

Date of Hearing: April 2, 2025

ASSEMBLY COMMITTEE ON INSURANCE
Lisa Calderon, Chair
AB 943 (Michelle Rodriguez) – As Amended March 18, 2025

SUBJECT: Insurance agents: prelicensing education

SUMMARY: Eliminates the 20 hours of prelicensing requirements for specified licenses. Specifically, **this bill:**

- 1) Eliminates the 20 hours of prelicensing requirements for the following licenses: property broker-agent, casualty broker-agent, limited lines automobile insurance agent, personal lines broker-agent, life agent, or accident and health or sickness agent.
- 2) Eliminates fees associated with filing an application for certification and renewing certification for prelicensing education courses.
- 3) Makes other conforming changes.

EXISTING LAW:

- 1) Requires all new applicants for license as a property broker-agent, casualty broker-agent, limited lines automobile insurance agent, personal lines broker-agent, life agent, or accident and health or sickness agent to meet a minimum of 20 hours of prelicensing study. (Insurance (Ins.) Code, Section 1749)
- 2) Requires, in addition to the 20 hours of prelicensing education required to qualify for a license as a property broker-agent, casualty broker-agent, personal lines broker-agent, a life agent, or an accident and health or sickness agent, or the 20 hours of prelicensing education required to qualify for a license as a limited lines automobile insurance agent, 12 hours of study on ethics and the Insurance Code. (Ins. Code, Section 1749)
- 3) Requires applicants to pay a fee of seventy-five dollars (\$75) for filing an application for certification of the prelicensing education course. (Ins. Code, Section 1751.1)
- 4) Requires applicants to pay a fee of thirty-seven dollars (\$37) for filing an application to renew certification of a prelicensing education course.
- 5) Provides continuing education requirements for specified licenses. (Ins. Code, Section 1749.2)

FISCAL EFFECT: Unknown

COMMENTS:

- 1) *Purpose:* According to the author, “AB 943 takes important steps to address shortcomings in the insurance licensing industry. Because of the stringent 20-hour insurance line specific requirement, aspiring insurance professionals who are limited by financial or time constraints are unable to complete the prelicensing requirements. By streamlining the prelicensing

education, it increases accessibility and produces more insurance professionals in a state with an insurance crisis. By adopting this measure, California can support a more diverse and economically self-sufficient insurance workforce, empowering individuals to build sustainable careers while ensuring consumer protection and professional accountability.”

- 2) *Background:* Existing law requires 20 hours of prelicensing requirements for each specified license. Initially, decades ago, the number of hours was 40 and via legislation was reduced to 20 hours about 15 years ago. This measure does not impact or change the requirement to fulfill 12 hours of ethics training and the California Insurance Code, nor does this measure change any conditions related to continuing education requirements.

In recent months, several states have eliminated their pre-license education requirements -- most recently, Maryland, Alabama, Washington and Louisiana. Currently there are 34 states with no pre-license education requirements.

The proponents state that these hours serve as a deterrent to entry into licensure. The American Council of Life Insurers, the National Association of Insurance and Financial Advisors and FINSCA released a report titled, “A Workplan to Identify & Remove Unnecessary Barriers to Producer Licensure.” The report concluded that pre-licensing mandates do not produce candidates more prepared to pass the exam. Additionally, the report went on to state, “despite being agnostic for exam preparation, pre-licensing mandates serve as barriers to entry into the industry. This can include requiring excessive or unnecessary commitments of time, money and methods of study that discourage applicants who might also be caregivers, considering insurance as a second career, or who come from non-traditional educational backgrounds. By removing the mandates, candidates can study in a way that fits their needs and situation.”

The National Association of Insurance Commissioners’ (NAIC) official position on pre-licensing mandates is that no pre-licensing education requirement is necessary.

- 3) *Arguments in support:* According to the Sponsors, The National Association of Insurance and Financial Advisors-California and The Association of California Life and Health Insurance Companies, “California’s current pre-licensing education requirements for insurance producers create unnecessary barriers to entry, particularly for individuals from economically disadvantaged backgrounds. The rigid 20-hour line-specific instruction mandate places an undue burden on aspiring professionals with limited financial resources and time constraints, restricting opportunities for workforce participation and economic mobility.”
- 4) *Arguments in opposition:* According to the Consumer Federation of California, who are opposed unless amended, “Since agents still would have to pass relevant licensing exams it would seem that eliminating 20 hours of prelicensing education would have a detrimental impact on new agent exam passage rates. All that would be left is 12 hours on ethics and the insurance code (which includes 1 hour on insurance fraud). That seems insufficient to CFC.”
- 5) *Suggested amendments:* Add clarifying amendments that the 12 hours of ethics is still required as a prelicensing requirement and fees associated with it in section 6 and section 8 of the measure.

REGISTERED SUPPORT / OPPOSITION:

Support

American Council of Life Insurers
Association of California Life & Health Insurance Companies
FINSECA
Insured Retirement Institute
National Association of Insurance and Financial Advisors - California
The Western Insurance Agents Association (WIAA)

Oppose Unless Amended

Consumer Federation of California

Analysis Prepared by: Kathleen O'Malley / INS. / (916) 319-2086