

Approved MARCH 15, 1988
Date

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE

The meeting was called to order by REPRESENTATIVE DALE SPRAGUE at
Chairperson

3:30 ~~X~~m./p.m. on MARCH 3, 1988 in room 531-N of the Capitol.

All members were present except:

Representative Hoy, excused

Committee staff present:

Chris Courtwright, Research Department
Bill Edds, Revisor of Statutes Office
Nancy Wolff, Secretary

Conferees appearing before the committee:

The meeting was called to order by the Chairman.

The committee met to discuss House Bill 2971, the Insurance Reform Act of 1988 and House Bill 2955, the Agents Licensing Act.

Dick Brock, Kansas Insurance Department, presented the Committee with a balloon draft of House Bill 2971. (Exhibit I) The balloon compared the original draft of the bill with amendments proposed by State Farm Insurance and amendments proposed by the Insurance Department.

Representative Sawyer made a motion to accept the Insurance Department's amendments on House bill 2971.

The Chairman asked Representative Sawyer to hold his motion until the committee could review all amendments on the balloon copy and act on each amendment individually.

Representative Sawyer withdrew his motion and then made a motion that House Bill 2971 be amended by inserting the words "line or" in front of "class" on line 66; inserting "unrealized" in front of "investment losses" on line 71 and adding a period after "losses" and striking "other than Investment losses otherwise considered in the rates" on lines 71 and 72; and inserting "line or" in line 75. Representative Bryant seconded the motion. The motion carried.

It was the concensus of the committee to strike "the condition of the company and" in line 151; insert a period after "section" in line 152 and strike "including an independent evaluation of the filing." in lines 152 and 153 of page 4 of the balloon.

Representative Gross made a motion to reinsert the language on lines 152 and 153 "including an independent evaluation of the filing." Representative Sawyer seconded the motion. The motion carried.

It was the concensus of the committee to delete the language "by a preponderance of evidence" in lines 205 and 206 on page 6.

Representative Bryant made a motion that the committee accept the State Farm language on pages 6, 7 & 8 of the draft. Representative Littlejohn seconded the motion. The motion carried.

The proposed amendments on pages 9, 10, 11 and through Section 5 of page 12 were previously agreed to by previous amendments of the committee.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE,
room 531N, Statehouse, at 3:30 XX a.m./p.m. on March 3, 1988

Representative Beauchamp made a motion to adopt the amendments proposed by the Insurance Department on New Sec. 6. Representative Gross seconded the motion the the motion carried.

Representative Gross made a motion that House bill 2971 be passed as amended and Representative Shauf seconded the motion. The motion carried.

The Committee then reviewed the balloon draft of House Bill 3055, which would require continuing education for insurance agents. (Exhibit II)

Dick Brock, Kansas Insurance Department, reviewed the balloon draft of the bill as to all proposed amendments contained in the draft.

Representative Shauf made a conceptual motion to change the time involved with an agent obtaining the continuing education from one year to two years and to make such language consistent throughout the body of the bill. Representative Gross seconded the motion. The motion carried.

Representative Neufeld made a motion that the committee adopt all amendments incorporated in the balloon draft with the exception of Section "(5)" on page 7. Representative Brady seconded the motion. The motion carried.

Representative Cribbs made a motion that the bill be passed as amended and Representative Shauf seconded the motion. The motion carried.

There being no further business to come before the committee, the meeting was adjourned.

VISITORS TO HOUSE INSURANCE COMMITTEE

DATE: 3-3-88

NAME

REPRESENTING

Dan P. Madden
John Sayer

Ks Life Underwriters Ass'n
Ks Fraternal Congn

~~David~~
Robert West

KRA

Bob Gullett

KITZ A

Jim Snyder

KFDA

Don Callahan

Am. Ins. Assn.

LEE WRIGHT

Farmers Ins. Group

Jim Oliver

PIA of Ks

HOUSE BILL No. 2971

By Committee on Insurance

2-16

0017 AN ACT relating to insurance; concerning rate making with
0018 respect to certain insurers; providing requirements for certain
0019 insurers upon cessation of business in the state; amending
0020 K.S.A. 40-928, 49-929 and 40-1113 and K.S.A. 1987 Supp.
0021 40-927 and 40-1112 and repealing the existing sections.

0022 *Be it enacted by the Legislature of the State of Kansas:*

0023 Section 1. K.S.A. 1987 Supp. 40-927 is hereby amended to
0024 read as follows: 40-927. (a) Rates shall be made in accordance
0025 with the following provisions:

0026 (1) Manual, minimum, class rates or rating schedules, shall
0027 be made and adopted, except in the case of specific inland
0028 marine rates on risks specially rated. Such rates for personal lines
0029 of property insurance may be modified to produce rates for
0030 individual risks in accordance with rating plans which establish
0031 standards for measuring variations in hazards or expense provi-
0032 sions, or both. Rates for commercial lines of property insurance
0033 may be modified to produce rates for individual risks in accord-
0034 ance with rules and regulations promulgated by the commis-
0035 sioner establishing reasonable standards for rating plans, in-
0036 cluding experience rating plans, schedule rating plans,
0037 individual risk premium modification plans and expense reduc-
0038 tion plans, designed to modify rates in the development of
0039 premiums for individual risks insured in a property market. Such
0040 standards shall permit recognition of expected differences in loss
0041 or expense characteristics, and shall be designed so that such
0042 plans are reasonable and equitable in their application, and are
0043 not unfairly discriminatory, violative of public policy or other-
0044 wise contrary to the best interests of the people of this state. Such
0045 standards shall not prevent the development of new or innova-

0046 tive rating methods which otherwise comply with this act. Such
 0047 rating plans shall be filed or refiled by insurers in compliance
 0048 with the rules and regulations. The commissioner shall review
 0049 such plans and shall disapprove a plan that does not comply with
 0050 the rules and regulations. The rules and regulations shall es-
 0051 tablish maximum debits and credits that may result from the
 0052 application of a rating plan, encourage loss control, safety pro-
 0053 grams, and other methods of risk management and require in-
 0054 surers to maintain documentation of the basis of the debits and
 0055 credits applied under any plan. Once it has been filed and
 0056 approved, use of the rating plan shall become mandatory and
 0057 such plan shall be applied uniformly for eligible risks in a
 0058 manner that is not unfairly discriminatory.

0059 (2) Rates shall not be excessive, inadequate or unfairly dis-
 0060 criminatory. *In applying the rate standards provided in this*
 0061 *subsection, a rate may be found by the commissioner to be*
 0062 *excessive, inadequate or unfairly discriminatory based upon but*
 0063 *not limited to the following standards:*

0064 (A) Rates shall be deemed excessive if they are likely to
 0065 produce a profit that is unreasonably high in relation to the risk
 0066 involved in the class of business or are based on expenses that
 0067 are unreasonably high in relation to services rendered.

line or

OK (Same Amendment)

0068 (B) Rates shall be deemed excessive if the rate structure
 0069 established by a stock insurance company provides for any
 0070 replenishment of surpluses from premiums when the need for
 0071 replenishment is attributable to investment losses, other than
 0072 investment losses otherwise considered in the rates.

unrealized

OK (Same Amendment)

0073 (C) Rates shall be deemed inadequate if they are clearly
 0074 insufficient, together with the investment income attributable
 0075 to them, to sustain projected losses and expenses in the class of
 0076 business to which they apply.

line or

OK (Same Amendment)

0077 (D) A rate shall be deemed inadequate as to the premium
 0078 charged to a risk or group of risks if discounts or credits are
 0079 allowed which exceed a reasonable reflection of expense savings
 0080 and reasonably expected loss experience from the risk or group
 0081 of risks.

0082 (E) A rate shall be deemed unfairly discriminatory as to a

0083 risk or group of risks if the application of premium discounts or
0084 credits among such risks does not bear a reasonable relationship
0085 to the expected loss and expense experience among the various
0086 risks.

0087 (3) Due consideration shall be given to past and prospective
0088 loss experience within and outside this state, to the conflagration
0089 and catastrophe hazards, to a reasonable margin for underwriting
0090 profit and contingencies, to dividends, savings or unabsorbed
0091 premium deposits allowed or returned by insurers to their poli-
0092 cyholders, members or subscribers, to past and prospective ex-
0093 penses both countrywide and those specially applicable to this
0094 state, to earnings or losses resulting from the investment of
0095 unearned premiums and loss reserves and to all other relevant
0096 factors within and outside this state; and in the case of fire
0097 insurance rates consideration shall be given to the experience of
0098 the fire insurance business during a period of not less than the
0099 most recent five-year period for which such experience is avail-
0100 able.

0101 (4) The systems of expense provision included in the rates for
0102 use by any insurer or group of insurers may differ from those of
0103 other insurers or groups of insurers to reflect the requirements of
0104 the operating methods of any such insurer or group with respect
0105 to any kind of insurance, or with respect to any subdivision or
0106 combination thereof for which subdivision or combination the
0107 commissioner of insurance, hereinafter referred to as commis-
0108 sioner, approves the application for separate expense provisions.

0109 (b) Except to the extent necessary to meet the provisions of
0110 subdivision (2) of subsection (a) of this section, uniformity among
0111 insurers in any matters within the scope of this section is neither
0112 required nor prohibited.

0113 (c) Rates made in accordance with this section shall be used
0114 subject to the provisions of this act.

0115 Sec. 2. K.S.A. 40-928 is hereby amended to read as follows:
0116 40-928. (a) Every insurer shall file with the commissioner, except
0117 as to those inland marine risks which by general custom of the
0118 business are not written according to manual rates or rating
0119 plans, every manual, minimum, class rate, rating schedule or

0120 rating plan and every other rating rule and every modification of
0121 any of the foregoing which it proposes to use. Every such filing
0122 shall state the proposed effective date thereof and shall indicate
0123 the character and extent of the coverage contemplated. When a
0124 filing is not accompanied by the information upon which the
0125 insurer supports such filing, and the commissioner does not have
0126 sufficient information to determine whether such filing meets
0127 the requirements of the act, the commissioner shall require such
0128 insurer to furnish the information upon which it supports such
0129 filing, and in such event the waiting period shall commence as of
0130 the date such information is furnished. The information fur-
0131 nished in support of a filing may include (1) the experience or
0132 judgment of the insurer or rating organization making the filing;
0133 (2) its interpretation of any statistical data it relies upon; (3) the
0134 experience of other insurers or rating organizations; or (4) any
0135 other relevant factors. A filing and any supporting information
0136 shall be open to public inspection after it is filed with the
0137 commissioner. Specific inland marine rates on risks specially
0138 rated, made by a rating organization, shall be filed with the
0139 commissioner.

0140 (b) An insurer may satisfy its obligation to make such filings
0141 either individually or by authorizing the commissioner to accept
0142 on its behalf the filings made by a licensed rating organization or
0143 another insurer. Nothing contained in this act shall be construed
0144 as requiring any insurer to become a member of or a subscriber
0145 to any rating organization.

0146 (c) The commissioner shall review filings as soon as reason-
0147 ably possible after they have been made in order to determine
0148 whether they meet the requirements of this act. *In reviewing a*
0149 *rate filing the commissioner may require the insurer to provide,*
0150 *at the insurer's expense, all information necessary to evaluate*
0151 *the condition of the company and the reasonableness of the*
0152 *filing according to the criteria enumerated in this section, in-*
0153 *cluding an independent evaluation of the filing.*

0154 (d) Subject to the exception specified in subsection (e) of this
0155 section, each filing shall be on file for a waiting period of fifteen
0156 (15) 15 days before it becomes effective, which period may be

OK

Reinsert: "including an independent evaluation
of the filing."

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0157 extended by the commissioner for an additional period not to
0158 exceed fifteen (15) 15 days if the commissioner gives written
0159 notice within such waiting period to the insurer or rating orga-
0160 nization which made the filing that such additional time is
0161 needed for the consideration of such filing. Upon written appli-
0162 cation by such insurer or rating organization, the commissioner
0163 may authorize a filing which he or she *the commissioner* has
0164 reviewed to become effective before the expiration of the wait-
0165 ing period or any extension thereof. A filing shall be deemed to
0166 meet the requirements of this act unless disapproved by the
0167 commissioner within the waiting period or any extension
0168 thereof.

0169 (e) Specific inland marine rates on risks specially rated by a
0170 rating organization shall become effective when filed and shall
0171 be deemed to meet the requirements of this act until such time as
0172 the commissioner reviews the filing and so long thereafter as the
0173 filing remains in effect.

0174 (f) Under such rules and regulations adopted by the com-
0175 missioner, the commissioner may, by written order, suspend or
0176 modify the requirement of filing as to any kind of insurance,
0177 subdivision or combination thereof, or as to classes of risks, the
0178 rates for which cannot practicably be filed before they are used.

0179 Such orders, and rules and regulations shall be made known to
0180 insurers and rating organizations affected thereby. The commis-
0181 sioner may make such examination as deemed advisable to
0182 ascertain whether any rates affected by such order meet the
0183 standards set forth in subdivision 2 of subsection (a) of K.S.A.
0184 40-927, and amendments thereto.

0185 (g) Upon the written application of the insured, stating the
0186 reasons therefor, filed with and approved by the commissioner, a
0187 rate in excess of that provided by a filing otherwise applicable
0188 may be used on any specific risk.

0189 (h) No insurer shall make or issue a contract or policy except
0190 in accordance with the filings which are in effect for said insurer
0191 as provided in this act or in accordance with subsections (f) or (g)
0192 of this section. This subsection shall not apply to contracts or
0193 policies for inland marine risks as to which filings are not

0194 required.

0195 Sec. 3. K.S.A. 40-929 is hereby amended to read as follows:

0196 40-929. (a) If within the waiting period or any extension thereof

0197 as provided in subsection (d) of K.S.A. 40-928, and amendments

0198 thereto, the commissioner finds that a filing does not meet the

0199 requirements of this act, he ~~the commissioner~~ shall send to the

0200 insurer or rating organization which made such filing, written

0201 notice of disapproval of such filing specifying therein in what

0202 respects he ~~finds~~ such filing fails to meet the requirements of this

0203 act and stating that such filing shall not become effective. In any

0204 administrative proceeding under this act, the insurer or rating

0205 organization shall carry the burden of proof ~~by a preponderance~~

0206 ~~of the evidence~~ to show that the rate is not excessive, inadequate

0207 or unfairly discriminatory.

0208 (b) If within ~~thirty (30)~~ 30 days after a specific inland marine

0209 rate on a risk specially rated by a rating organization, subject to

0210 subsection (e) of K.S.A. 40-928, and amendments thereto, has

0211 become effective, the commissioner finds that such filing does

0212 not meet the requirements of this act, he ~~the commissioner~~ shall

0213 send to the rating organization which made such filing written

0214 notice of disapproval of such filing specifying therein in what

0215 respects he ~~finds~~ that such filing fails to meet the requirements

0216 of this act and stating when, within a reasonable period thereof

0217 ~~ter, such filing shall be deemed no longer effective. Said disapp-~~

0218 ~~roval shall not affect any contract made, issued and effective~~

0219 ~~prior to the expiration of the period set forth in said notice.~~

0220 (c) If at any time subsequent to the applicable review period

0221 provided for in subsection (a) or (b) of this section, the commis-

0222 sioner finds that a filing does not meet the requirements of this

0223 act, he ~~the commissioner~~ shall, after a hearing held upon not less

0224 than ten ~~(10)~~ 10 days' written notice, specifying the matters to be

0225 considered at such hearing to every insurer and rating organiza-

0226 tion which made such filing, issue an order specifying in what

0227 respects he ~~finds~~ that such filing fails to meet the requirements

0228 of this act, and stating when, within a reasonable period thereof

0229 ~~ter, such filing shall be deemed no longer effective. Copies of~~

0230 ~~said such order shall be sent to every such insurer and rating~~

Said disapproval shall not affect any contract made, issued and effective prior to the expiration of the period set forth in said notice.

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Do not reinsert original language as proposed.

0231 organization. Said order shall not affect any contract or policy
0232 made, issued and effective prior to the expiration of the period
0233 set forth in said order.

0234 (d) Any person or organization aggrieved with respect to any
0235 filing which is in effect may make written application to the
0236 commissioner for a hearing thereon: *Provided, however, That,*
0237 *except that* the insurer that made the filing shall not be autho-
0238 rized to proceed under this subsection. Such application shall
0239 specify the grounds to be relied upon by the applicant and such
0240 application *must shall*, show that the person or organization
0241 making such application has a specific economic interest af-
0242 fected by the filing. If the commissioner shall find that the
0243 application is made in good faith, that the applicant has a specific
0244 economic interest, that the applicant would be so aggrieved if ~~his~~
0245 *such applicant's* grounds are established, and that such grounds
0246 otherwise justify holding such a hearing, *he the commissioner*
0247 shall, within ~~thirty (30)~~ 30 days after receipt of such application,
0248 hold a hearing upon not less than ~~ten (10)~~ 10 days' written notice
0249 to the applicant and to every insurer and rating organization
0250 which made such filing. No rating or advisory organization shall
0251 have any status under this act to make application for a hearing
0252 on any filing made by an insurer with the commissioner.

0253 If, after such hearing, the commissioner finds that the filing
0254 does not meet the requirements of this act, *he the commissioner*
0255 shall issue an order specifying in what respects he finds that such
0256 filing fails to meet the requirements of this act, and stating when,
0257 within a reasonable period thereafter, such filing shall be
0258 deemed no longer effective. Copies of said order shall be sent to
0259 the applicant and to every such insurer and rating organization.
0260 Said order shall not affect any contract or policy made or issued
0261 prior to the expiration of the period set forth in said order.

0262 ~~(e) In the event the commissioner finds that a rate or rate~~
0263 ~~change is excessive, inadequate or unfairly discriminatory after~~
0264 ~~hearing, the commissioner shall issue an order disapproving~~
0265 ~~such rate or rate change and specifying that a new rate or rate~~
0266 ~~schedule be filed by the insurer which responds to the findings~~
0267 ~~of the commissioner within 30 days. The commissioner may~~

Said order shall not affect any contract or policy made, issued and effective prior to the expiration of the period set forth in said order.

Said order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in said order.

(e) If after hearing, the commissioner finds that a rate or rate change is excessive, inadequate or unfairly discriminatory, the commissioner shall issue an order disapproving such rate or rate change and shall further order that premiums be adjusted prospectively to reflect the findings of the commissioner regarding the rate or rate change.

Do not reinsert original language as proposed.

Do not reinsert original language as proposed

Do not amend as suggested. Retain original language in lines 262 through 267.

0268 ~~further order that premiums be adjusted retroactively to the~~
 0269 ~~effective date of the rate or rate change to reflect the findings of~~
 0270 ~~the commissioner regarding the rate or rate change.~~

0271 (e) (f) No manual, minimum, or class rate, rating schedule,
 0272 rating plan, rating rule or any modification of any of the foregoing
 0273 which has been filed pursuant to the requirements of K.S.A.
 0274 40-928, and amendments thereto, shall be disapproved if the
 0275 rates thereby produced meet the requirements of this act.

0276 Sec. 4. K.S.A. 1987 Supp. 40-1112 is hereby amended to read
 0277 as follows: 40-1112: All rates shall be made in accordance with
 0278 the following provisions:

0279 (a) Due consideration may shall be given: (1) To past and
 0280 prospective loss experience within and outside the state;

0281 (2) to catastrophe hazards, if any;

0282 (3) to a reasonable margin for profit and contingencies;

0283 (4) to dividends, savings or unabsorbed premium deposits
 0284 allowed or returned by insurers to their policyholders, members
 0285 or subscribers;

0286 (5) to policyholders' dividends in the case of participating
 0287 insurers; and

0288 (6) to earnings or losses resulting from investment of un-
 0289 earned premiums and loss reserves; and

0290 (6) (7) to all other relevant factors within and outside the
 0291 state.

0292 (b) The systems of expense provisions included in the rates
 0293 for use by any insurer or group of insurers may differ from those
 0294 of other insurers or groups of insurers to reflect the requirements
 0295 of the operating methods of any such insurer or group with
 0296 respect to any kind of insurance, or with respect to any subdivi-
 0297 sion or combination thereof for which subdivision or combina-
 0298 tion the commissioner of insurance approves the application of
 0299 separate expense provisions. This paragraph shall not be con-
 0300 strued to require uniformity among all insurers with respect to
 0301 the application of other paragraphs of this section.

0302 (c) Risks may be grouped by classifications for the establish-
 0303 ment of rates and minimum premiums. Classification rates for
 0304 personal lines of casualty insurance may be modified to produce

Retain original language except:
 strike "effective" in line 269
 strike "of" in line 269
 insert "failed to meet the standards set forth in
 subsection 2 of section 1 as reflected in"
 immediately following the word "change" in line 269
 strike "to reflect" in line 269.

With the above amendments, the last sentence of
 subsection (e) would read:
 The commissioner may further order that premiums be
 adjusted retroactively to the date the rate or rate
 change failed to meet the standards set forth in
 subsection 2 of section 1 as reflected in the findings
 of the commissioner regarding the rate or rate change.

0305 rates for individual risks in accordance with rating plans which
 0306 establish standards for measuring variations in hazards or ex-
 0307 pense provisions, or both. Classification rates for commercial
 0308 lines of casualty insurance may be modified to produce rates for
 0309 individual risks in accordance with rules and regulations
 0310 promulgated by the commissioner establishing reasonable stan-
 0311 dards for rating plans, including experience rating plans, sched-
 0312 ule rating plans, individual risk premium modification plans and
 0313 expense reduction plans; designed to modify rates in the devel-
 0314 opment of premiums for individual risks insured in a casualty
 0315 market. Such standards shall permit recognition of expected
 0316 differences in loss or expense characteristics, and shall be de-
 0317 signed so that such plans are reasonable and equitable in their
 0318 application, and are not unfairly discriminatory, violative of
 0319 public policy or otherwise contrary to the best interests of the
 0320 people of this state. Such standards shall not prevent the devel-
 0321 opment of new or innovative rating methods which otherwise
 0322 comply with this act. Such rating plans shall be filed or refiled by
 0323 insurers in compliance with the rules and regulations. The
 0324 commissioner shall review such plans and shall disapprove a
 0325 plan that does not comply with the rules and regulations. The
 0326 rules and regulations shall establish maximum debits and credits
 0327 that may result from the application of a rating plan, encourage
 0328 loss control, safety programs, and other methods of risk manage-
 0329 ment and require insurers to maintain documentation of the
 0330 basis of the debits and credits applied under any plan. Once it
 0331 has been filed and approved, use of the rating plan shall become
 0332 mandatory and such plan shall be applied uniformly for eligible
 0333 risks in a manner that is not unfairly discriminatory.

0334 (d). Rates shall be reasonable, adequate and not unfairly dis-
 0335 criminatory. *In applying the rate standards provided in this*
 0336 *subsection, a rate may be found by the commissioner to be*
 0337 *excessive, inadequate or unfairly discriminatory based upon but*
 0338 *not limited to the following standards:*

0339 (1) Rates shall be deemed excessive if they are likely to
 0340 produce a profit that is unreasonably high in relation to the risk
 0341 involved in the class of business or are based on expenses that

line or

OK

0342 are unreasonably high in relation to services rendered.

0343 (2) Rates may be deemed excessive if the rate structure
0344 established by a stock insurance company provides for any
0345 replenishment of surpluses from premiums when the need for
0346 replenishment is attributable to investment losses, other than
0347 investment income or loss otherwise considered in the rates.

unrealized

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0348 (3) Rates shall be deemed inadequate if they are clearly
0349 insufficient, together with the investment income attributable
0350 to them, to sustain projected losses and expenses in the
0351 business to which they apply.

line or

OK

0352 (4) A rate shall be deemed inadequate as to the premium
0353 charged to a risk or group of risks if discounts or credits are
0354 allowed which exceed a reasonable reflection of expense savings
0355 and reasonably expected loss experience from the risk or group
0356 of risks.

0357 (5) A rate shall be deemed unfairly discriminatory as to a
0358 risk or group of risks if the application of premium discounts or
0359 credits among such risks does not bear a reasonable relationship
0360 to the expected loss and expense experience among the various
0361 risks.

0362 Sec. 5: K.S.A. 40-1113 is hereby amended to read as follows:
0363 40-1113.(a) Every insurer shall file with the commissioner every
0364 manual of classifications, rules and rates, every rating plan and
0365 every modification of any of the foregoing which it proposes to
0366 use. Every such filing shall indicate the character and extent of
0367 the coverage contemplated and shall be accompanied by the
0368 information upon which the insurer supports the filing. A filing
0369 and any supporting information shall be open to public inspec-
0370 tion after it is filed with the commissioner.

0371 (b) An insurer may satisfy its obligation to make such filings
0372 by authorizing the commissioner to accept on its behalf the
0373 filings made by a licensed rating organization or another insurer.
0374 Nothing contained in this act shall be construed as requiring any
0375 insurer to become a member of or a subscriber to any rating
0376 organization.

0377 (c) Any filing made pursuant to this section shall be approved
0378 by the commissioner unless the commissioner finds that such

0379 filing does not meet the requirements of this act or establishes an
 0380 unreasonable or excessive rate. As soon as reasonably possible
 0381 after the filing has been made, the commissioner shall in writing
 0382 approve or disapprove the same, except that any filing shall be
 0383 deemed approved unless disapproved within thirty (30) 30 days.

0384 (d) In reviewing a rate filing the commissioner may require
 0385 the insurer to provide, at the insurer's expense, all information
 0386 necessary to evaluate ~~the condition of the company and the~~
 0387 ~~reasonableness of the filing according to the criteria enumer-~~
 0388 ~~ated in this section, including an independent evaluation of the~~
 0389 ~~filing.~~

0390 (d) (e) Any such filing with respect to a fidelity, surety or
 0391 guaranty bond shall be deemed approved from the date of filing
 0392 to the date of such formal approval or disapproval.

0393 (e) (f) In the event that the commissioner disapproves a
 0394 filing, the commissioner shall specify in what respect he or she
 0395 finds that such filing does not meet the requirements of this act.
 0396 In any administrative proceeding under this act, the insurer or
 0397 rating organization shall carry the burden of proof by a pre-
 0398 ponderance of the evidence to show that the rate is not exces-
 0399 sive, inadequate or unfairly discriminatory.

0400 (f) (g) If at any time the commissioner finds that a filing so
 0401 approved no longer meets the requirements of this act, the
 0402 commissioner may, after a hearing held on not less than twenty
 0403 (20) 20 days' written notice, specifying the matters to be consid-
 0404 ered at such hearing, to every insurer and rating organization
 0405 which made such filing, issue an order withdrawing his or her
 0406 approval thereof. ~~Said~~ Such order shall specify in what respects
 0407 the commissioner finds that such filing no longer meets the
 0408 requirements of this act and shall be effective not less than thirty
 0409 (30) 30 days after its issuance. Copies of such order shall be sent
 0410 to every such insurer and rating organization.

0411 (g) (h) Any person or organization aggrieved by the action of
 0412 the commissioner with respect to any filing may, within thirty
 0413 (30) 30 days after such action, make written request to the
 0414 commissioner for a hearing thereon. This section shall not apply
 0415 to any insurer or rating organization with respect to a withdrawal

OK

Reinsert: "including an independent evaluation of the filing."

OK

0416 of a filing made by it. The commissioner shall hear such ag-
 0417 grieved party within ~~thirty (30)~~ 30 days after receipt of such
 0418 request and shall give not less than ten ~~(10)~~ 10 days' written
 0419 notice of the time and place of the hearing to the insurer or rating
 0420 organization which made the filing and to any other aggrieved
 0421 party. Within ~~thirty (30)~~ 30 days after such hearing the commis-
 0422 sioner shall affirm, reverse or modify his or her ~~such commis-~~
 0423 sioner's previous action specifying the reasons therefor. Pending
 0424 such hearing and decision thereon the commissioner may sus-
 0425 pend or postpone the effective date of his or her ~~such previous~~
 0426 action. In the event the commissioner finds that a rate or rate
 0427 change is excessive, inadequate or unfairly discriminatory after
 0428 hearing, the commissioner shall issue an order disapproving
 0429 such rate or rate change and specifying that a new rate or rate
 0430 schedule be filed by the insurer which responds to the findings
 0431 of the commissioner within 30 days. The commissioner may
 0432 further order that premiums be adjusted retroactively to the
 0433 effective date of the rate or rate change to reflect the findings of
 0434 the commissioner regarding the rate or rate change.

0435 (H) (i) No insurer shall make or issue a contract or policy
 0436 except in accordance with filings which have been approved for
 0437 said insurer as provided in this act.

0438 New Sec. 6. An insurer may cease to transact insurance in
 0439 this state, or discontinue the writing or renewal of one or more
 0440 kinds of property or casualty insurance specified in K.S.A. 40-901
 0441 and 40-1102, and amendments thereto, or classes of property or
 0442 casualty insurance risks, ~~only~~ after the submission of a plan
 0443 which provides for an orderly withdrawal from the market and a
 0444 minimization of the impact of the surrender or discontinuance on
 0445 the public generally and on the insurer's policyholders, The plan
 0446 shall be approved by the commissioner, and the insurer shall
 0447 comply with the plan's provisions before the withdrawal or
 0448 discontinuance takes effect. Enforcement of the provisions of
 0449 this section shall be in accordance with article 24 of chapter 40 of
 0450 the Kansas Statutes Annotated, and acts amendatory thereof and
 0451 supplemental thereto.

0452 Sec. 7. K.S.A. 40-928, 40-929 and 40-1113 and K.S.A. 1987

(e) If after hearing, the commissioner finds that a rate or rate change is excessive, inadequate or unfairly discriminatory, the commissioner shall issue an order disapproving such rate or rate change and shall further order that premiums be adjusted prospectively to reflect that findings of the commissioner regarding the rate or rate change.

(1) or, (2) upon loss of adequate reinsurance, or (3) when deemed to be in hazardous financial condition, or (4) when deemed to be insolvent or potentially insolvent.

Nothing contained in this section shall be deemed to authorize the commission to order an insurer to write a kind of property or casualty insurance or a class of property or casualty insurance risks that the insurer does not write in its normal course of business.

Do not amend as suggested. Retain original language in lines 426 through 431. Retain original language in lines 432 through 434 except:
 strike "effective" in line 433
 strike "of" in line 433
 insert "failed to meet the standards set forth in subsection 2 of section 1 as reflected in" immediately following the word "change" in line 433
 strike "to reflect" in line 433.
 With the above amendments, the last sentence of subsection (h) would read: (See attached.)

OK except substitute "notifying the commissioner and providing" for the words "the submission of a plan which provides for" in lines 442 and 443. Also substitute "which minimizes" for the words "and a minimization of" in lines 443 and 444. Also strike the sentence which begins on line 446 and ends on line 447. With the above amendments, New Sec. 6. would read: (See attached.)

The commissioner may further order that premiums be adjusted retroactively to the date the rate or rate change failed to meet the standards set forth in subsection 2 of section 1 as reflected in the findings of the commissioner regarding the rate or rate change.

New Sec. 6. An insurer may cease to transact insurance in this state, or discontinue the writing or renewal of one or more kinds of property or casualty insurance specified in K.S.A. 40-901 and 40-1102, and amendments thereto, or classes of property or casualty insurance risks, (1) after notifying the commissioner and providing for an orderly withdrawal from the market which minimizes the impact of the surrender or discontinuance on the public generally and on the insurer's policyholders, or (2) upon loss of adequate reinsurance, or (3) when deemed to be in hazardous financial condition, or (4) when deemed to be insolvent or potentially insolvent. Enforcement of the provisions of this section shall be in accordance with article 24 of chapter 40 of the Kansas Statutes Annotated, and acts amendatory thereof and supplemental thereto. Nothing contained in this section shall be deemed to authorize the commissioner to order an insurer to write a kind of property or casualty insurance or a class of property or casualty insurance risks that the insurer does not write in its normal course of business.

0453 Supp. 40-927 and 40-1112 are hereby repealed.

0454 Sec. 8. This act shall take effect and be in force from and

0455 after its publication in the statute book.

HOUSE BILL No. 3055

By Committee on Insurance

2-24

0017 AN ACT relating to insurance; concerning insurance agents;
0018 concerning licensing, qualifications, examination, certifica-
0019 tion and continuing education requirements thereof; amend-
0020 ing K.S.A. 40-239, 40-240 and 40-241 and K.S.A. 1987 Supp.
0021 40-241i and repealing the existing sections; also repealing
0022 K.S.A. 40-240a, 40-240b, 40-240c, 40-240d, 40-240e, 40-3701 to
0023 40-3710, inclusive, 40-3712 and 40-3713 and K.S.A. 1987
0024 Supp. 40-3711.

0025 *Be it enacted by the Legislature of the State of Kansas:*

0026 Section 1. From and after May 1, 1989, K.S.A. 40-239 is
0027 hereby amended to read as follows: 40-239. An insurance agent-
0028 is hereby defined to be an individual, *corporation, association,*
0029 *partnership or other legal entity* authorized in writing, by any
0030 insurance company lawfully qualified to transact the business of
0031 insurance, suretyship or indemnity in this state, to negotiate or
0032 effect contracts of insurance, suretyship or indemnity on behalf
0033 of any such insurance company; or any member of a ~~partner-~~
0034 ~~ship~~ *partnership* or association, or any stockholder, officer or
0035 agent of a corporation, permitted by law to negotiate or effect
0036 such contracts, where ~~said eopartnership~~ *such partnership*, as-
0037 sociation or corporation holds a direct agency appointment from
0038 any insurance company. All such agents shall thereby become
0039 liable to all the duties, requirements, liabilities and penalties as
0040 provided in this code.

0041 Sec. 2. From and after May 1, 1989, K.S.A. 40-240 is hereby
0042 amended to read as follows: 40-240. (a) Any person desiring as
0043 agent to engage in the insurance business, as herein set out, shall
0044 first apply to the commissioner of insurance of this state, in the
0045 manner hereinafter prescribed, for an insurance agent's license,
0046 authorizing such agent to engage in and transact such business.

0047 The applicant for such license shall file with the commissioner of
 0048 insurance such applicant's written application for a license au-
 0049 thorizing the applicant to engage in the insurance business and
 0050 the applicant shall make sworn answers to such interrogatories as
 0051 the commissioner of insurance may require on uniform forms
 0052 and supplements prepared by the commissioner. *A nonrefund-*
 0053 *able fee in the amount of \$20 shall accompany such application.*

0054 Such applicant, *if an individual*, shall establish:

0055 (a) (1) That the applicant is a graduate of an accredited
 0056 four-year high school or its equivalent. This requirement shall
 0057 not apply to any person holding a valid agent's license as of July
 0058 1, 1971, or a full-time student enrolled in an accredited high
 0059 school in this state while and to the extent such student is
 0060 participating in an insurance project sponsored by a bona fide
 0061 junior achievement program; and

0062 (b) (2) that the applicant is of good business reputation and is
 0063 worthy of a license.

0064 (b) *Corporations, associations, partnerships, sole propri-*
 0065 *etorships and other legal entities acting as insurance agents and*
 0066 *holding a direct agency appointment from an insurance com-*
 0067 *pany or companies are required to obtain an insurance agent's*
 0068 *license. Application for such license shall be made to the com-*
 0069 *missioner on a form prescribed by such commissioner. Before*
 0070 *granting the license, the commissioner shall determine that:*

0071 (1) *Each officer, director, partner and employee of the ap-*
 0072 *plicant who is acting as an insurance agent is licensed as an*
 0073 *insurance agent;*

0074 (2) *the applicant has disclosed to the insurance department*
 0075 *all officers, directors and partners whether or not they are*
 0076 *licensed as insurance agents;*

0077 (3) *the applicant has disclosed to the insurance department*
 0078 *all officers, directors, partners and employees who are licensed*
 0079 *as insurance agents; and*

0080 (4) *the applicant has designated a licensed officer~~or partner~~* , employee
 0081 *responsible for the organization's compliance with the insur-*
 0082 *ance laws and rules and regulations of this state.*

0083 (c) *The insurance department may require any documents*

, or other person to be

0084 *reasonably necessary to verify the information contained in the*
0085 *application.*

0086 *(d) (1) Agents licensed pursuant to subsection (b) shall ad-*
0087 *verse the commissioner of any officers, directors, partners or*
0088 *employees who are licensed as individual insurance agents and*
0089 *are not disclosed at the time application is made for a license*
0090 *within 15 working days of their affiliation with the licensee.*
0091 *Failure to provide the commissioner with such information*
0092 *shall subject the licensee to a monetary penalty of \$10 per day*
0093 *for each working day the required information is late subject to*
0094 *a maximum of \$300 per person per licensing year.*

0095 *(2) Officers, directors, partners or employees disclosed at*
0096 *the time of the original application or reported thereafter whose*
0097 *affiliation with the licensee is terminated shall be reported to*
0098 *the commissioner within 30 days of the effective date of termi-*
0099 *nation. Failure to report such termination shall subject the*
0100 *licensee to the penalty prescribed in paragraph (1) of this*
0101 *subsection.*

0102 *Sec. 3. K.S.A. 40-241 is hereby amended to read as follows:*
0103 *40-241. If the commissioner of insurance is satisfied that the*
0104 *applicant for an agent's license is of good business reputation*
0105 *and is otherwise qualified in the line of business, the applicant,*
0106 *if an individual, shall be given a ~~written~~ an examination by the*
0107 *commissioner or the commissioner's designee to determine*
0108 *whether such applicant possesses the competence and knowl-*
0109 *edge of the kinds of insurance and transactions under the license*
0110 *applied for, of the duties and responsibilities of such a license*
0111 *and of the pertinent provisions of the laws of this state. The*
0112 *applicant shall be tested on each class or subclassification of*
0113 *insurance which may be written. An examination fee prescribed*
0114 *in rules and regulations adopted by the commissioner ~~in an~~*
0115 *amount not to exceed \$25 shall be paid by the applicant and shall*
0116 *be required for each class of insurance for each attempt to pass*
0117 *the examination. Such examination fee shall be in addition to the*
0118 *certification fee required under K.S.A. 40-252, and amendments*
0119 *thereto. There shall be ~~three~~ five classes of insurance for the*
0120 *purposes of this act:*

- 0121 (1) Life, including health and accident;
0122 (2) *accident and health*;
0123 ~~(2)~~ (3) casualty and allied lines;
0124 ~~(3)~~ fire (4) *property* and allied lines; and
0125 (5) *variable contracts*.

0126 The commissioner of insurance shall ~~establish~~ *adopt* rules and
0127 regulations with respect to the scope, subclassification, type and
0128 conduct of such ~~written~~ examination. Examinations shall be
0129 given to applicants as follows: ~~Class one examinations~~ at least
0130 twice a month in Topeka, Kansas, and at least quarterly in other
0131 convenient locations in the state of Kansas; ~~class two and three~~
0132 ~~examinations not more frequently than twice a month in Topeka,~~
0133 ~~Kansas, and concurrently in other convenient locations in the~~
0134 ~~state of Kansas.~~ The commissioner shall publish or arrange for
0135 the publication of information and material which applicants can
0136 use to prepare for such ~~written~~ examination. One or more rating
0137 organizations, advisory organizations or other associations may
0138 be designated by the commissioner to assist in, or assume re-
0139 sponsibility for, distribution of the study manuals to applicants
0140 and other interested parties. Persons purchasing the study man-
0141 ual shall be charged a reasonable fee established or approved by
0142 the commissioner. In the event the publication and distribution
0143 of the study material *or the development and conduct of exami-*
0144 *nations* is delegated to private firms, organizations or associa-
0145 tions and the state incurs no expense or obligation, the provi-
0146 sions of K.S.A. 75-3738 to 75-3744, inclusive, and amendments
0147 thereto, shall not apply. If the commissioner of insurance finds
0148 that the *individual* applicant is trustworthy, competent and has
0149 satisfactorily completed the ~~written~~ examination, the commis-
0150 sioner shall forthwith issue to the applicant a license as an
0151 insurance agent but the issuance of such license shall confer no
0152 authority to transact business in this state until the agent has
0153 been certified by a company pursuant to K.S.A. 40-241i and
0154 amendments thereto. If ~~the~~ *such* applicant fails to satisfactorily
0155 complete the ~~written~~ examination, ~~such~~ *the* examination may be
0156 retaken following a waiting period of not less than ~~14~~ *seven* days
0157 from the date of the last attempt. *If the applicant again fails to*

0158 *satisfactorily complete the examination, it may be retaken fol-*
0159 *lowing another waiting period of not less than seven days from*
0160 *the date of the most recent attempt. Thereafter, the examination*
0161 *may be retaken following a waiting period of not less than six*
0162 *months from the date of the most recent attempt. The certifica-*
0163 *tion and examination fee shall not be returned for any reason. No*
0164 *insurance agent shall be required to take an examination for*
0165 *continuation of the agent's license for any class or subclassifica-*
0166 *tion of business which the agent was certified to write prior to*
0167 *May 1, 1963, or for which the agent has previously been exam-*
0168 *ined by the commissioner of insurance, and the examination fee*
0169 *shall be forfeited if the applicant fails to appear for the exami-*
0170 *nation or fails to notify the commissioner or the commissioner's*
0171 *designee by certified mail of the applicant's inability to appear*
0172 *at least three working days prior to the scheduled examination*
0173 *date. The commissioner of insurance shall keep a permanent*
0174 *record of all agents' licenses issued and the insurance companies*
0175 *that the respective agents were certified to represent under such*
0176 *licenses for a period of 10 years.*

0177 Sec. 4. From and after May 1, 1989, K.S.A. 1987 Supp. 40-
0178 241i is hereby amended to read as follows: 40-241i. (a) Any
0179 company authorized to transact business in this state may, upon
0180 determining that the agent is of good business reputation and, *if*
0181 *an individual*, has had experience in insurance or will immedi-
0182 ately receive a course of instruction in insurance and on the
0183 policies and policy forms of such company, certify such agent as
0184 the agent of the company under the license in effect for the
0185 agent. The certification shall be made to the commissioner on a
0186 form prescribed by the commissioner ~~immediately upon~~ *within*
0187 *15 days of appointment of the agent, by the company and shall*
0188 *be accompanied by the certification fees set forth in K.S.A.*
0189 *40-252, and amendments thereto. Such appointment shall be*
0190 *effective immediately and shall remain in effect until May 1,*
0191 *unless the commissioner is notified to the contrary or the license*
0192 *of the certified agent is terminated. The certification fee shall not*
0193 *be returned for any reason, and failure of the company to certify*
0194 *an agent within 15 working days of such agent's appointment*

0195 shall subject the company to a penalty of not less than \$25 per
0196 calendar day from the date of appointment to the date proper
0197 certification is recorded by the insurance department.

0198 (b) Certification of other than an individual agent will au-
0199 tomatically include each licensed insurance agent who is an
0200 officer, director, partner, employee or otherwise legally asso-
0201 ciated with the corporation, association, partnership or other
0202 legal entity appointed by the company. The required annual
0203 certification fee shall be paid for each licensed agent certified
0204 by the company at the time of the original certification of the
0205 agency and any continuation thereof.

0206 ~~(b)~~ (c) With respect to insurance on growing crops, evidence
0207 satisfactory to the commissioner that the agent is qualified to
0208 transact insurance in accordance with standards or procedures
0209 established by any branch of the federal government shall be
0210 deemed to be the equivalent of certification by a company.

0211 ~~(e)~~ (d) Duly licensed insurance agents transacting business in
0212 accordance with the provisions of article 41 of chapter 40 of the
0213 Kansas Statutes Annotated, and amendments thereto, shall be
0214 deemed to be certified by a company for the kinds of insurance
0215 permitted under the license in effect for the agent.

0216 New Sec. 5. Any resident of this state holding a valid insur-
0217 ance agent's license shall be authorized to negotiate contracts of
0218 insurance, place risks, solicit, countersign or effect contracts of
0219 insurance as an agent for an insured other than such agent and
0220 not as an agent of an insurance company or any other type of
0221 insurance carrier. When acting as an agent for an insured, the
0222 insurance agent may transact business with admitted insurers,
0223 and a fee may be charged for the services provided separate and
0224 apart from any commission paid by an insurer if a written
0225 contract describing or setting forth the agreement between the
0226 insured and the insurance agent is in effect. Any person who is
0227 certified to represent the insurance company whose policy is
0228 being negotiated shall be deemed to be acting as an agent for the
0229 company unless a written agreement otherwise describing the
0230 relationship between the insured and the agent is in effect.

0231 New Sec. 6. (a) For purposes of this section:

0232 (1) "Annual due date" means March 31, 1989 and March 31
0233 of each year thereafter.

0234 (2) "Approved subject" or "approved course" means any
0235 educational presentation involving insurance fundamentals, in-
0236 surance law, insurance policies and coverage, insurance needs,
0237 insurance risk management, or other areas, which is offered in a
0238 class, seminar or other similar form of instruction, and which has
0239 been approved by the commissioner under this section as ex-
0240 panding skills and knowledge obtained prior to initial licensure
0241 or developing new and relevant skills and knowledge.

0242 (3) "C.E.C." means continuing education credit. One C.E.C.
0243 is 50 to 60 minutes of each clock hour of instruction or the C.E.C.
0244 value assigned by the commissioner. The C.E.C. values shall be
0245 assigned in whole units. The commissioner shall assign a C.E.C.
0246 value to each approved subject on a case-by-case basis.

0247 (b) (1) Every licensed agent who is an individual and holds a
0248 property or casualty qualification, or both, shall annually obtain a
0249 minimum of eight C.E.C.'s in courses certified as property and
0250 casualty.

0251 (2) Every licensed agent who is an individual and holds a
0252 life, accident and health, or variable contracts qualification, or
0253 any combination thereof, shall annually complete eight C.E.C.'s
0254 in courses certified as life, accident and health, or variable
0255 contracts.

0256 (3) Every licensed agent who is an individual and holds a
0257 crop only qualification shall annually obtain a minimum of one
0258 C.E.C. in courses certified as crop under the property and
0259 casualty category.

0260 (c) Individual agents who hold licenses with both a property
0261 or casualty qualification, or both, and a life, accident and health,
0262 or variable contracts qualification, or any combination thereof,
0263 and who earn C.E.C.'s from courses certified by the commis-
0264 sioner as qualifying for credit in any class, may apply those
0265 C.E.C.'s toward either the property or casualty continuing edu-
0266 cation requirement or to the life, accident and health, or variable
0267 contracts continuing education requirement. However, a C.E.C.
0268 shall not be applied to satisfy both the annual property or

1990

(4) Insert amendment for title insurance agents offered by Bill Mitchell
(5) Every licensed agent who is an individual and holds a life insurance
license solely for the purpose of selling life insurance or annuity
products used to fund a pre-arranged funeral program and whose report of
compliance required by subsection (f) of this section is accompanied by
a certification from an officer of each insurance company represented
that the agent transacted no other insurance business during the period
covered by the report shall annually obtain a minimum of four C.E.C.
in courses certified as life or variable contracts under the life, acci-
dent and health, or variable contracts category.

0269 casualty requirement, or both, and the annual requirement for
 0270 life, accident and health, or variable contracts, or any combina-
 0271 tion thereof.

0272 (d) An instructor of an approved subject shall be entitled to
 0273 the same credit as a student completing the study.

0274 (e) If an individual agent completes more than the annual
 0275 requirement of accredited continuing education courses in a
 0276 single year by passing an examination part leading to a rec-
 0277 ognized professional designation, the agent may accumulate and
 0278 carry-over to the next year up to the equivalent of the annual
 0279 requirement for the type of license qualification held.

0280 (f) (1) An individual agent who has been licensed for more
 0281 than one year shall, on or before the annual due date, file a report
 0282 with the commissioner that such agent has met the continuing
 0283 education requirements for the previous calendar year. Every
 0284 individual agent shall maintain a record of all courses attended
 0285 together with a certificate of attendance for three years after the
 0286 date of attendance.

0287 (2) A newly licensed individual agent shall have the re-
 0288 mainder of the calendar year in which such agent is initially
 0289 licensed plus the next calendar year to comply with the C.E.C.
 0290 requirements.

0291 (3) If the required report showing proof of continuing edu-
 0292 cation completion is not furnished by the annual due date, the
 0293 individual agent's qualification and corresponding license or
 0294 licenses shall not be renewed by the commissioner.

0295 (4) An applicant for an individual agent's license who pre-
 0296 viously held a license which terminated because of failure to
 0297 meet continuing education requirements and who seeks to be
 0298 relicensed shall pass the examination required for issuance of
 0299 the new qualification and license and provide evidence that
 0300 appropriate C.E.C.'s have been completed for the prior year.

0301 (5) Upon written application by an individual agent, the
 0302 commissioner may, in cases involving medical hardship or mili-
 0303 tary service, extend the time within which to fulfill the minimum
 0304 continuing educational requirements for a period of not to ex-
 0305 ceed 180 days.

on or after May 1, 1989

(5) An applicant for an individual agent's license who previously held a license which was terminated on or before April 30, 1989 for failure to meet the minimum educational requirements contained in K.S.A. 40-240b prior to the passage of this act and who seeks to be relicensed shall pass the examination required for issuance of the new license.

(6)

0306 (g) (1) A course, program of study, or subject shall be sub-
0307 mitted to and certified by the commissioner in order to qualify
0308 for purposes of continuing education.

0309 (2) The following information shall be furnished with each
0310 request for certification:

0311 (A) Name of provider or sponsoring organization;

0312 (B) course title;

0313 (C) date course will be offered;

0314 (D) location where course will be offered;

0315 (E) outline of the course including a schedule of times when
0316 subjects will be presented;

0317 (F) names and qualifications of instructors;

0318 (G) number of C.E.C.'s requested; and

0319 (H) a nonrefundable fee in the amount of \$50 per course or a
0320 nonrefundable fee in the amount of \$250 per year for all courses.

0321 (3) Upon receipt of such information, the commissioner shall
0322 grant or deny certification as an approved subject and indicate
0323 the number of C.E.C.'s that will be recognized for the subject.

0324 Each approved subject or course shall be assigned by the com-
0325 missioner to one or both of the following classes:

0326 (A) Property and casualty insurance contracts or

0327 (B) life insurance contracts (including annuity and variable
0328 contracts) and accident and health insurance contracts.

0329 (4) A course or subject shall have a value of at least one
0330 C.E.C.

0331 (5) A provider seeking approval of a course for continuing
0332 education credit shall provide for the issuance of a certificate of
0333 attendance to each person who attends a course offered by it.
0334 The certificate shall be signed by either the course instructor or
0335 the provider's authorized representative. Providers shall also
0336 maintain a list of all persons who attend courses offered by them
0337 for continuing education credit for at least seven years from the
0338 date the courses are offered.

0339 (6) A course may be approved after a program of study has
0340 been held if the required material is furnished within 60 days
0341 after the program was completed and prior to the annual due
0342 date.

0343 (7) The commissioner may grant approval to specific pro-
 0344 grams of study that have appropriate merit, such as programs
 0345 with broad national or regional recognition, notwithstanding the
 0346 lack of a request for certification. The fee prescribed by subsec-
 0347 tion (g)(2)(H) of this section shall not apply to approvals granted
 0348 hereunder.

0349 (h) The commissioner shall provide, upon request, a list of all
 0350 approved continuing education courses currently available to the
 0351 public.

0352 (i) An individual agent who studies independently for an
 0353 insurance examination, other than an agent's examination, ap-
 0354 proved by the commissioner, and who passes an independently
 0355 monitored examination, shall receive credit for the C.E.C.'s
 0356 assigned by the commissioner as recognition for the approved
 0357 subject. No other credit shall be given for independent study.

0358 ~~(j)~~ This section shall take effect and be in force from and after
 0359 May 1, 1989.

0360 New Sec. 7. The commissioner is hereby authorized to adopt
 0361 such rules and regulations as may be necessary to carry out the
 0362 provisions of this act.

0363 Sec. 8. K.S.A. 40-241 is hereby repealed.

0364 Sec. 9. From and after May 1, 1989, K.S.A. 40-239, 40-240,
 0365 40-240a, 40-240b, 40-240c, 40-240d and 40-240e and 40-3701 to
 0366 40-3710, inclusive, 40-3712 and 40-3713 and K.S.A. 1987 Supp.
 0367 40-241i and 40-3711 are hereby repealed.

0368 Sec. 10. This act shall take effect and be in force from and
 0369 after its publication in the statute book.

(j) The commissioner may waive the continuing education requirements imposed by this act for non-resident agents who have complied with continuing education requirements imposed by their state of domicile.

(k)