

SENATE BILL No. 71

By Committee on Financial Institutions and Insurance

1-27

1 AN ACT concerning insurance agents and producers; relating to
2 continuing education requirements; amending K.S.A. 2010 Supp. 40-
3 4903 and repealing the existing section.

4
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2010 Supp. 40-4903 is hereby amended to read as
7 follows: 40-4903. (a) Unless denied licensure pursuant to K.S.A. 2010
8 Supp. 40-4909, and amendments thereto, any person who meets the
9 requirements of K.S.A. 2010 Supp. 40-4905, and amendments thereto,
10 shall be issued an insurance agent license. An insurance agent may
11 receive qualifications for a license in one or more of the following lines
12 of authority:

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

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

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

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

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

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

29 (7) Credit—limited line credit insurance.

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

33 (b) Unless suspended, revoked or refused renewal pursuant to
34 K.S.A. 2010 Supp. 40-4909, and amendments thereto, an insurance agent
35 license shall remain in effect as long as education requirements for
36 resident individual agents are met by such insurance agent's biennial due

1 date.

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

15 *(1) Except as provided in paragraph (5), for the license biennium*
16 *ending on December 31, 2012, and December 31 of each even-numbered*
17 *year thereafter, each licensed insurance agent who is an individual and*
18 *holds a property or casualty qualification, or both, or a personal lines*
19 *qualification, or a life, accident and health, or variable contracts*
20 *qualification or any combination thereof, shall biennially obtain a*
21 *minimum of 24 C.E.C.'s in courses as required in subsection (f) which*
22 *shall include at least three hours of instruction in insurance ethics and*
23 *legal compliance.*

24 *(2) Except as provided in paragraph (5), for the license biennium*
25 *ending on December 31, 2013, and December 31 of each odd-numbered*
26 *year thereafter, each licensed insurance agent who is an individual and*
27 *holds a property or casualty qualification, or both, or a personal lines*
28 *qualification, or a life, accident and health, or variable contracts*
29 *qualification or any combination thereof, shall biennially obtain a*
30 *minimum of 24 C.E.C.'s in courses as required in subsection (f) which*
31 *shall include at least three hours of instruction in insurance ethics and*
32 *legal compliance.*

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

38 (4) Each licensed insurance agent who is an individual and is
39 licensed only for title insurance shall biennially obtain a minimum of four
40 C.E.C.'s in courses certified by the board of abstract examiners as title
41 under the property and casualty category. *The number of C.E.C.'s*
42 *required by this paragraph shall be included as part of, and not in*
43 *addition to, the requirements of subsection (f).*

1 (5) Each licensed insurance agent who is an individual and holds a
2 life insurance license solely for the purpose of selling life insurance or
3 annuity products used to fund a prearranged funeral program and whose
4 report of compliance required by subsection ~~(g)~~ (f) is accompanied by a
5 certification from an officer of each insurance company represented by
6 such agent certifying that such agent transacted no other insurance
7 business during the period covered by the report shall biennially obtain a
8 minimum of two C.E.C.'s in courses certified as life or variable contracts
9 under the life, accident and health or variable contracts category.

10 ~~(d) On and after the effective date of this act, each individual~~
11 ~~insurance agent who holds a license with both a property or casualty~~
12 ~~qualification, or both, and a life, accident and health or variable contracts~~
13 ~~qualification, or any combination thereof, and who earn C.E.C.'s from~~
14 ~~courses certified by the commissioner as qualifying for credit in any~~
15 ~~class, may apply, at such insurance agent's option, such C.E.C.'s toward~~
16 ~~either the property or casualty continuing education requirement or to the~~
17 ~~life, accident and health or variable contracts continuing education~~
18 ~~requirement. However, no C.E.C. shall be applied to satisfy both the~~
19 ~~biennial property or casualty requirement, or both, and the biennial~~
20 ~~requirement for life, accident and health or variable contracts, or any~~
21 ~~combination thereof.~~

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

24 ~~(f)~~ (e) (1) (A) An individual insurance agent who has been licensed
25 for more than one year, on or before such insurance agent's biennial due
26 date, shall file a report with the commissioner certifying that such
27 insurance agent has met the continuing education requirements for the
28 previous biennium ending on such insurance agent's biennial due date.
29 Each individual insurance agent shall maintain a record of all courses
30 attended together with a certificate of attendance for the remainder of the
31 biennium in which the courses were attended and the entire next
32 succeeding biennium.

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

36 (i) *Such insurance agent has obtained all C.E.C.'s necessary for*
37 *compliance in the current license biennium; and*

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

40 (C) *For the license biennium beginning on January 1, 2012, and*
41 *January 1 in each even-numbered year thereafter, up to a maximum of 12*
42 *C.E.C.'s may be carried over to the next license biennium.*

43 (D) *For the license biennium commencing on January 1, 2013, and*

1 *January 1 in each odd-numbered year thereafter, up to a maximum of 12*
2 *C.E.C.'s may be carried over to the next license biennium.*

3 (2) If the required report showing proof of continuing education
4 completion is not received by the commissioner by the individual
5 insurance agent's biennial due date, such individual insurance agent's
6 qualification and each and every corresponding license shall be
7 suspended automatically for a period of 90 calendar days or until such
8 time as the producer satisfactorily demonstrates completion of the
9 continuing education requirement whichever is sooner. In addition the
10 commissioner shall assess a ~~penalty~~ *reinstatement fee* of \$100 ~~for each~~
11 ~~license suspended~~. If such insurance agent fails to furnish to the
12 commissioner the required proof of continuing education completion and
13 the monetary penalty within 90 calendar days of such insurance agent's
14 biennial due date, such individual insurance agent's qualification and each
15 and every corresponding license shall expire on such insurance agent's
16 biennial due date. If after more than three but less than 12 months from
17 the date the license expired, the insurance agent wants to reinstate such
18 insurance agent's license, such individual shall provide the required proof
19 of continuing education completion and pay a reinstatement fee in the
20 amount of \$100 ~~for each license suspended~~. If after more than 12 months
21 from the date an insurance agent's license has expired, such insurance
22 agent wants to reinstate such insurance agent's license, such individual
23 shall apply for an insurance agent's license, provide the required proof of
24 continuing education completion and pay a reinstatement fee in the
25 amount of \$100 ~~for each license suspended~~. Upon receipt of a written
26 application from such insurance agent claiming extreme hardship, the
27 commissioner may waive any penalty imposed under this subsection.

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

34 (4) Upon receipt of a written application from an individual
35 insurance agent, the commissioner, in cases involving medical hardship
36 or military service, may extend the time within which to fulfill the
37 minimum continuing educational requirements for a period of not to
38 exceed 180 days.

39 (5) (4) This section shall not apply to any inactive insurance agent
40 during the period of such inactivity. For the purposes of this paragraph,
41 "inactive period" or "period of inactivity" shall mean a continuous period
42 of time of not less than two years and not more than four years starting
43 from the date inactive status is granted by the commissioner. Before

1 returning to active status, such inactive insurance agent shall:

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

4 (B) pay the renewal fee. If the required proof of continuing
5 education completion and the renewal fee is not furnished at the end of
6 the inactive period, such individual insurance agent's qualification and
7 each and every corresponding license shall expire at the end of the period
8 of inactivity. For issuance of a new license, the individual shall apply for
9 a license and pass the required examination.

10 ~~(6)~~ (5) Any individual who allows such individual's insurance agent
11 license in this state and all other states in which such individual is
12 licensed as an insurance agent to expire for a period of four or more
13 consecutive years, shall apply for a new insurance agent license and pass
14 the required examination.

15 ~~(g)~~ (f) (1) Each course, program of study, or subject shall be
16 submitted to and certified by the commissioner in order to qualify for
17 purposes of continuing education.

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

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

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

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

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

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

27 (F) the names and qualifications of instructors;

28 (G) the number of C.E.C.'s requested; ~~and~~

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

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

34 (3) Upon receipt of such information, the commissioner shall grant
35 or deny certification of any submitted course, program of study or subject
36 as an approved subject, program of study or course and indicate the
37 number of C.E.C.'s that will be recognized for each approved course,
38 program of study or subject. ~~Each approved course, program of study or~~
39 ~~subject shall be assigned by the commissioner to one or both of the~~
40 ~~following classes:~~

41 ~~(A) Property and casualty; or~~

42 ~~(B) life insurance (including annuity and variable contracts) and~~
43 ~~accident and health insurance.~~

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

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

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

20 (6) The commissioner may grant or approve any specific course,
21 program of study or course that has appropriate merit, such as any course,
22 programs of study or course with broad national or regional recognition,
23 without receiving any request for certification. The fee prescribed by
24 paragraph (2) of subsection ~~(e)~~ (f) shall not apply to any approval granted
25 pursuant to this provision.

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

37 ~~(h) (g) Upon request, the commissioner shall provide a list of all~~
38 ~~approved continuing education courses currently available to the public.~~

39 (i) An individual insurance agent who independently studies an
40 insurance course, program of study or subject which is not a agent's
41 examination approved by the commissioner and who passes an
42 independently monitored examination, shall receive credit for the
43 C.E.C.'s assigned by the commissioner as recognition for the approved

1 subject. No other credit shall be given for independent study.

2 ⊕ (*h*) Any licensed individual insurance agent who is unable to
3 comply with license renewal procedures due to military service or some
4 other extenuating circumstances may request a waiver of those
5 procedures from the commissioner. Such agent may also request from the
6 commissioner a waiver of any examination requirement or any other fine
7 or sanction imposed for failure to comply with renewal procedures.

8 Sec. 2. K.S.A. 2010 Supp. 40-4903 is hereby repealed.

9 Sec. 3. This act shall take effect and be in force from and after
10 January 1, 2012, and its publication in the statute book.