

Approved March 28, 1988
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

The meeting was called to order by Sen. Neil H. Arasmith at
Chairperson

9:00 a.m./~~p.m.~~ on March 25, 1988 in room 529-S of the Capitol.

All members were present except:

Committee staff present:

Bill Wolff, Legislative Research
Myrta Anderson, Legislative Research
Bill Edds, Revisor of Statutes

Conferees appearing before the committee:

Rep. Dale Sprague
Rep. Edwin Bideau III
Ron Todd, Kansas Insurance Department
Jim Oliver, Professional Insurance Agents of Kansas
Linda McGill, Kansas Funeral Directors Association
Larry Magill, Independent Insurance Agents of Kansas

The meeting began with the Chairman calling attention to HB 2933 which had been previously heard. At the time of the hearing, none of the authors had been able to attend the meeting. Rep. Sprague, one of the authors, gave testimony in support of the bill which deals with collision damage waivers. Rep. Sprague said that this has been a consistent problem for consumers, and the concern is now on a nationwide level. The original intent of the bill was to put collision damage waivers under insurance, but later it was amended to put it under the consumer protection act. The purpose of the bill is to let a person know what he is being charged for when he rents a car. People are not being told that they have to buy collision damage waivers, but this bill says that if an agency is going to charge for it, it must be done openly and clearly.

The minutes of March 24 were approved.

The hearing began on HB 3055 dealing with continuing education requirements for insurance agents. Rep. Bideau testified first in support of the bill. He supports it as amended by the House also. He said he has been involved in some way with insurance since the age of 14 and feels there is a need for this bill. He informed the committee that the bill needs a technical amendment. When Section 5 was stricken on the House floor, he did not strike the repealer which would result in striking the broker's statute. All agencies will support the bill as amended.

Ron Todd, Kansas Insurance Department, gave further testimony in support of the bill. (See Attachment I.)

Jim Oliver, Professional Insurance Agents of Kansas, followed with testimony in support of the bill. (See Attachment II.)

Linda McGill, Kansas Funeral Directors Association, followed with testimony requesting special attention to funeral directors. (See Attachment III.)

Larry Magill, Independent Insurance Agents of Kansas, gave final testimony in support of the bill. (See Attachment IV.)

Sen. Reilly expressed his concern that the requirements of the bill could result in a lot of good agents quitting. He feels that more reflections statewide on the bill is needed and wondered if the agents understand what is involved. Mr. Magill said that his group has done its best through their publications to inform agents of the progress of continuing education and that the loudest voice always tends to be heard from those who oppose. Sen. Reilly asked Mr. Magill why he

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
room 529-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 25, 1988.

would oppose biannual certification. Mr. Magill said he would support it, but he had objected to the watering down of the time from eight to four hours. Sen. Reilly asked if he could support changing certification from biannual to every two years, and Mr. Magill said that he could. Sen. Reilly asked further if the bill applies to captive insurance. Mr. Magill answered it would if they are under the federal risk retention act.

The Chairman asked the committee if they wished to pursue the concept of continuing education. He explained the two amendments, one is a technical amendment regarding Section 5, and the other would be the renumbering of the remaining sections.

Sen. Burke made a motion to amend the bill with the technical clean-up needed, Sen. Kerr seconded, and the motion carried.

Sen. Werts made a motion to to strike "four" on line 281 and insert "one", Sen. Reilly seconded, and the motion carried.

Sen. Burke made a motion to recommend HB 3055 favorable as amended.

Sen. Reilly made a motion to amend HB 3055 by changing to biennial certification, Sen. Strick seconded, and the motion carried.

Sen. Burke's motion was renewed, Sen. Strick seconded, and the motion carried.

The Chairman announced that he has a balloon of HB 2933, previously heard, which will be discussed next week by the committee.

Attention was returned to HB 2933. The Chairman asked if the committee wished to pursue this proposal after hearing from Rep. Sprague. Sen. Kerr commented that there is a problem, and he wouldn't mind discussing it. The Chairman said he had discussed the bill with the authors, and they agree that all the bill does is to send a message. He said if time permits, the bill will be taken up later.

The Chairman announced that the next meeting will begin at 8:00 a.m. Monday.

The meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
3/25/88	LINDA MCGILL	TOPEKA	Ks. FUNERAL DIR. ASSN
	Tom Morris	Topoka	Milestone, Inc.
	KAREN McCRAIN	TOPEKA	Ks. Assoc of REALTORS
	LARRY MAGILL	"	IIAK
	Ben Todd	"	INS. Dept.
	Marnie Braden	Clay Center	
	Barbara III	Shawnee	
	William L. Mitchell	Hutchinson	KIFA - Alliance
	DAN MALDEN	TOPEKA	Ks LIFE UNDERWRITERS
	L McCorn	"	Koasa P/C
	Lee WRIGHT	Ovenden Park	Farmers Ins. Group
	Ed Maileu	Topeka, Ks.	Ks. Ins. Dept.
	Ken Baker	Topeka	Kaiser Permanente

REMARKS BY

RON TODD, ASSISTANT COMMISSIONER
KANSAS INSURANCE DEPARTMENT

BEFORE THE

SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE
REGARDING HOUSE BILL NO. 3055

MARCH 25, 1988

Attachment I

House Bill No. 3055 - the Insurance Department's Legislative Proposal No. 2 -- is the result of a comprehensive study of the laws relating to the licensing and qualifications of Kansas insurance agents which began last spring and concluded in November, 1987. It seems that almost every year there is some statutory or regulatory change which addresses a particular aspect of agents licensing but as far as I know this was the first time an in-depth, all-encompassing study of every requirement, procedure and concern about agents licensing has been undertaken.

Several times in the past, we or other organizations have requested the Legislature to impose some type of additional educational or other major requirements upon licensed insurance agents in Kansas. Usually, there has been at least one major agents' trade association opposed to such changes and both this committee and the House Insurance Committee has advised us that any such future major proposals should be supported by at least the three major agents' trade associations. This time, we have such agreement and, further, we believe this bill does not have any major opposition.

The 16 member study group which included representation from the Kansas Association of Life Underwriters, Independent Insurance Agents of Kansas, Professional Insurance Agents, General Agents and Managers Association, Kansas Society of Insurance Women, National Association of Insurance Women, Kansas insurance companies and other interested parties who were willing to devote time and resources to the project are in agreement with the bill. Because the bill is quite far-reaching, I cannot tell you it

will be or is completely void of opposition ~~and I know of at least one amendment in addition to some I will offer momentarily that will be offered.~~ However, in view of the wide range of interests represented on the study group and interested or involved with the licensing qualifications of insurance agents, the degree of acceptance, agreement and support for the work product represented by House Bill No. 3055 is remarkable. Of more importance, both the study group and the Insurance Department are convinced that enactment of House Bill No. 3055 will not only modernize Kansas statutes and procedures relating to insurance agents but will in fact, result in the public being served by more competent, better qualified, professional insurance agents as a whole than is currently the case. Kansas is already blessed with insurance agents who are quite proficient and of high integrity but there are always some in any group that do only what is necessary. This bill will give many of those who need it the additional incentive they need to improve their ability to effectively serve the insuring public of this state.

Be that as it may, I want to just briefly run through the major components of House Bill No. 3055.

First, it would make no change in the current law which specifies who must be licensed. This, of course, means the current law requiring all persons doing any act toward the transaction of insurance will continue to need a license. However, while it does not require a change in this statute, the bill will require agencies to be licensed. This is a new

idea for Kansas, however, when consideration is given to the fact that obtaining a license for an agency will not be difficult or entail a large additional expense yet will permit insurers to certify an agency and thereby automatically include certification of every agent in the agency, the advantages become evident.

Second, -- and this is a big step -- the bill provides for statutorily prescribed continuing education requirements for all agents. Currently, Kansas law imposes a one-time minimum education requirement on life and accident and sickness agents but this is, of course, quite different from a continuing education program and there is no requirement on fire and casualty agents although voluntary education programs are and have been a significant part of the services offered by various associations for a long period of time. The continuing education program established by House Bill No. 3055 is a lengthy and detailed component but its essential elements can be described fairly quickly. The basic recommendation is that each licensee would be required to obtain a minimum of 8 hours of approved continuing education credits each year with the first report of compliance due on or before March 31, 1989. New agents would have the remainder of the year in which they are licensed plus 12 months to complete their first continuing education requirement after which the annual completion requirement would apply. This requirement would apply separately for property and casualty and life, accident and health and variable contracts. Thus, an agent licensed for both classes -- property and casualty plus life and health, would be subject to a 16 hour requirement. It should be noted, however, that because of the

specialized nature of the product, crop hail insurance agents are subject to a one hour annual continuing education requirement.

Third, the provisions relating to examinations will permit this portion of the agents licensing activity to be equally progressive. The primary change is the incorporation of sufficient statutory latitude that a computer generated examination system provided by a third party, independent, testing vendor could eventually replace the current paper test. This is really accomplished in lines 111 and 112 which permits the Commissioner to designate someone else to administer examinations; in lines 119 and 120 which eliminates the statutorily prescribed limit on examination fees and permits them to be established by regulation; and, in lines 148 and 149 which would permit examinations to be developed and conducted by outside interests on the same basis as study manuals are currently prepared and distributed. Moving to this type of system has necessitated some other adjustments such as giving the property and casualty examination with the same frequency as the life and health examination.

However, in addition to these kinds of changes it is also contemplated that (for computer generated tests) applicants will be allowed to make application for testing to the test vendor, simultaneous with their application for license to the Insurance Department -- that a composite score of 70% as opposed to a 70% score for each part of each class of examination be used as the passing score for all examinations -- that applicants who fail an examination be required, on re-examinations, to

take the complete examination -- that applicants who fail the first examination be required to wait 7 days before being allowed to take the examination a second time, another 7 days before a third attempt, and wait 6 months before being allowed to take the examination a fourth and subsequent times -- and that examination fees be forfeited by applicants who fail to appear for an examination, or fail to cancel their examination schedule at least 3 working days prior to the scheduled testing date.

Fourth, and finally, provisions are included in House Bill No. 3055 which will permit newly licensed agents or existing agents who are appointed to represent a different company to solicit business or otherwise represent such company as soon as they qualify for a license or, if already licensed, as soon as they are appointed by the company. The company would then have 15 days to notify the Department of the appointment.

That is I believe a complete summary of the significant changes embodied in House Bill No. 3055. We, of course, believe it is worthy of your favorable consideration and hope you agree.

One amendment is necessary in that all references to any section of K.S.A. Chapter 40, Article 37 should be deleted in the title and in section 9. This is necessary because when the House Committee of the Whole deleted new Section 5 on page 6, it was not the intent of the mover of the amendment to eliminate our present brokers law which is contained in Chapter 40, Article 37. This amendment will restore the brokers law

to its original status. The original bill, in new Section 5, instituted a "single license" theory for both agents and brokers and this section was eliminated by the House Committee of the Whole.



Mr. Chariman, and members of the committee.

My name is Jim Oliver, representing the Professional Insurance Agents of Kansas. I appear before you in support of HB3055.

This bill, as you know, was developed by the Kansas Insurance Department after a long study by members of an Agents Licensing Task Force including the PIAK IIAK, KALU, NAIW, KSIW and the Kansas Assoc. of P/C companies.

**PROFESSIONAL
INSURANCE
AGENTS**

DOROTHY M. TAYLOR
EXECUTIVE DIRECTOR

We supported the bill in its original form and can support it now if the provisions for repealing the brokers law contained in KSA 40-3701 etc. is eliminated.

627 TOPEKA AVE.
TOPEKA, KS 66603-3296
913/233-4286

The testimony of our representative on the agents licensing task force is attached to this testimony.

I urge your favorable consideration of this bill.

Attachment II



Testimony before the House Insurance Committee on HB3055,
March 2, 1988.

**PROFESSIONAL
INSURANCE
AGENTS**

DOROTHY M. TAYLOR
EXECUTIVE DIRECTOR

627 TOPEKA AVE.
TOPEKA, KS 66603-3296
913/233-4286

Mr. Chairman, members of the committee, my name is Don Graves. I am a director of the Professional Insurance Agents of Kansas, and represented that association on the Agents Licensing Task Force appointed by Commissioner Bell.

As chairman of the sub-committee on education of that task force, I pursued the wishes of my association in proposing mandatory continuing education for life, health, property and casualty agents. Those proposals are reflected in the requirements of HB3055. Many other professions have turned to continuing education as a means of maintaining the highest possible service to the insuring public. The Professional Insurance Agents of Kansas feel that the complexities of insurance demands a high level of professionalism and that this bill will further that professional level.

The whole task force considered other elements of this bill including a single agents license, including the present powers of a broker; a new agency license; a simplified certification process; and changes to the agents examination process.

Our Legislative Committee and Board of Directors have reviewed this bill and support it.

Don Graves, CIC
Hutchinson, Kansas

Don't become a statistic

One in eight agents hit by E&O lawsuit

Insurance agents, stung by an increase in lawsuits from disgruntled customers, are seeking new strategies to protect themselves and their agencies against both financial loss and loss of prestige.

The leading cause of action — involving 50 to 75 percent of all errors and omissions claims — is faulty or inadequate coverage, according to an article, "Armed Against E&O," in the January issue of *Insurance Review*, published by the Insurance Information Institute.

Faulty or improper coverage is a broad area that includes a multitude of agents' possible missteps. These can be failure to obtain proper or adequate coverage, failure to obtain coverage and failure to renew or maintain coverage. Claims can arise from failing to analyze a risk properly, failing to request the proper coverage from an insurer and failing to receive proper coverage from an insurer. Most of these failures go unnoticed, according to the article, until after a client has suffered a loss.

Another source of suits against agents involves failure to inform potential or existing clients about government programs, especially flood insurance and beach and windstorm coverage.

Of greatest concern to agents and agencies, as E&O suits increase, are insurer insolvencies and the higher standards of care that some courts have imposed upon them. The 1987 decision of a Texas court that said an agent was liable for placing coverage with an insurance company that subsequently became insolvent triggered this concern. While the decision was reversed, potential problems remain.

With insurer insolvencies rising, agents placing coverage must be more careful than ever to avoid companies with possible long-term financial problems.

So, it's no wonder agents have become popular targets for E&O suits. In fact, insurance agents and brokers are listed among the most frequently sued professionals — along with doctors, lawyers, accountants and archi-

fects.

Just how popular a target are agents? In 1968 one in 50 agents was party to an E&O suit; five years later, it was one in 14. It's currently about one in eight, and in parts of the country, the figure may be as high as one in four.

To minimize the chances of being hit by an E&O lawsuit, the article lists a number of suggestions. They include:

- Maintaining proper documentation, including reports on telephone calls and face-to-face conversations.

- Filing all correspondence.

- Keeping up with any and all changes within the industry.

- Not acting as an attorney; not giving legal advice.

- Determining the stability of the insurer with which a policy is placed.

- Asking the insurance commissioner whether the insurer is licensed to accept the type of risk to be placed and whether the insurer is in good standing with the insurance department.

(continued on page 10)

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TESTIMONY OF LINDA MCGILL

KANSAS FUNERAL DIRECTORS ASSN.
RE: HOUSE BILL 3055

SENATE COMMITTEE ON
FINANCIAL INSTITUTIONS AND INSURANCE

March 25, 1988

Mr. Chairman, members of the committee, I am Linda McGill of Pete McGill and Associates here on behalf of the Kansas Funeral Directors Association. Jim Snyder, the Executive Director would have been here, however the Funeral Directors are having their district meetings around the state this week.

I have with me today Mr. Tom Morris who is a licensee under this program. He will be able to respond to any questions I cannot answer.

During the past year, because of consumer interest and changes in restrictive regulations, more than 140 funeral directors or their representatives have become licensed life insurance agents for the purpose of providing an alternative type of funding for pre-financed funerals.

The funeral directors do not oppose programs of continuing education. Funeral directors and/or embalmers

are presently required to have twelve additional hours every two years. These are clock hours. And we do appreciate the distinction shown by the legislature on page eight beginning with line 274 in recognizing fewer hours for a unique situation.

Each of you are quite familiar with the high degree of professionalism required of Funeral Directors in actually meeting with the family and sometimes completing the funeral arrangements prior to need. There are a number of methods of funding available - financial institution trusts, savings accounts, monthly payments - and now life insurance has become one of the acceptable alternatives.

To complete the transaction, the funeral director merely performs a clerical function by filling out an application.

In most cases, there are no rate charts, no rate distinction as to gender and presently, only single pay - five year and ten year are used. It is the insurance underwriters obligation to keep in touch with insurance changes.

In addition, funeral directors have a contract with the insurance company to sell only this particular product and not engage in the sale of regular life insurance. This type of policy averages a little more than \$3000 which is usually

Testimony HB 3055
March 28, 1988
Page Three

too small for large companies to handle and has left a void which is being filled as I indicated earlier.

The Kansas Funeral Profession has no objection to continuing education, but does question the need of even four hours a year just to keep up with filling in the blanks on an application form.

The Funeral Directors do not have a specific recommendation, but would respectfully solicit the committees assistance in lowering the number of hours specified in the bill.

As I stated earlier, Mr. Morris will be happy to respond to questions. Thank you for your time and consideration.

Testimony on HB 3055
Before the Senate Financial Institutions and Insurance Committee
March 25, 1988
By: Larry W. Magill, Jr., Executive Vice President
Independent Insurance Agents of Kansas

Thank you, Mr. Chairman, and members of the committee for the opportunity to appear today in support of HB 3055. However, the bill does need a few amendments.

Attached to my testimony is a copy of our issue paper on the agents' licensing and continuing education bill which provides a brief summary of the main provisions.

During the 1987 legislative session, Commissioner Bell began forming a 16-member all-industry task force on agents licensing. The task force met every month from May through November with numerous subcommittee meetings in addition. Through the various subcommittees, the task force studied all aspects of our agents licensing law as well as continuing education. HB 3055 is the result of that study and represents a major rewrite and modernization of our agents licensing laws.

To gauge our members' support for continuing education and the agency license established in the bill, we conducted a survey in January of 1988. After two mailings, we received a total of only 195 responses out of our 590 agencies.

Of those responding, 76.7% favored some form of continuing education. We gave them three options for different continuing education laws and a fourth option of no change.

The first choice was clearly the task force proposal of eight hours per year for casualty/property and eight hours per year for

Attachment IV

life/health. We asked for their opinion on three continuing education options because we had thoroughly discussed in the Agents Licensing Task Force a number of different possibilities including the different amounts of continuing education for different types of licenses. However, based on the survey results, our Board unanimously supported the task force proposal.

To us, the fairly light survey results indicate a general acceptance among our members that continuing education is inevitable, helpful and necessary. The last time we conducted a similar survey in 1982, only approximately 50% of our members supported continuing education. We feel one reason more agents support it today may be that many agents are licensed in a number of states that have continuing education laws and this will make compliance substantially easier.

Two of the more controversial provisions of HB 3055 are the granting of brokers powers to agents and the continuing education requirement.

Representative Bideau offered an amendment on the House Floor eliminating the brokers powers, Section 5, from the bill.

It is clear that we cannot leave the bill as is in regard to brokers powers and the brokers licensing laws. Representative Bideau's amendment struck the new wording in Section 5, but left in the repealer in Section 9, thus eliminating brokers licenses altogether without transferring the powers to agents. While we would have preferred the original Section 5, we have agreed to leaving the present brokers statute as is. Therefore, we ask the committee to eliminate the repeal of 40-3701 to 40-3713 contained in the title and Section 9.

The second area of possible controversy is continuing education.

We are proposing continuing education for essential four reasons:

1) Consumer protection - consumers have a right to expect that an agent licensed by the state has a certain minimum level of knowledge.

2) Increased professionalism of insurance agents - the field is constantly changing at an increasingly rapid pace. New forms like claims-made, new insurance mechanisms like risk retention groups, new laws and increased professional (E&O) suits, all necessitate an increased professionalism among agents.

3) Enhanced image of our profession with the public.

4) Ease of compliance with other state's continuing education laws. HB 3055 will permit attendance of Kansas classes to hopefully qualify in other states which have continuing education laws. The way our reciprocal provision is worded, compliance with the Kansas continuing education law may automatically qualify the agent in other states.

Other state's insurance agents' continuing education laws are summarized below:

Colorado: 50 hours over 2 years and then none thereafter
*Delaware: Persons licensed less than 5 years: 20 hrs./yr.
All others: 10 hrs./yr.
*Georgia: Persons licensed less than 5 years: 24 hrs./yr.
5-10 years: 12 hrs./yr.
10-20 years: 6 hrs./yr.
Over 20 years: exempt
*Iowa: 10 hrs./yr.
Massachusetts: 60 hours within first 3 years;
45 hours each 3 years thereafter
*Minnesota: 20 hours/yr.
*Nebraska: 24 hours P&C every 2 years
*New Mexico: 15 hours/yr.
*North Dakota: 30 hours/yr.
Oklahoma: 18 hours all lines every 3 years
Oregon: (Life only) 1-5 years licensed: 36 hrs./yr.
6-10 years: 24 hrs./yr.
Over 10 years: 12 hrs.
Washington: 12 hours/yr.

*indicates law applies to non-residents.

As you can see, with the exception of Oklahoma, Kansas' proposed eight hour requirement would be the lowest in the country.

Despite the fact that there were no opponents to the measure in the House, the House Insurance Committee amended the bill by cutting the number of hours in half and made it a biannual certification process. We succeeded in taking the bill back to its original form through a floor amendment.

The bill at eight hours per year represents a substantial compromise among the members of our task force and all members of the producer organizations represented. It is a fairly delicate compromise and for that reason we would like to see it remain.

We appreciate the opportunity to appear today in support of HB 3055. We urge the committee to favorably consider our proposed amendments and the bill itself.

ISSUE PAPER
AGENTS LICENSING CHANGES AND
MANDATORY CONTINUING EDUCATION

2/25/88

ISSUE:

HB ---- - Agents Licensing Changes and Mandatory Continuing Education.

1. Establishes an agency license requiring the reporting of all licensed personnel to the Insurance Department. Additional people must be reported within 15 days and people who leave an agency must be reported within 30 days. The agency must also designate a person responsible in that agency for licensing.
2. Certification of an agency by an insurance company automatically includes all licensed insurance agents legally associated with the agency. (This will virtually eliminate individual agent certifications and should eliminate the processing of hundreds or even thousands of pieces of paper in an average agency.)
3. Will eliminate the present \$25 maximum fee that can be charged for the agents' examination. (This paves the way for the Insurance Department to use a computerized testing service which could run anywhere from \$40-60 per class.)
4. Change the present three classes of license to five classes of license by adding health and variable contracts as separate classes of licenses. The five classes would be life, health, casualty, property and variable. The Department is still free under the law to establish whatever sub classes within each of these five classes they choose for exam and licensing purposes.
5. Change the frequency of the property and casualty examination to allow daily testing, to allow retakes within 7 days of failing to pass and to limit a person to two retakes and then they must wait six months to take the exam again. (IIAK has historically opposed daily property and casualty exams as watering down the effectiveness of the examination, but with this stringent retake provision we will not oppose the change.)
6. No-shows will forfeit their examination fee.
7. Company appointments can be effective immediately with notice to the Department within 15 days of an appointment and a penalty for failure to notify the Department.
8. Eliminate the broker's license and give the present powers of a broker's license to all agents. Those powers are the ability to represent a company without a contract and the ability to

charge fees at any time with a written contract with the insured.

9. A mandatory continuing education requirement as follows:
 - a) Eight continuing education credits (50-60 minutes) for all property and casualty licenses and eight CEC's for all life, accident/health or variable annuity licenses each calendar year.
 - b) One CEC for crop only agents per calendar year.
 - c) Carry forward of up to eight hours credit each year from professional designation courses only.

BACKGROUND:

Partially as a result of a recommendation from IIAK, Commissioner Bell appointed an agents licensing task force during the 1987 session to review all our licensing laws except excess lines. The task force met every month from May to November to produce a compromise bill.

IIAK surveyed our membership in January, 1988, offering four options on mandatory continuing education. Seventy-eight percent (78%) of the respondents out of 119 chose one of the three mandatory continuing education options over no change.

Among the three continuing education options, the task force proposal of eight hours each for P/C and Life/Health came out slightly ahead. Total first and second place votes were 61 for the Task Force report, 55 for a two-tier system and 44 for an eight hour requirement but with a change in who must be licensed.

IIAK supports mandatory continuing education for basically three reasons:

1. Increased professionalism of insurance agents.
2. Enhanced image of our profession with the public.
3. Ease of compliance for our members with other state's continuing education laws where they are on a reciprocal basis.

IIAK suggested the inclusion in the Task Force report of the NAIC's Model Single License Procedure Act. Advantages we see are:

1. Substantial reduction of paperwork for agents, companies and the Department by eliminating agent certifications in favor of agency certifications. Thus all licensed personnel reported by an agency would be automatically certified for each company that agency has under contract.

2. Eliminating the brokers license and giving those powers to all agents. Very few agents were applying for a brokers license because of the additional paperwork and expense for questionable benefit. Giving the authority to charge fees and broker business to all agents makes sense. Under Kansas' "mini brokers law" one licensed agent can broker through another licensed agent now. Companies refuse to do true brokerage business where they are dealing with a non-contracted agent direct.
3. An agency license will allow the Department to quickly identify and economically notify agents of a particular company.

IIAK remains concerned about the cost of a computer test for agents license exams and the number and location of exam sites, particularly in western Kansas. If these concerns are addressed by any proposed testing service then we can see positive benefits in a "feedback proof" test and instant results for the person taking the test.

The tests are "feedback proof" in that the computer can generate unique exams from a large bank of questions for each person taking the test. This should help insure that people studying for the exam learn the basic principles of insurance and not study simply questions and answers.

IIAK POSITION: Support.

STATUS:

House Insurance Committee is awaiting a printed bill. Hearings should be held the week of February 29th.