



DATE: February 19, 2020

TO: The Honorable Rob Olson
Members of the Financial Institutions and Insurance Committee

FROM: Will Larson, Attorney
Kansas Association of Insurance Agents

RE: KAIA is neutral on Senate Bill 402

Thank you for the opportunity to speak on SB 402

The Kansas Association of Insurance Agents (KAIA) is a statewide association of independent insurance agents. It has approximately 305-member insurance agencies with more than 2,000 licensed independent insurance agents throughout the state of Kansas. The KAIA works closely with the Kansas Insurance Department (KID) on many issues including agents licensing.

As background, several months ago the KID shared with KAIA its legislative agenda, much of which is included in SB 402. The KID sought KAIA's involvement and input as there were many items that affected KAIA members and their licensed agents. While KAIA could support a number of the things the KID wanted to do to realize increased efficiencies, there were items the KAIA strongly opposed. After several meetings with the representatives of the KID, including the Commissioner, the KAIA legislative team, and the Association's Governmental Affairs Committee, many of our major concerns were addressed. The KAIA greatly appreciates the KID's willingness to work with us to come to the work product that is embodied in SB 402. While we are neutral on the bill, we appreciate their efforts to ameliorate our concerns and minimize the burdens on agents.

While the Association neither supports nor opposes the bill, we did want to point out the provision of the bill that we believe will have the most significant impact on insurance agents. The bill increases the number of continuing education (CE) hours to maintain an agent's license from 12 to 24 hours biennially, which is in line for the national standard. This will not affect agents licensed in both property and casualty (P&C) and Life and Health (L&H) because dual licensed agents are currently required to have 24 CE hours biennially. Agents not licensed in both P&C and L&H, however, will be required to take an additional 12 hours of CE biennially.



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While the additional CE requirements comes at an additional cost in both time and money, the KAIA agreed not to oppose the bill because the KID made concessions in other areas; for example, lowering the newly created license renewal fee to four dollars biennially from what the KID originally proposed.

In addition, these changes will allow agents to utilize the National Insurance Producer Registry (NIPR) to renew their out-of-state and Kansas licenses. Currently Kansas agents can use NIPR to renew their out-of-state licenses but must renew their Kansas licenses through the Kansas Insurance Department. Streamlining this procedure will benefit both the KID and agents.

Currently there is no renewal process for insurance agencies. The KID must spend time and resources in trying to determine what agencies are still in business. The KAIA totally agrees there should be a renewal process for agencies so the KID can easily determine which are still active.

Further, agents must separately renew their P&C and L&H licenses. Also, virtually all other states use the last day of the agent's birth month for the renewal; Kansas does not. SB 402 does away with separate licenses for P&C and L&H lines and changes the renewal date to the last day of the agent's birth month. These changes simplify the agent's renewal process and allows the KID to use automated systems it cannot use now. That benefits agents and the KID.

Finally, this bill eliminates automatic company appointments of all licensed staff when an agency is appointed to represent a company. If adopted only individual agents and not agencies will be appointed by companies. This change will remove burdensome reporting requirements for agencies when there are staff changes.

Again, we appreciate the efforts that the KID is making to improve processes and gain additional efficiencies. Based on the forgoing explanation the KAIA's position on SB 402 is neutral.