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MEMORANDUM

To: House Committee on Insurance
From: Office of Revisor of Statutes
Date: March 16, 2020
Subject: Bill Brief for SB 402

SB 402 amends K.S.A. 2019 Supp. 40-4902, 40-4903, 40-4905, 40-4909, 40-4912 and 40-4915 of the Uniform Insurance Agents Licensing Act. The bill also amends K.S.A. 40-5505 and 40-5512 of the Public Adjusters Licensing Act. The bill was passed by the Senate Committee of the Whole on a vote of 32 to 6 and was referred to this committee upon its receipt and introduction to the House.

Section 1 amends K.S.A. 2019 Supp. 40-4902, which is the definitions section of the Uniform Insurance Agents Licensing Act. Here, the substantive amendment was made to the definition of "biennial due date" to specify that it is the last day of the birth month of a licensed agent required to complete C.E.C.s, and the last day of the month of the date of initial licensure for a registered business entity.

Section 2 amends K.S.A. 2019 Supp. 40-4903, pertaining to the insurance agent's license, renewal fees and requirements. Here, new language has been added to require that an insurance agent pay a biennial renewal application fee of \$2 and apply for renewal on a form prescribed by the commissioner. The number of C.E.C.s required for renewal has been increased from 12 to 24, and language has been added to specify that of those 24 hours, at least 3 hours must be in insurance ethics. My understanding is that the department may request an amendment to delay the effective date of the C.E.C. requirement.

Section 3 amends K.S.A. 2019 Supp. 40-4905, pertaining to applications for resident insurance agent licensure. Amendments to this section relate to disclosures made by licensed persons or entities to the commissioner. On page 11, a number of items have been added relating to disciplinary actions on a licensee's license or criminal history, as well as changes in information of the person or entity that the person or entity must report within 30 days of the occurrence.

Section 4 amends K.S.A. 2019 Supp. 40-4909, pertaining to the commissioner's power to deny an application or suspend, revoke or refuse to renew a licensee's license if the commissioner

finds that the applicant or licensee has engaged in certain behaviors listed on page 13. The bill adds to the list a failure to respond to an inquiry from the commissioner within 15 business days. The bill also adds a number of items that the commissioner shall take into consideration when deciding whether to grant or renew a license, which are listed on page 14.

Section 5 amends K.S.A. 2019 Supp. 40-4912, pertaining to appointment of agents. Here, subsection (b) has been stricken, removing the provision stating that certification of other than an individual insurance agent will automatically include each licensed insurance agent who is an officer, director, partner, employee or otherwise legally associated with the corporation. Again, my understanding is that the department may request an amendment to delay the effective date of this section.

Section 6 amends K.S.A. 2019 Supp. 40-4915, pertaining to the renewal of insurance agent licenses. The amendment to this statute allows the commissioner to suspend the agent's license for 90 days if the agent does not apply for renewal by the agent's biennial due date and the assessment of a \$100 penalty for each license suspended. If the agent fails to apply for renewal after 90 days, but before 12 months are up and the agent wishes to reinstate the license, the agent will be required to pay a reinstatement fee of \$100 per license. If, after 12 months have passed, the agent wishes to reinstate the license, the agent will be required to submit proof of C.E. completions and pay the reinstatement fee.

Section 7 amends K.S.A. 2019 Supp. 40-5505, pertaining to public adjusters licenses. The amendment to this statute grants the commissioner the authority to require the applicant to be fingerprinted and submit to a state and national criminal history record check or to submit to a background check, or both, at the applicant's expense.

Section 8 amends K.S.A. 2019 Supp. 40-5512, pertaining to continuing education credits for public adjuster licensees. Here, the definition of "biennial due date" and the CEC requirement have both been amended to be consistent with the changes made to the Uniform Insurance Agents Licensing Act. As with the Uniform Insurance Agents Licensing Act, the department may offer an amendment to delay the effective date of the increase in the CEC requirement.