

SENATE BILL No. 440

By Committee on Financial Institutions and Insurance

1-17

9 AN ACT concerning insurance agents and producers; relating to contin-
10 uing education requirements; amending K.S.A. 2007 Supp. 40-4903
11 and repealing the existing section.
12

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

14 Section 1. On and after January 1, 2009, K.S.A. 2007 Supp. 40-4903
15 is hereby amended to read as follows: 40-4903. (a) Unless denied licen-
16 sure pursuant to K.S.A. 2007 Supp. 40-4909 and amendments thereto,
17 any person who meets the requirements of K.S.A. 2007 Supp. 40-4905,
18 and amendments thereto, shall be issued an insurance agent license. An
19 insurance agent may receive qualifications for a license in one or more
20 of the following lines of authority:

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

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

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

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

31 (5) Variable life and variable annuity products—insurance coverage
32 provided under variable life insurance contracts, variable annuities or any
33 other life insurance or annuity product that reflects the investment ex-
34 perience of a separate account.

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

37 (7) Credit—limited line credit insurance.

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

41 (b) Unless suspended, revoked or refused renewal pursuant to K.S.A.
42 2007 Supp. 40-4909, and amendments thereto, an insurance agent license
43 shall remain in effect as long as education requirements for resident in-

1 dividual 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 ~~insurance 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. (1) (A)~~
15 *For the license biennium ending on December 31, 2009, each licensed*
16 *insurance agent who is an individual and holds a property or casualty*
17 *qualification, or both, or a personal lines qualification shall biennially*
18 *obtain a minimum of 12 C.E.C.'s in courses as required in subsection (f)*
19 *which shall include at least one hour of instruction in insurance ethics*
20 *and legal compliance. No more than three of the required C.E.C.'s shall*
21 *be in insurance agency management.*

22 (B) *For the license biennium commencing on January 1, 2010 and*
23 *ending on December 31, 2011, each licensed insurance agent who is an*
24 *individual and holds a property or casualty qualification, or both, or a*
25 *personal lines qualification shall biennially obtain a minimum of 18*
26 *C.E.C.'s in courses as required in subsection (f) which shall include at*
27 *least three hours of instruction in insurance ethics and legal compliance.*

28 (C) *For each license biennium commencing on and after January 1,*
29 *2012, each licensed insurance agent who is an individual and holds a*
30 *property or casualty qualification, or both, or a personal lines qualifica-*
31 *tion shall biennially obtain a minimum of 24 C.E.C.'s in courses as re-*
32 *quired in subsection (f) which shall include at least three hours of instruc-*
33 *tion in insurance ethics and legal compliance.*

34 (2) (A) *For the license biennium ending on December 31, 2009, each*
35 *licensed insurance agent who is an individual and holds a life, accident*
36 *and health, or variable contracts qualification, or any combination*
37 *thereof, shall biennially complete 12 C.E.C.'s in courses as required in*
38 *subsection (f) which shall include at least one hour of instruction in in-*
39 *surance ethics and legal compliance. No more than three of the required*
40 *C.E.C.'s shall be in insurance agency management.*

41 (B) *For the license biennium commencing on January 1, 2010, and*
42 *ending on December 31, 2011, each licensed insurance agent who is an*
43 *individual and holds a life, accident and health, or variable contracts*

1 *qualification, or any combination thereof, shall biennially complete 18*
2 *C.E.C.'s in courses as required in subsection (f) which shall include at*
3 *least three hours of instruction in insurance ethics and legal compliance.*

4 *(C) For each license biennium commencing on and after January 1,*
5 *2012, each licensed insurance agent who is an individual and holds a life,*
6 *accident and health, or variable contracts qualification, or any combi-*
7 *nation thereof, shall biennially complete 24 C.E.C.'s in courses as required*
8 *in subsection (f) which shall include at least three hours of instruction in*
9 *insurance ethics and legal compliance.*

10 (3) Each licensed insurance agent who is an individual and holds a
11 crop only qualification shall biennially obtain a minimum of two C.E.C.'s
12 in courses certified as crop under the property and casualty category. *The*
13 *number of C.E.C.'s required by this paragraph shall be included as part*
14 *of, and not in addition to, the requirements of subsection (f).*

15 (4) Each licensed insurance agent who is an individual and is licensed
16 only for title insurance shall biennially obtain a minimum of four C.E.C.'s
17 in courses certified by the board of abstract examiners as title under the
18 property and casualty category. *The number of C.E.C.'s required by this*
19 *paragraph shall be included as part of, and not in addition to, the require-*
20 *ments of subsection (f).*

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

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

41 (5) *On or before January 1, 2010, each licensed insurance agent who*
42 *is an individual and who sells, solicits or negotiates a long-term care in-*
43 *surance policy shall obtain a one-time training of four C.E.C.'s in courses*

1 *certified by the commissioner of insurance as long-term care insurance*
2 *training. For each license biennium after the license biennium in which*
3 *the one-time training of four C.E.C.'s was obtained, each licensed insur-*
4 *ance agent who is an individual and who sells, solicits or negotiates a*
5 *long-term care insurance policy shall obtain a minimum of two C.E.C.'s*
6 *in courses certified by the commissioner as long-term care insurance train-*
7 *ing. The number of C.E.C.'s required by this paragraph shall be included*
8 *as part of, and not in addition to, the requirements of subsection (c). For*
9 *the purposes of this paragraph, the term "long-term care insurance pol-*
10 *icy" shall have the meaning ascribed to it in K.S.A. 40-2227 and amend-*
11 *ments thereto.*

12 ~~(d)~~ (d) An instructor of an approved subject shall be entitled to the
13 same C.E.C. as a student completing the study.

14 ~~(e)~~ (e) (1) (A) An individual insurance agent who has been licensed
15 for more than one year, on or before such insurance agent's biennial due
16 date, shall file a report with the commissioner certifying that such insur-
17 ance agent has met the continuing education requirements for the pre-
18 vious biennium ending on such insurance agent's biennial due date. Each
19 individual insurance agent shall maintain a record of all courses attended
20 together with a certificate of attendance for the remainder of the bien-
21 nium in which the courses were attended and the entire next succeeding
22 biennium.

23 (B) *Subject to the provisions of subparagraphs (C), (D) and (E), an*
24 *individual insurance agent may carryover C.E.C.'s to the next license*
25 *biennium if:*

26 (i) *Such insurance agent has obtained all C.E.C.'s necessary for com-*
27 *pliance in the current license biennium; and*

28 (ii) *the C.E.C.'s to be carried over are not needed to satisfy the*
29 *requirements of the current, or any prior, license biennium.*

30 (C) *For the license biennium ending on December 31, 2009, no*
31 *C.E.C.'s shall be carried over to the next license biennium.*

32 (D) *For the license biennium commencing on January 1, 2010, and*
33 *ending on December 31, 2011, up to a maximum of nine C.E.C.'s may be*
34 *carried over to the next license biennium.*

35 (E) *For any license biennium commencing on or after January 1,*
36 *2012, up to a maximum of 12 C.E.C.'s may be carried over to the next*
37 *license biennium.*

38 (2) If the required report showing proof of continuing education
39 completion is not received by the commissioner by the individual insur-
40 ance agent's biennial due date, such individual insurance agent's qualifi-
41 cation and each and every corresponding license shall be suspended au-
42 tomatically for a period of 90 calendar days or until such time as the
43 producer satisfactorily demonstrates completion of the continuing edu-

1 cation requirement whichever is sooner. In addition the commissioner
2 shall assess a ~~penalty~~ *reinstatement fee* of \$100 ~~for each license suspended~~.
3 If such insurance agent fails to furnish to the commissioner the required
4 proof of continuing education completion and the monetary penalty
5 within 90 calendar days of such insurance agent's biennial due date, such
6 individual insurance agent's qualification and each and every correspond-
7 ing license shall expire on such insurance agent's biennial due date. If
8 after more than three but less than 12 months from the date the license
9 expired, the insurance agent wants to reinstate such insurance agent's
10 license, such individual shall provide the required proof of continuing
11 education completion and pay a reinstatement fee in the amount of \$100
12 ~~for each license suspended~~. If after more than 12 months from the date
13 an insurance agent's license has expired, such insurance agent wants to
14 reinstate such insurance agent's license, such individual shall apply for an
15 insurance agent's license, provide the required proof of continuing edu-
16 cation completion and pay a reinstatement fee in the amount of \$100 ~~for~~
17 ~~each license suspended~~. Upon receipt of a written application from such
18 insurance agent claiming extreme hardship, the commissioner may waive
19 any penalty imposed under this subsection.

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

26 (4) Upon receipt of a written application from an individual insurance
27 agent, the commissioner, in cases involving medical hardship or military
28 service, may extend the time within which to fulfill the minimum contin-
29 uing educational requirements for a period of not to exceed 180 days.

30 (5) This section shall not apply to any inactive insurance agent during
31 the period of such inactivity. For the purposes of this paragraph, "inactive
32 period" or "period of inactivity" shall mean a continuous period of time
33 of not less than two years and not more than four years starting from the
34 date inactive status is granted by the commissioner. Before returning to
35 active status, such inactive insurance agent shall:

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

38 (B) pay the renewal fee. If the required proof of continuing education
39 completion and the renewal fee is not furnished at the end of the inactive
40 period, such individual insurance agent's qualification and each and every
41 corresponding license shall expire at the end of the period of inactivity.
42 For issuance of a new license, the individual shall apply for a license and
43 pass the required examination.

- 1 (6) Any individual who allows such individual's insurance agent li-
2 cense in this state and all other states in which such individual is licensed
3 as an insurance agent to expire for a period of four or more consecutive
4 years, shall apply for a new insurance agent license and pass the required
5 examination.
- 6 ~~(g)~~ (f) (1) Each course, program of study, or subject shall be sub-
7 mitted to and certified by the commissioner in order to qualify for pur-
8 poses of continuing education.
- 9 (2) Each request for certification of any course, program of study or
10 subject shall contain the following information:
- 11 (A) The name of provider or provider organization;
12 (B) the title of such course, program of study or subject;
13 (C) the date the course, program of study or subject will be offered;
14 (D) the location where the course, program of study or subject will
15 be offered;
- 16 (E) an outline of each course, program of study or subject including
17 a schedule of times when such material will be presented;
- 18 (F) the names and qualifications of instructors;
- 19 (G) the number of C.E.C.'s requested; ~~and~~
- 20 (H) a nonrefundable C.E.C. qualification fee in the amount of \$50
21 per course, program of study or subject or \$250 per year for all courses,
22 programs of study or subjects submitted by a specific provider or provider
23 organization; and
- 24 (I) a nonrefundable annual provider fee of \$100.
- 25 (3) Upon receipt of such information, the commissioner shall grant
26 or deny certification of any submitted course, program of study or subject
27 as an approved subject, program of study or course and indicate the num-
28 ber of C.E.C.'s that will be recognized for each approved course, program
29 of study or subject. ~~Each approved course, program of study or subject~~
30 ~~shall be assigned by the commissioner to one or both of the following~~
31 ~~classes:~~
- 32 ~~—(A) Property and casualty; or~~
33 ~~—(B) life insurance (including annuity and variable contracts) and ac-~~
34 ~~cident and health insurance.~~
- 35 (4) Each course, program of study or subject shall have a value of at
36 least one C.E.C.
- 37 (5) Each provider seeking approval of a course, program of study or
38 subject for continuing education credit shall issue or cause to be issued
39 to each person who attends a course, program of study or subject offered
40 by such provider a certificate of attendance. The certificate shall be signed
41 by either the instructor who presents the course, program of study or
42 course or such provider's authorized representative. Each provider shall
43 maintain a list of all individuals who attend courses offered by such pro-

1 vider for continuing education credit for the remainder of the biennium
2 in which the courses are offered and the entire next succeeding biennium.

3 The commissioner shall accept, without substantive review, any course,
4 program of study or subject submitted by a provider which has been
5 approved by the insurance supervisory authority of any other state or
6 territory accredited by the NAIC. The commissioner may disapprove any
7 individual instructor or provider who has been the subject of disciplinary
8 proceedings or who has otherwise failed to comply with any other state's
9 or territory's laws or regulations.

10 (6) The commissioner may grant or approve any specific course, pro-
11 gram of study or course that has appropriate merit, such as any course,
12 programs of study or course with broad national or regional recognition,
13 without receiving any request for certification. The fee prescribed by
14 paragraph (2) of subsection ~~(g)~~ (f) shall not apply to any approval granted
15 pursuant to this provision.

16 (7) The C.E.C. value assigned to any course, program of study or
17 subject, other than a correspondence course, computer based training,
18 interactive internet study training or other course pursued by independ-
19 ent study, shall in no way be contingent upon passage or satisfactory
20 completion of any examination given in connection with such course,
21 program of study or subject. The commissioner shall establish, by rules
22 and regulations criteria for determining acceptability of any method used
23 for verification of the completion of each stage of any computer based or
24 interactive internet study training. Completion of any computer based
25 training or interactive internet study training shall be verified in accord-
26 ance with a method approved by the commissioner.

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

29 ~~(i)~~ An individual insurance agent who independently studies an in-
30 surance course, program of study or subject which is not a agent's ex-
31 amination approved by the commissioner and who passes an independ-
32 ently monitored examination, shall receive credit for the C.E.C.'s
33 assigned by the commissioner as recognition for the approved subject.
34 No other credit shall be given for independent study.

35 ~~(j)~~ (h) Any licensed individual insurance agent who is unable to com-
36 ply with license renewal procedures due to military service or some other
37 extenuating circumstances may request a waiver of those procedures from
38 the commissioner. Such agent may also request from the commissioner
39 a waiver of any examination requirement or any other fine or sanction
40 imposed for failure to comply with renewal procedures.

41 Sec. 2. On and after January 1, 2009, K.S.A. 2007 Supp. 40-4903 is
42 hereby repealed.

43

1 Sec. 3. This act shall take effect and be in force from and after Jan-
2 uary 1, 2009, and its publication in the statute book.