

SENATE BILL No. 174

By Committee on Financial Institutions and Insurance

2-7

AN ACT relating to insurance agents and brokers; relating to continuing education credits; amending K.S.A. 2002 Supp. 40-4903 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2002 Supp. 40-4903 is hereby amended to read as follows: 40-4903. (a) Unless denied licensure pursuant to K.S.A. 2002 Supp. 40-4909 and amendments thereto, any person who meets the requirements of K.S.A. 2002 Supp. 40-4905, and amendments thereto, shall be issued an insurance agent license. An insurance agent may receive qualifications for a license in one or more of the following lines of authority:

(1) Life—insurance coverage on human lives including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income.

(2) Accident and health or sickness—insurance coverage for sickness, bodily injury or accidental death and may include benefits for disability income.

(3) Property—insurance coverage for the direct or consequential loss or damage to property of every kind.

(4) Casualty—insurance coverage against legal liability, including that for death, injury or disability or damage to real or personal property.

(5) Variable life and variable annuity products—insurance coverage provided under variable life insurance contracts, variable annuities or any other life insurance or annuity product that reflects the investment experience of a separate account.

(6) Personal lines--property and casualty insurance coverage sold primarily to an individual or family for noncommercial purposes.

(7) Credit—limited line credit insurance.

(8) Any other line of insurance permitted under the provisions of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, and any rules and regulations promulgated thereunder.

(b) Unless suspended, revoked or refused renewal pursuant to K.S.A. 2002 Supp. 40-4909, and amendments thereto, an insurance agent license shall remain in effect as long as education requirements for resident in-

1 individual agents are met by such insurance agent's biennial due date.

2 (c) On and after the effective date of this act: (1) Each licensed in-
3 surance agent who is an individual and holds a property or casualty qual-
4 ification, or both, or a personal lines qualification shall biennially obtain
5 a minimum of 12 C.E.C.'s in courses certified as property and casualty
6 which shall include at least one hour of instruction in insurance ethics.
7 No more than three of the required C.E.C.'s shall be in insurance agency
8 management.

9 (2) Each licensed insurance agent who is an individual and holds a
10 life, accident and health, or variable contracts qualification, or any com-
11 bination thereof, shall biennially complete 12 C.E.C.'s in courses certified
12 as life, accident and health, or variable contracts which shall include at
13 least one hour of instruction in insurance ethics. No more than three of
14 the required C.E.C.'s shall be in insurance agency management.

15 (3) Each licensed insurance agent who is an individual and holds a
16 crop only qualification shall biennially obtain a minimum of two C.E.C.'s
17 in courses certified as crop under the property and casualty category.

18 (4) Each licensed insurance agent who is an individual and is licensed
19 only for title insurance shall biennially obtain a minimum of four C.E.C.'s
20 in courses certified by the board of abstract examiners as title under the
21 property and casualty category.

22 (5) Each licensed insurance agent who is an individual and holds a
23 life insurance license solely for the purpose of selling life insurance or
24 annuity products used to fund a prearranged funeral program and whose
25 report of compliance required by subsection (g) is accompanied by a
26 certification from an officer of each insurance company represented by
27 such agent certifying that such agent transacted no other insurance busi-
28 ness during the period covered by the report shall biennially obtain a
29 minimum of two C.E.C.'s in courses certified as life or variable contracts
30 under the life, accident and health or variable contracts category.

31 (d) On and after the effective date of this act, each individual insur-
32 ance agent who holds a license with both a property or casualty qualifi-
33 cation, or both, and a life, accident and health or variable contracts qual-
34 ification, or any combination thereof, and who earn C.E.C.'s from courses
35 certified by the commissioner as qualifying for credit in any class, may
36 apply, at such insurance agent's option, such C.E.C.'s toward either the
37 property or casualty continuing education requirement or to the life, ac-
38 cident and health or variable contracts continuing education requirement.
39 However, no C.E.C. shall be applied to satisfy both the biennial property
40 or casualty requirement, or both, and the biennial requirement for life,
41 accident and health or variable contracts, or any combination thereof.

42 (e) An instructor of an approved subject shall be entitled to the same
43 C.E.C. as a student completing the study.

1 (f) (1) An individual insurance agent who has been licensed for more
2 than one year, on or before such insurance agent's biennial due date, shall
3 file a report with the commissioner certifying that such insurance agent
4 has met the continuing education requirements for the previous biennium
5 ending on such insurance agent's biennial due date. Each individual in-
6 surance agent shall maintain a record of all courses attended together
7 with a certificate of attendance for the remainder of the biennium in
8 which the courses were attended and the entire next succeeding
9 biennium.

10 (2) If the required report showing proof of continuing education
11 completion is not received by the commissioner by the individual insur-
12 ance agent's biennial due date, such individual insurance agent's qualifi-
13 cation and each and every corresponding license shall be suspended au-
14 tomatically for a period of 90 calendar days or until such time as the
15 producer satisfactorily demonstrates completion of the continuing edu-
16 cation requirement whichever is sooner. In addition the commissioner
17 shall assess a penalty of \$100 for each license suspended. If such insurance
18 agent fails to furnish to the commissioner the required proof of continuing
19 education completion and the monetary penalty within 90 calendar days
20 of such insurance agent's biennial due date, such individual insurance
21 agent's qualification and each and every corresponding license shall expire
22 on such insurance agent's biennial due date. If after more than three but
23 less than 12 months from the date the license expired, the insurance agent
24 wants to reinstate such insurance agent's license, such individual shall
25 provide the required proof of continuing education completion and pay
26 a reinstatement fee in the amount of \$100 for each license suspended. If
27 after more than 12 months from the date an insurance agent's license has
28 expired, such insurance agent wants to reinstate such insurance agent's
29 license, such individual shall apply for an insurance agent's license, pro-
30 vide the required proof of continuing education completion and pay a
31 reinstatement fee in the amount of \$100 for each license suspended.
32 Upon receipt of a written application from such insurance agent claiming
33 extreme hardship, the commissioner may waive any penalty imposed un-
34 der this subsection.

35 (3) On and after the effective date of this act, any applicant for an
36 individual insurance agent's license who previously held a license which
37 expires on or after June 30, 2001, because of failure to meet continuing
38 education requirements and who seeks to be relicensed shall provide
39 evidence that appropriate C.E.C.'s have been completed for the prior
40 biennium.

41 (4) Upon receipt of a written application from an individual insurance
42 agent, the commissioner, in cases involving medical hardship or military
43 service, may extend the time within which to fulfill the minimum contin-

1 uing educational requirements for a period of not to exceed 180 days.

2 (5) This section shall not apply to any inactive insurance agent during
3 the period of such inactivity. For the purposes of this paragraph, “inactive
4 period” or “period of inactivity” shall mean a continuous period of time
5 of not less than two years and not more than four years starting from the
6 date inactive status is granted by the commissioner. Before returning to
7 active status, such inactive insurance agent shall:

8 (A) File a report with the commissioner certifying that such agent has
9 met the continuing education requirement; and

10 (B) pay the renewal fee. If the required proof of continuing education
11 completion and the renewal fee is not furnished at the end of the inactive
12 period, such individual insurance agent’s qualification and each and every
13 corresponding license shall expire at the end of the period of inactivity.
14 For issuance of a new license, the individual shall apply for a license and
15 pass the required examination.

16 (6) Any individual who allows such individual’s insurance agent li-
17 cense in this state and all other states in which such individual is licensed
18 as an insurance agent to expire for a period of four or more consecutive
19 years, shall apply for a new insurance agent license and pass the required
20 examination.

21 (g) (1) Each course, program of study, or subject shall be submitted
22 to and certified by the commissioner in order to qualify for purposes of
23 continuing education.

24 (2) Each request for certification of any course, program of study or
25 subject shall contain the following information:

26 (A) The name of provider or provider organization;

27 (B) the title of such course, program of study or subject;

28 (C) the date the course, program of study or subject will be offered;

29 (D) the location where the course, program of study or subject will
30 be offered;

31 (E) an outline of each course, program of study or subject including
32 a schedule of times when such material will be presented;

33 (F) the names and qualifications of instructors;

34 (G) the number of C.E.C.’s requested; and

35 (H) a nonrefundable C.E.C. qualification fee in the amount of \$50
36 per course, program of study or subject or \$250 per year for all courses,
37 programs of study or subjects submitted by a specific provider or provider
38 organization; and

39 (I) a nonrefundable annual provider fee of \$100.

40 (3) Upon receipt of such information, the commissioner shall grant
41 or deny certification of any submitted course, program of study or subject
42 as an approved subject, program of study or course and indicate the num-
43 ber of C.E.C.’s that will be recognized for each approved course, program

1 of study or subject. Each approved course, program of study or subject
2 shall be assigned by the commissioner to one or both of the following
3 classes:

4 (A) Property and casualty; or

5 (B) life insurance (including annuity and variable contracts) and ac-
6 cident and health insurance.

7 (4) Each course, program of study or subject shall have a value of at
8 least one C.E.C.

9 (5) Each provider seeking approval of a course, program of study or
10 subject for continuing education credit shall issue or cause to be issued
11 to each person who attends a course, program of study or subject offered
12 by such provider a certificate of attendance. The certificate shall be signed
13 by either the instructor who presents the course, program of study or
14 course or such provider's authorized representative. Each provider shall
15 maintain a list of all individuals who attend courses offered by such pro-
16 vider for continuing education credit for the remainder of the biennium
17 in which the courses are offered and the entire next succeeding biennium.

18 The commissioner shall accept, without substantive review, any course,
19 program of study or subject submitted by a provider which has been
20 approved by the insurance supervisory authority of any other state or
21 territory accredited by the NAIC. The commissioner may disapprove any
22 individual instructor or provider who has been the subject of disciplinary
23 proceedings or who has otherwise failed to comply with any other state's
24 or territory's laws or regulations.

25 (6) The commissioner may grant or approve any specific course, pro-
26 gram of study or course that has appropriate merit, such as any course,
27 programs of study or course with broad national or regional recognition,
28 without receiving any request for certification. The fee prescribed by
29 paragraph (2) of subsection (g) shall not apply to any approval granted
30 pursuant to this provision.

31 (7) The C.E.C. value assigned to any course, program of study or
32 subject, other than a correspondence course, computer based training,
33 interactive internet study training or other course pursued by independ-
34 ent study, shall in no way be contingent upon passage or satisfactory
35 completion of any examination given in connection with such course,
36 program of study or subject. The commissioner shall establish, by rules
37 and regulations criteria for determining acceptability of any method used
38 for verification of the completion of each stage of any computer based or
39 interactive internet study training. Completion of any computer based
40 training or interactive internet study training shall be verified in accord-
41 ance with a method approved by the commissioner.

42 (h) Upon request, the commissioner shall provide a list of all ap-
43 proved continuing education courses currently available to the public.

1 (i) An individual insurance agent who independently studies an in-
2 surance course, program of study or subject which is not a agent's ex-
3 amination approved by the commissioner and who passes an indepen-
4 dently monitored examination, shall receive credit for the C.E.C.'s
5 assigned by the commissioner as recognition for the approved subject.
6 No other credit shall be given for independent study.

7 (j) Any licensed individual insurance agent who is unable to comply
8 with license renewal procedures due to military service or some other
9 extenuating circumstances may request a waiver of those procedures from
10 the commissioner. Such agent may also request from the commissioner
11 a waiver of any examination requirement or any other fine or sanction
12 imposed for failure to comply with renewal procedures.

13 (k) *Subject to approval by the commissioner, the active membership*
14 *of a licensed insurance agent or broker in a local, regional, state or na-*
15 *tional professional insurance organization may be approved for up to two*
16 *C.E.C.'s. These C.E.C.'s shall be credited to such licensed insurance agent*
17 *or broker upon timely filing with the commissioner appropriate written*
18 *documentation of such licensed insurance agent's or broker's active mem-*
19 *bership in the professional organization. The commissioner may establish*
20 *standards for the form and acceptability of the required documentation.*

21 Sec. 2. K.S.A. 2002 Supp. 40-4903 is hereby repealed.

22 Sec. 3. This act shall take effect and be in force from and after its
23 publication in the statute book.

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