



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

TESTIMONY ON SB 26

HOUSE COMMITTEE ON INSURANCE March 18, 2013

Chairman and Members of the Committee:

I am Kris Kellim with the Kansas Insurance Department. Thank you for the opportunity to testify in support of SB 26.

SB 26 would make four minor changes to K.S.A. 40-4903, which deals with insurance agent licensing, lines of authority, and licensing requirements. Several of the proposed changes are needed to comply with uniform licensing standards for agent reciprocity, which allow agents holding a Kansas license to obtain a license in other states without taking additional insurance examinations or continuing education courses in those states. Kansas currently shares agent reciprocity with all other states.

The first set of changes is found on p. 1, l. 30 through p. 2, l. 17. These would add five definitions for existing limited lines of insurance, including crop, title, travel, pre-need funeral (burial), and bail bond insurance. Limited lines of insurance are narrower and more specific than major lines like property and casualty or life insurance. For instance, an agent can be licensed to sell only pre-need funeral life insurance.

The definitions for crop and travel insurance are needed to meet the uniform licensing standards for agent reciprocity. This allows other states to rely on Kansas' definition as to what constitutes these lines of insurance and vice versa. However, all of the definitions are needed to provide standard meanings for the types of limited lines of authority available under Kansas law.

The next change is found on p. 2, l. 30, 36-37. It adds new language clarifying that "regulatory compliance" courses satisfy the one-hour "insurance ethics" C.E.C. requirement for licensed agents. This change is included at the request of the Kansas Association of Insurance Agents.

The final group of changes begins at p. 3, l. 5. From p. 3, l. 12-18, the bill tweaks the mechanism for confirming that an agent has sold only pre-need funeral insurance. Currently, an agent licensed to sell only pre-need funeral insurance must submit certification from an officer of each insurance company represented by the agent that the agent transacted no other insurance business every two years. The new language would merely require an agent to file a report affirming the agent sold only pre-need funeral insurance during the reporting period, and the Department would use its discretion to request certification from companies represented by the

agent on a case-by-case basis. This change would reduce the regulatory burden on the affected agents and companies.

Finally, from p. 3, l. 18-23, the bill removes all C.E.C. requirements for agents who hold the limited line of authority to sell only pre-need funeral insurance, and for agents who hold only the limited line bail bond qualification. These two limited lines are included in the proposed definitions on p. 2. These changes also are needed to meet the uniform licensing standards for agent reciprocity.

SB 26 is supported by the Kansas Association of Insurance Agents, the Kansas Association of Professional Insurance Agents, and the Kansas Association of Funeral Directors. The Department is unaware of any opponents.

For these reasons, we would ask the Committee to recommend SB 26 favorable for passage.

Thank you for the opportunity to appear in support of this bill. I am happy to stand for questions.

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