

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Sandy Praeger at 9:30 a.m. on February 6, 2001 in Room 234-N of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Kansas Legislative Research Department
Ken Wilke, Office of the Revisor of Statutes
JoAnn Buntun, Committee Secretary

Conferees appearing before the committee:

LeRoy Brungardt, Director of Agents & Brokers Division, Kansas Insurance Department
John C. Gann, Kansas Association of Insurance and Financial Advisors
Larry Magill, Kansas Association of Insurance Agents
David Hanson, National Association of Independent Insurers

Others attending: See attached list.

Hearing on: SB 123 - Insurance; Model insurance producer licensing act

LeRoy Brungardt, Director of Agents & Brokers Division, Kansas Insurance Department, presented testimony to the Committee in support of **SB 123**. Passage of the bill would create the Uniform Insurance Producers Licensing Act and integrate the National Association of Insurance Commissioners model act into the Kansas licensing statutes, moving states toward uniformity in licensing, as initiated by passage of the federal Gramm-Leach-Bliley Act. Mr. Brungardt outlined eight key benefits that would result if **SB 123** became law as noted in his written testimony. (Attachment 1) During Committee discussion Mr. Brungardt explained the department's proposed changes to the current statutes within **SB 123**, and noted that one of the concerns expressed by others was the use of the word "producer" instead of "agent" in the bill.

John C. Gann, Kansas Association of Insurance and Financial Advisors, testified in support of the bill and noted that his association believes that any individual that "ex-dates" should be licensed. The current guidelines of the Kansas Insurance Department state that unlicensed personnel may not initiate telephone calls to prospects for the purpose of gathering underwriting information, often referred to as ex-dating or fact finding. Mr. Gann is supportive of these guidelines. (Attachment 2)

Larry Magill, Kansas Association of Insurance Agents, also spoke in support of **SB 123** but suggested the following proposed amendments: (1) Convert the references to "producer" back to "agent" where the term producer is used in the bill, and (2) clean-up language relating to eliminating the reference to canceling the broker's license of someone who loses their producer's license since there will no longer be a brokers license on page 17, lines 8-10 of the bill. (Attachment 3)

David Hanson, National Association of Independent Insurers, spoke in opposition to **SB 123** by noting that the bill as presented does not contain an essential provision necessary for many insurance companies to provide basic customer service to insurance policyholders in Kansas. Mr. Hanson requested the Committee replace language in the bill that was deleted in the Model Act which would recognize the needs of policyholders in trying to obtain information about their existing policies as outlined in his written testimony. (Attachment 4)

Committee discussion related to the terms "agent" and "producer" as defined in the bill, deleting Section 19, clean-up language on page 17, lines 8-10 of the bill, and deleting reference to K.S.A. 40-239 in the title. The Chair directed staff to draft the proposed amendments for consideration by the Committee at a later date.

Approval of Minutes

Senator Feleciano made a motion to approve the Committee minutes of January 30, 31 and February 1, seconded by Senator Brungardt. The motion carried.

Adjournment

The meeting was adjourned at 10:30 a.m. The next meeting of the Committee is scheduled for February 7, 2001.