Department's Observations

As a preliminary matter, the Department does not employ statisticians. Therefore, the Department makes observations in this report based only upon the statistics set forth in the demographics report.

A.   Life Insurance Agent/Broker

2,443 applicants registered to take the life insurance agent/broker examination (#10-51). However, only 2,427 applicants sat for the examination. The examination consists of 100 questions, and an examinee must answer 70 questions correctly to pass. Of the 2,427 applicants

---

[1] The figures set forth under "average score" represent the average number of questions answered correctly.

who sat for the examination, the passing rate for all examinees was 51.09%, and the average number of questions answered correctly for all examinees was 68.84.

1.   Gender

2,335 examinees identified their gender. Those examinees whom identified themselves as male had a higher passing rate (54.96%) and average score (70.17) than those whom identified themselves as female (45.89% and 67.21, respectively).

2.   Education

637 examinees identified their education level. Those examinees who identified themselves as having a master's degree had the highest passing rate (81.67%), followed by those who identified themselves as having a doctoral degree (75.0%) and a 4-year college degree (74.29%). With regard to average score, those who identified themselves as having a doctoral degree had the highest (82.25), followed by those who identified themselves as having a master's degree (77.88) and those with a 4-year college degree (76.1). Those examinees who identified themselves as having a high school diploma or GED had the lowest passing rate (34.83%) and average score (65.69).

3.   Race

523 examinees identified their race. Those examinees who identified themselves as Native Hawaiian and other Pacific had the highest passing rate (100.0%) and average score (80.0), followed by those who identified themselves as white (73.58% and 76.4, respectively) and those who identified themselves as two or more races (57.14% and 71.77, respectively). Those who identified themselves as Asian had the lowest passing rate (51.85%) and average score (68.48).

4.   Ethnicity

501 examinees identified their ethnicity. Those examinees who identified themselves as Cuban, Japanese, Scottish, and Vietnamese had the highest passing rate (100.0%), followed by those who identified themselves as Irish (84%) and French (80%). Those who identified themselves as Irish had the highest average score (79.56), followed by those who identified themselves as Japanese (79.5) and Cuban (77.0). The lone examinee who identified himself or herself as Dutch had the lowest passing rate (0.0%) and average score (59.0).

5.   Native Language

578 examinees identified their native language. The examinee who identified his or her native language as Vietnamese had the highest passing rate (100.0%), followed by those who identified their native language as Korean (66.67%) and English (65.08%). Those examinees who identified their native language as Polish had the highest average score (79.5), followed by the examinee who identified his or her native language as Vietnamese (76.0), and those examinees who identified their native language as English (73.5). The examinees who identified

their native language as Arabic and Italian had the lowest passing rate (0.0%, respectively), while the examinee who identified his or her native language as Arabic had the lowest average score (58.0).

B.   Accident and Health Insurance Agent/Broker

882 applicants registered to take the accident and health insurance agent/broker licensing examination (#10-52). However, only 877 applicants sat for the examination. The examination consists of 100 questions, and an examinee must answer 70 questions correctly to pass. Of the 877 applicants who sat for the examination, the passing rate for all examinees was 36.03%, and the average number of questions answered correctly for all examinees was 64.86.

1.   Gender

673 examinees identified their gender. Those examinees who identified themselves as male had a higher passing rate (43.42%) and average score (67.53) than those who identified themselves as female (32.52% and 63.63, respectively).

2.   Education

167 examinees identified their education level. Those examinees who identified themselves as having a doctoral degree had the highest passing rate (100.0%), followed by those who identified themselves as having a 2-year college degree (57.89%) and those who identified themselves as having a master's degree (57.14%). With regard to average score, those who identified themselves as having a doctoral degree had the highest (72.0), followed by those who identified themselves as having a master's degree (70.86) and those who identified themselves as having a 2-year college degree (69.79). Examinees who identified themselves as having a high school diploma or GED had the lowest passing rate (35.71%), while examinees who identified themselves as having some college had the lowest average score (64.45).

3.   Race

136 examinees identified their race. The sole examinee who identified himself or herself as American Indian and Alaska Native had the highest passing rate (100.0%) and average score (84.0), followed by those who identified themselves as white (56.04% and 69.3, respectively) and two or more races (50.0% and 64.75, respectively). Those examinees who identified themselves as Asian had the lowest passing rate (17.65%) and average score (61.29).

4.   Ethnicity

145 examinees identified their ethnicity. Examinees who identified themselves as Polish and Scottish had the highest passing rate (100.0%), followed by those examinees who identified themselves as German (71.43%) and other European (66.67%). The examinee who identified himself or herself as Scottish had the highest average score (83.0), followed by the examinee who identified himself or herself as Polish (74.0) and those examinees who identified themselves as German (72.57). Examinees who identified themselves as Japanese, Korean and Mexican had

the lowest passing rate (0.0%), while the examinee who identified himself or herself as Mexican had the lowest average score (52.0).

5.   Native Language

157 examinees identified their native language. The examinee who identified his or her native language as Polish had the highest passing rate (100.0%), followed by the examinees who identified their native language as English (53.97%) and Spanish (17.65%). The examinee who identified his or her native language as Polish also had the highest average score (74.0), followed by those examinees who identified their native language as English (68.43) and the examinee who identified his or her native language as Russian (68.0).   Those examinees who identified their native language as Italian, Korean, Russian, and Tagalog had the lowest passing rate (0.0%), while the examinee who identified his or her native language as Tagalog had the lowest average score (44.0).

C.   Property and Casualty Insurance Agent

579 applicants registered to take the property and casualty insurance agent licensing examination (#10-53). However, only 576 applicants sat for the examination. The examination consists of 150 questions, and an examinee must answer 105 questions correctly to pass. Of the 576 applicants who sat for the examination, the passing rate for all examinees was 33.85%, and the average number of questions answered correctly for all examinees was 99.19.

1.   Gender

564 examinees identified their gender. Those examinees who identified themselves as male had a higher passing rate (38.91%) and average score (100.64), than those who identified themselves as female (29.32% and 97.67, respectively).

2.   Education

168 examinees identified their education level. The examinee who identified himself or herself as having a doctoral degree had the highest passing rate (100.0%) and average score (120.0), followed by those examinees who identified themselves as having a master's degree (81.82% and 113.64, respectively) and those who identified themselves as having a 4-year college degree (78.72% and 110.32, respectively). Those examinees who identified themselves as having a high school diploma or GED had the lowest passing rate (28.57%) and average score (96.21).

3.   Race

148 examinees identified their race. Those examinees who identified themselves as white had the highest passing rate (56.64%), followed by those who identified themselves as two or more races and those who identified themselves as black or African American (33.33%, respectively), and those who identified themselves as Asian (20.0%). Further, those examinees who identified themselves as white also had the highest average score (105.72), followed by

those who identified themselves as black or African American (100.73) and Asian (99.1). The examinee who identified himself or herself as Native Hawaiian and other Pacific had the lowest passing rate (0.0%) and average score (83.0).

4. Ethnicity

136 examinees identified their ethnicity. The examinee who identified himself or herself as Russian had the highest passing rate (100.0%), followed by those who identified themselves as Italian (71.43%) and those who identified themselves as Irish and German (66.67%, respectively). The examinees who identified themselves as Russian and Swedish had the highest average score (112.0, respectively), followed by those who identified themselves as Italian (108.14) and German (107.67). The applicant who identified himself or herself as Korean had the lowest passing rate (0.0%), while those who identified themselves as other European had the lowest average score (91.4).

5. Native Language

158 examinees identified their native language. The examinees who identified their native language as English had the highest passing rate (53.52%), followed by those who identified their native language as Spanish (20.0%). The examinees who identified their native language as English also had the highest average score (105.07), followed by the examinee who identified his or her native language as Korean (98.0). Those examinees who identified their native language as Chinese and Korean had the lowest passing rate (0.0%, respectively), while the examinees who identified their native language as Chinese had the lowest average score (92.4).

D. Personal Lines Insurance Agent/Broker

338 applicants registered to take the personal lines insurance agent/broker licensing examination (#10-54). However, only 335 applicants sat for the examination. The examination consists of 100 questions, and an examinee must answer 70 questions correctly to pass. Of the 335 applicants who sat for the examination, the passing rate for all examinees was 61.19%, and the average number of questions answered correctly for all examinees was 71.81.

1. Gender

281 examinees identified their gender. Those examinees who identified themselves as male had a higher passing rate (76.62%) and average score (73.42) than those examinees who identified themselves as female (46.08% and 68.4, respectively).

2. Education

124 examinees identified their education level. Those examinees who identified themselves as having a master's degree had the highest passing rate (100.0%), followed by those who identified themselves as having a 2-year college degree (78.57%) and a 4-year college degree (77.27%). Those examinees who identified themselves as having a master's degree also

had the highest average score (82.75), followed by those who identified themselves as having a 4-year college degree (75.41) and a 2-year college degree (75.07). Those examinees who identified themselves as having a high school diploma or GED had the lowest passing rate (36.36%) and average score (67.23).

3. Race

113 examinees identified their race. The examinee who identified himself or herself as American Indian and Alaska Native had the highest passing rate (100.0%), followed by those examinees who identified themselves as black or African-American (72.73%) and two or more races (66.67%). The examinee who identified himself or herself as American Indian and Alaska Native also had the highest average score (78.0), followed by those who identified themselves as black or African-American (73.64) and white (73.02). Those examinees who identified themselves as Asian had the lowest passing rate (33.33%), while those who identified themselves as two or more races had the lowest average score (72.33).

4. Ethnicity

92 examinees identified their ethnicity. Those examinees who identified themselves as Chinese, Polish and Puerto Rican had the highest passing rates (100.0%, respectively), followed by those who identified themselves as English and German (75.0%, respectively) and American/Canadian (71.79%). The examinee who identified himself or herself as Chinese had the highest average score (84.0), followed by the examinee who identified himself or herself as Puerto Rican (83.0) and the examinee who identified himself or herself as Polish (77.5). The examinees who identified themselves as Korean and the examinee who identified himself or herself as Russian had the lowest passing rate (0.0%, respectively), while the examinee who identified himself or herself as Russian had the lowest average score (47.0).

5. Native Language

115 examinees identified their native language. The examinee who identified his or her native language as Chinese had the highest passing rate (100.0%), followed by those examinees who identified their native language as English (69.52%) and Spanish (40.0%). The examinee who identified his or her native language as Chinese also had the highest average score (84.0), followed by those examinees who identified their native language as English (73.7) and Korean (67.0). The examinees who identified their native language as Italian, Korean, and Russian had the lowest passing rate (0.0%, respectively), while the examinee who identified his or her native language as Russian had the lowest average score (47.0).

E. Life, Accident, and Health Insurance Agent/Broker

3,843 applicants registered to take the life, accident, and health insurance licensing examination (#10-55). However, only 3,807 applicants sat for the examination. The examination consists of 150 questions, and an examinee must answer 105 questions correctly to pass. Of the 3,807 applicants who sat for the examination, the passing rate for all examinees was 51.67%, and the average number of questions answered correctly for all examinees was 103.66.

1.   Gender

        3,418 examinees identified their gender. Those examinees who identified themselves as male had a higher passing rate (55.47%) and average score (104.74) than those examinees who identified themselves as female (49.78% and 103.26, respectively).

2.   Education

        1,278 examinees identified their education level. Those examinees who identified themselves as having a doctoral degree had the highest passing rate (92.86%) and average score (117.79), followed by those who identified themselves as having a master's degree (78.46% and 114.55, respectively) and a 4-year college degree (70.25% and 109.37, respectively). Those who identified themselves as having a high school diploma or GED had the lowest passing rate (43.33%), while those examinees who identified themselves as having some college had the lowest average score (101.83).

3.   Race

        1,158 examinees identified their race. Those examinees who identified themselves as American Indian and Alaska Native had the highest passing rate (75.0%), followed by those who identified themselves as white (68.47%) and two or more races (58.14%). However, those examinees who identified themselves as white had the highest average score (109.54), followed by those who identified themselves as two or more races (105.05) and those who identified themselves as Native Hawaiian and other Pacific (105.0). Further, those examinees who identified themselves as Native Hawaiian and other Pacific had the lowest passing rate (33.33%), while those who identified themselves as American Indian and Alaska Native had the lowest average score (98.75).

4.   Ethnicity

        1,036 examinees identified their ethnicity. Those examinees who identified themselves as Dutch had the highest passing rate (100.0%), followed by those who identified themselves as Polish (80.77%) and German (80.0%). Those examinees who identified themselves as Dutch also had the highest average score (122.67), followed by those who identified themselves as German (114.8) and French (113.3). Those examinees who identified themselves as Vietnamese had the lowest passing rate (20.0%) and average score (92.0).

5.   Native Language

        1,199 examinees identified their native language. Those examinees who identified their native language as French had the highest passing rate (66.67%), followed by those who identified their native language as English (65.43%) and Chinese (53.33%). The examinees who identified their native language as English had the highest average score (108.55), followed by those who identified their native language as Tagalog (106.67) and French (106.5). The examinee who identified his or her native language as German had the lowest passing rate

(0.0%), while the examinees who identified their native language as Italian had the lowest average score (87.25).

F. Bail Bond Agent

20 applicants registered, and sat, for the bail bond agent licensing examination (#10-59). The examination consists of 60 questions, and an examinee must answer 42 questions correctly to pass. The passing rate for all examinees was 60.0%, and the average number of questions answered correctly was 43.35.

1. Gender

Nineteen examinees identified their gender. Those examinees who identified themselves as male had a higher passing rate (64.29%) and average score (43.86) than those who identified themselves as female (40.0% and 41.0, respectively).

2. Education

Four examinees identified their education level. The examinee who identified himself or herself as having a 2-year college degree had the highest passing rate (100.0%) and average score (44.0). Those examinees who identified themselves as having some college had the lowest passing rate (33.33%) and average score (40.0).

3. Race

Four examinees identified their race. The examinee who identified himself or herself as two or more races had the highest passing rate (100.0%) and average score (44.0), while the examinees who identified themselves as black or African American had the lowest passing rate (33.33%) and average score (40.0).

4. Ethnicity

Four examinees identified their ethnicity. The examinee who identified himself or herself as other European had the highest passing rate (100.0%) and average score (44.0), while those examinees who identified themselves as American/Canadian had the lowest passing rate (33.33%) and average score (40.0).

5. Native Language

Four examinees identified their native language. These examinees, all of whom identified their native language as English, had a passing rate of 50.0% and an average score of 41.0.

G.   Mortgage Guaranty Agent

Six applicants registered to take, and sat for, the mortgage guaranty agent licensing examination (#10-60). The examination consists of 40 questions, and an examinee must answer 28 questions correctly to pass. The passing rate for all examinees was 16.67%, and the average number of questions answered correctly was 26.33.

1.   Gender

All 6 examinees identified themselves as male. The passing rate for these examinees was 16.67% and the average score was 26.33.

2.   Education

None of the examinees identified their education level.

3.   Race

None of the examinees identified their race.

4.   Ethnicity

None of the examinees identified their ethnicity.

5.   Native Language

None of the examinees identified their native language.

H.   Life Insurance Agent/Broker – Spanish

320 applicants registered to take the Spanish version of the life insurance agent/broker licensing examination (#10-75). However, only 319 applicants sat for the examination. The examination consists of 100 questions, and an examinee must answer 70 questions correctly to pass. Of the 319 applicants who sat for the examination, the passing rate for all examinees was 14.11%, and the average number of questions answered correctly for all examinees was 60.42.

1.   Gender

306 examinees identified their gender. Those examinees whom identified themselves as male had a higher passing rate (16.36%) and average score (62.1) than those whom identified themselves as female (12.06% and 58.7, respectively).

2.   Education

Sixteen examinees identified their education level. Those examinees who identified themselves as having some college and a 4-year college degree had the highest passing rate

(33.33%, respectively), while examinees who identified themselves as having a 4-year college degree had the highest average score (62.33). Examinees who identified themselves as having a high school diploma or GED had the lowest passing rate (14.29%) and average score (50.57).

    3.   Race

Nine examinees identified their race. The examinee who identified himself or herself as two or more races had the highest passing rate (100.0%) and average score (76.0), as compared to those examinees who identified themselves as white (25.0% and 55.75, respectively).

    4.   Ethnicity

Sixteen examinees identified their ethnicity. Those examinees who identified themselves as Cuban had the highest passing rate (50.0%) and average score (66.0) as compared to those who identified themselves as other Hispanic or Latino (28.57% and 57.57, respectively).

    5.   Native Language

Of the seventeen examinees who specified their native language, all specified Spanish. These examinees had a 29.41% passing rate and an average score of 57.0.

    I.   Life, Accident, and Health Insurance Agent/Broker – Spanish

Three applicants registered, and sat, for the Spanish version of the life, accident, and health insurance agent/broker licensing examination (#10-77). The examination consists of 150 questions, and an examinee must answer 105 questions correctly to pass. None of the examinees passed the examination, and the average number of questions answered correctly for all examinees was 72.33.

    1.   Gender

Two examinees identified their gender. The examinee who identified herself as female had the highest average score (78.0), compared to the examinee who identified himself as male (70.0). However, neither examinee passed the examination.

    2.   Education

Only one examinee identified his or her education level. The examinee, who had some college, did not pass the examination, and had an average score of 70.0.

    3.   Race

None of the examinees identified their race.

4.   Ethnicity

Only one examinee identified his or her ethnicity. The examinee, who identified himself or herself as other Hispanic or Latino, did not pass the examination, and had an average score of 70.0.

5.   Native Language

Only one examinee identified his or her native language, which was Spanish. The examinee did not pass the examination, and had an average score of 70.0.

J.   Accident and Health Insurance Agent/Broker – Spanish

Twenty applicants registered, and sat, for the Spanish version of the accident and health insurance agent/broker licensing examination (#10-76). The examination consists of 100 questions, and an examinee must answer 70 questions correctly to pass. The passing rate for all examinees was 5.0%, and the average number of questions answered correctly for all examinees was 56.85.

1.   Gender

Twenty examinees identified their gender. The examinees who identified themselves as male had a higher passing rate (6.67%) and average score (57.47) than the examinees who identified themselves as female (0.0% and 55.0, respectively).

2.   Education

Only two examinees identified their education level. The examinees, who identified themselves as having some college, did not pass the examination, and had an average score of 51.5.

3.   Race

None of the examinees identified their race.

4.   Ethnicity

Only one examinee identified his or her ethnicity. The examinee, who identified himself or herself as other Hispanic or Latino, did not pass the examination, and had an average score of 54.0.

5.   Native Language

Only one examinee identified his or her native language, which was Spanish. That examinee did not pass the examination, and had an average score of 54.0.

IV.   <u>Conclusion</u>

As a general matter, male examinees and those examinees with higher education levels performed better on the agent licensing examinations than female examinees and examinees with lower education levels. However, given the limited number of examinees who participated in the study, and the short time frame during which demographic information was collected, it is difficult to ascertain a pattern for most of the demographic categories. Increased participation by examinees and a full year of data will likely yield more fruitful observations.