

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 am. on February 9, 2011, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes  
Melissa Calderwood, Kansas Legislative Research Department  
Heather O'Hara, Kansas Legislative Research Department  
Beverly Beam, Committee Assistant

Conferees appearing before the Committee:

Maury Loridon, President, NAIFA Kansas  
Bob Shields, President, Professional Insurance Agents  
LeRoy Brungardt, PIA  
Kevin David, Kansas Insurance Dept.  
Bill Sneed, State Farm Ins.  
Rep. Vigil Peck  
David Monaghan, American Family Insurance (Written only)

Others attending:  
See attached list.

Chairman Teichman welcomed everyone to the meeting.

Hearing on

**SB 71 - Increasing continuing education requirements for insurance agents.**

Ken Wilke gave an overview of SB 71. Mr. Wilke said this bill deals with continuing education credits for insurance agents. He stated that the Kansas Insurance Department indicates that passage of SB 71 would have a fiscal effect on its operations. He said the Insurance Department states that the bill would simplify administrative tasks in both agent continuing education and in license renewal; however, programming changes would be required in three computer systems used for agent continuing education, license administration and renewal. Mr. Wilke went line for line stating the various changes to be made.

LeRoy Brungardt, Professional Insurance Agents, testified in support of SB 71. He stated that this bill is being proposed to bring the state of Kansas into compliance with the CE uniform standard adopted by the NAIC. He said the history of these standards began with the passage of the Gramm, Leach, Bliley Act of November, 1999 to satisfy a NARAB requirement that stated if at least 26 insurance jurisdictions weren't certified as being compliant with the initial requirements of the Act by November, 2001, the Federal Government would take over the licensing function of agents in the State Insurance Departments. He said Kansas was one of the 32 states certified at that time in meeting the original requirements. Kansas adopted the Agents Licensing Model Act effective July 1, 2001. Continuing, he said not long after this, during the NAIC regular meetings, it became obvious to the leadership of the Producer Licensing Working Group that in spite of staving off the NARAB threat, there would have to be more effort made by the states to become more streamlined, efficient and Uniform in the overall functioning of insurance agent licensing. (Attachment 1)

Bob Shields, President, Kansas Association of Professional Insurance Agents, testified in support of SB 71 stating that PIA supports the existing system of State based insurance regulation and opposes preemption by a Federal insurance regulator, whether optional or mandatory. Mr. Shields said PIA believes to ask Kansas federal legislators to oppose federal insurance regulation we must take action on the state level to bring Kansas into compliance with uniform producer licensing. He noted that 33 of 52 jurisdictions in the United States are already in compliance with these standards. (Attachment 2)

## CONTINUATION SHEET

Minutes of the Senate Judiciary Committee at 9:30 a.m. on February 9, 2011 in Room 548-S of the Capitol.

Maury Loridon, NAIFA Kansas President, testified in support of SB 71. He stated that because of the professional ethics goals, NAIFA Kansas supports the efforts to increase the hours of required continuing education from 12 hours to 24 hours every two years, including three hours of ethics. He noted that in today's competitive marketplace with heightened consumer awareness and expanded product offerings, NAIFA Kansas members need to be up to date and well informed. He said this bill would not only enhance the knowledge of NAIFA Kansas members, but would also bring Kansas into compliance with the Uniform Licensing Standards established by the National Association of Insurance Commissioners as provided for in the Gramm-Leach-Bliley act passed by Congress. (Attachment 3)

Bill Sneed, representing State Farm Insurance, testified in opposition to SB 71. Mr. Sneed stated that this issue has been studied by the Legislature numerous times. He noted that in 2007, SB 113 was introduced, and in 2008 SB 440, an identical bill, was also introduced. Both bills had hearings, he said, and during the debate on SB 113, the original SB 113 was substantially amended to a form very similar to that you see in SB 71. He added that the proposal in SB 71 states that anyone holding a license, be it multi-line or single line, must maintain twenty-four hours of continuing education, so for those agents who carry multi-line licenses SB 71 would create very little effect. (Attachment 4)

Representative Virgil Peck, Jr., testified in opposition to SB 71. Rep. Peck stated that he has been a fulltime licensed life and health agent since 1979. He said if SB 71 were to become law, it would require him to take an additional 12 hours of continuing education every two years and therefore double the number of CE hours he is required to take. He said SB 71 will not improve Kansas insurance agents, will not benefit the state and will not benefit or protect Kansas citizens. He said it would only provide more money to those who conduct the CE course, many of which are out of state companies. (Attachment 5)

Testimony of David Monaghan, Government Affairs Counsel, American Family Insurance. (Attachment 6 - written only)

### Action on

#### **SB 65 - Health insurance; internal and external review of health care decisions.**

Senator Longbine moved to pass SB 65 out favorably. Senator Taddiken seconded. Motion passed

The next meeting is scheduled for February 10, 2011.

The meeting was adjourned at 10:30 am.