

Approved: February 15, 1999
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE .

The meeting was called to order by Chairperson Senator Don Steffes at 9:00 a.m. on February 8, 1999, in Room 529 S of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Research
 Ken Wilke, Office of Revisor
 Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Linda DeCoursey, Kansas Insurance Department
 Marlyn Burch, Director, Life Division, KID
 Bob Kennedy, Assistant Insurance Commissioner, KID
 Pat Morris, KIA
 Rick Freidstrom, KALU
 John Peterson, Enterprise Rental
 Senator Sandy Praeger
 Ann Koci, SRS

Others attending: See Attached

Chairman Steffes reported on the Subcommittee on **SB 108** which was held this morning. No action was taken and a report will be made later when the involved parties can reach agreement.

Hearing on SB 151 - Insurance, Kansas Viatical Settlement Act

Linda DeCoursey, Kansas Insurance Department, presented testimony which would strengthen the laws currently in force and place us in compliance with the NAIC model which was passed in September of 1998 (Attachment 1). Marlyn Burch reported that this should be considered a consumer protection bill which exempts banks and loan companies and individuals who buy no more than one policy per year. This legislation would be directed toward those brokerage sales companies whose business is to find such available policies on a large scale basis and sell them to companies for investment purposes or resale. Bob Kennedy of the Insurance Department said that banks and loan companies are exempted because they fall under other regulatory agencies such as state and federal banking authorities and securities commissioners. Most viatical companies have no regulators at this time. A formula will be developed by KID to determine the fair and accurate amount which should be paid to the individual for the life insurance policy involved.

Dr. Wolff questioned the propriety of language regarding rules and regulations of the Commissioner.

Chairman Steffes declared the Hearing closed on **SB 151**.

Hearing on SB 152 - Insurance, licensing requirements for insurance agents; continuing education

Bob Kennedy, Kansas Insurance Department, said this bill would allow Kansas to have reciprocal agreements with other states in licensure requirements for insurance agents (Attachment 2). This streamlining for continuing education requirements would greatly assist insurance agents in rural areas by allowing interactive computer education and other telecomputing (Internet) techniques. The bill also requires licensure of auto rental agencies in their sales of insurance products as well as full disclosure of their products and training of counter staff on types of insurance products sold.

Pat Morris, Kansas Insurance Agents, presented testimony in agreement with the bill (Attachment 3). The bill would allow the Department to have more leeway in approving continuing education via the Internet for agents which would be a great monetary savings for independent agents. The bill also makes consistent the requirement of agents and brokers carrying errors and omission liability insurance by eliminating the requirements of a dishonesty bond for brokers.

Rick Freidstrom, Kansas Association of Life Underwriters, spoke in support of the bill pointing out the changes in customer base the industry has experienced in the past 25 years (Attachment 4). Many of their .

CONTINUATION SHEET

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

agents have licenses in more than 15 states and it is important to maintain reciprocal relationships with the states in which they do business.

John Peterson, representing Enterprise Car Rental Company, presented testimony requesting a balloon amendment be added clarifying that the company will be the licensee and its license will be responsible for the conduct of any of its employees (Attachment 5).

Chairman Steffes declared the hearing closed on **SB 152**.

Hearing on SB 162 - Kansas insurance coverage for children

Senator Praeger explained this bill as an important component of the children's insurance plan to provide seamless coverage between Medicaid and Title XXI through the Kansas Insurance Coverage for Kids and the Children's Health Insurance Action Group.

Linda DeCoursey, Kansas Insurance Department, offered testimony in support of the bill (Attachment 6).

Ann Koci, Adult and Medical Services Commissioner - SRS, said that although they were definitely in support of the bill, they thought the language being added is unnecessary due to actions taken by SRS in Health Wave implementation and could restrict agency flexibility in later years as the Title XXI and Title XIX programs develop and change (Attachment 7).

Written testimony was offered by Kansas State Nurses Association (Attachment 8).

The Committee asked if there were any federal regulations or requirements that are different between Title XIX and Title XXI programs.

Chairman Steffes declared the hearing closed on **SB 162**.

Senator Corbin moved for the adoption of the minutes of February 1, 2, 3, and 4, 1999 as presented. Motion was seconded by Senator Becker. Motion carried.

The meeting was adjourned at 9:45 a.m. The next meeting will be held on Tuesday, February 9, 1999.

SENATE FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE GUEST LIST

DATE: Feb. 8, 1999

NAME	REPRESENTING
Rick Friedman	KALC
Rebecca Samolens	KID
Paul Davis	Kansas Insurance Dept.
Kevin Davis	Am. Family
Anne Spross	KALC
Marlyn Bush	Kansas Insurance Dept.
Bob Kennedy	Ks Ins Dept.
Duffy Dunwoon	St Luke Shannan Mission
Steve Montgomery	United HealthCare
Brad Smoot	BCSS
John Peterson	Enterprise Car Rental
Stacy Soldan	Hill & Weil Chofel.
Wayne Kuracka	Enterprise Rent A Car
Dean Drury	ERAC
Pat Morris	KATA
John Federico	Humana
Ann Koci	SRS
Audrey Keckand	Kearney Law Office
Carmen Meddenday	Ks B A

Bill Sneed
Ainda McCarney

State Farm
Ks Ins. Dept



Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

TO: Senate Committee on Financial Institutions and Insurance

FROM: Linda J. De Coursey, Director of Government Affairs

RE: SB 151 – Viatical Settlement Act

DATE: February 8, 1999

Mr. Chairman and members of the Committee:

I am appearing today in support of SB 151, the Viatical Settlement Act. The Kansas Insurance Department asked for introduction of the bill, and I appreciate the opportunity to discuss the bill provisions with you.

In 1992, Kansas became one of only three states in the nation to enact laws concerning Viatical Settlements. At that time and to some extent today, Viatical Settlements are transactions in which insureds with AIDS, cancer patients and other terminally ill persons sell their life insurance policy for a certain percentage of its face value to provide immediate cash. The percentage depends largely on the length of time the insured is expected to live. The viatical company may buy the policy its and pay the premiums until the death of the insured or may find an investor willing to purchase the policy.

Now, it appears that the industry has moved away from this concept and encourages those who might have beneficiaries in need of the funds to sell the protection that is the whole purpose and

design of life insurance. Those with several years life expectancy are trading in their life insurance policies for cash, vacations, luxuries, and yes, expensive medications. There are those companies whose advertisements encourage people to buy life insurance specifically for the purpose of turning it into quick cash by immediately viaticating the policy.

The structure of the Viatical Settlements has fundamentally changed, and will affect the rating structure of insurers to the detriment of those insured who intend to use the policies for protection of their dependents. It is because of these fundamental changes, we are asking you to consider updating Kansas laws. We have used the Viatical Settlements Model Act promulgated by the National Association of Insurance Commissioners (NAIC), passed at the September, 1998 meeting.

- Section 1. Establishes a short title as Viatical Settlements Act.
- Section 2. Sets out definitions of financing entity; financing transaction; person; viatical settlement representative, and who is not a representative; viatical settlement broker; viatical settlement contract; viatical settlement provider, and who is not a provider; viator; and viaticated policy.
- Section 3. Establishes annual licenses for the viatical settlement provider, representative or broker, an application fee, and information required by the insurance commissioner to grant the application.
- Section 4. Establishes the right of the insurance commissioner to deny, suspend, revoke, or refuse to renew licenses, including if the provider demonstrates a pattern of unreasonable payments to viators.

- Section 5. Establishes that the insurance commissioner must approve the viatical settlement contract or disclosure statement form.
- Section 6. Viatical settlement companies must file an annual statement with the insurance commissioner.
- Section 7. Establishes a confidentiality requirement whereby companies may not disclose the identity as a viator to any other person except for the actual settlement; response to an investigation by the commissioner or other governmental entity; transfer of viatical policy;
- Section 8. Commissioner may examine the business and affairs of the viatical company. The company is to maintain records of each viatical settlement until five years after the death of the insured.
- Section 9. Requires viatical settlement providers, representatives, or broker to make full disclosure to potential viators of possible alternatives to viaticating such as accelerated death benefits received from life insurance policy, income tax information, proceeds could be subject to claims of creditors; may affect viator's eligibility for medicaid; viators right to rescind a settlement; and may cause other benefits under the policy to be forfeited.
- Section 10. Sets out the requirements of the provider, representative, or broker must obtain when entering into a settlement contract, such as statement from the licensed attending physician that the viator is of sound mind and acknowledges life threatening or chronic illness; medical information subject to state law relating to privacy of medical information, and right to rescind the contract. This section also establishes the settlement procedure.
- Section 11. Establishes authority of insurance commissioner to promulgate rules and regulations to implement the act, including fees for licensing, standards for bonds, or mechanism for financial accountability.

- Section 12. Violation of this act is to be considered an unfair or deceptive act or practice.
- Section 13. Current providers, representatives, or brokers may continue conducting business pending approval of the providers, representatives or brokers application for license provided that the required application is filed by July 1, 1999.

S. B. 151 is meant to strengthen and expand the regulation of Viatical settlements in Kansas, because of the growth and changes to the structure of the Viatical settlements industry. Thank you for your consideration of this bill. We respectfully ask your favorable consideration of SB 151 – Viatical Settlements Act.



Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

February 8, 1999

**Testimony before the Senate
Financial Institutions and Insurance Committee
on
Senate Bill 152**

Mr. Chairman and members of the Committee:

Thank you for the opportunity to discuss Senate Bill 152. This bill accomplishes three goals for the Department: (1) continues our efforts to implement full reciprocity for insurance agents who live or do business in other states; (2) streamline further our agent licensing and continuing education requirements; and, (3) license auto rental agencies in their sales of insurance products.

Reciprocity

S.B. 152 makes our licensing law fully reciprocal with the agent licensing and Continuing Education (CE) laws of other states. The goal is to allow an agent from another state, if he or she is in good standing with their state's licensing and CE requirements, to become licensed and maintain CE compliance in the state of Kansas with a minimum of paperwork and expense. In Section 2(f)(5) of the bill, we have amended our current CE statutes to allow the Commissioner to accept CE courses without exhaustive review of the content of the course, if the course has already been approved in other accredited states. In Section 4(a), we make licensing of non-resident agents fully reciprocal, if the agent's licensure is in good standing in their home state.

Streamlining

S.B. 152 streamlines or modernizes several aspects of our licensing and CE statutes. We reduce some of the work involved in verifying minimum education requirements for people seeking a license [Section 1(a)(1)]; allow use of computer and Internet training for CE, with appropriate verification procedures [Section 2(a)(2) and 2(f)(7)]; allow brokers to fulfill post-licensing education requirement by completion of portions of earned designations deemed to be equivalent to college courses in insurance (the current requirement) [Section 9]; made licensing of agents and brokers consistent by extending the requirement for errors and omission liability insurance to agents and eliminated the added requirement for a dishonesty bond for brokers, as unnecessary, especially in light of E&O insurance [Sections 3 and 10];

Senate Financial Institutions & Insurance

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and streamlined the process for payment of appointment fees by insurance companies for each agent they appoint or terminate [Sections 4-6].

Auto rental agencies

S.B. 152 resolves a dispute between the Department and auto rental agencies about the need for licensing of the agencies because of their sales of products the Department considers to be insurance. The bill requires any auto rental agency transacting such business in Kansas to become licensed, to distribute to customers educational materials and disclosures about their products and to train counter staff on the kinds of insurance products sold by the agency [Section 3].

Both the bill and amendments I have attached to this testimony are the product of extensive discussions between the Department, the Kansas Association of Insurance Agents and representatives of the auto rental agencies. The KAIA and auto rental agencies have agreed to the content of the bill and we have agreed to the cosmetic amendments they suggest for the bill as initially printed.

S.B. 152 accomplishes the full reciprocity she seeks for insurance agents licensed in this state, completes some needed streamlining and modernization of our licensing statutes and fairly resolves an ongoing debate about the status of products sold by auto rental agencies. I urge your support of S.B. 152.

Robert L. Kennedy, Jr.
Assistant Commissioner

SENATE BILL No. 152

By Committee on Financial Institutions and Insurance

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9 AN ACT relating to insurance; concerning licensing requirements for
10 insurance agents; amending K.S.A. 40-241c, 40-241j, 40-3707 and 40-
11 3711 and K.S.A. 1998 Supp. 40-240, 40-240f, 40-241, 40-241i, 40-246
12 and 40-3706 and repealing the existing sections.

13
14 Be it enacted by the Legislature of the State of Kansas:

15 Section 1. K.S.A. 1998 Supp. 40-240 is hereby amended to read as
16 follows: 40-240. (a) Any person desiring as agent to engage in the insur-
17 ance business, as herein set out, shall apply to the commissioner of insur-
18 ance of this state, in the manner hereinafter prescribed, for an insur-
19 ance agent's license, authorizing such agent to engage in and transact
20 such business. The applicant for such license shall file with the commis-
21 sioner of insurance such applicant's written application for a license au-
22 thORIZING the applicant to engage in the insurance business and the ap-
23 plicant shall make sworn answers to such interrogatories as the
24 commissioner of insurance may require on uniform forms and supple-
25 ments prepared by the commissioner. A nonrefundable fee in the amount
26 of \$30 shall accompany such application. Such applicant, if an individual,
27 shall establish:

28 (1) That the applicant certifies, by evidence satisfactory to the com-
29 missioner, that the applicant is a graduate of an accredited four-year high
30 school or its equivalent. This requirement shall not apply to any person
31 holding a valid agent's license as of July 1, 1971, or a full-time student
32 enrolled in an accredited high school in this state while and to the extent
33 such student is participating in an insurance project sponsored by a bona
34 fide junior achievement program; and

35 (2) that the applicant is of good business reputation and is worthy of
36 a license.

37 (b) Corporations, associations, partnerships, sole proprietorships and
38 other legal entities acting as insurance agents and holding a direct agency
39 appointment from an insurance company or companies or health main-
40 tenance organization are required to obtain an insurance agent's license.
41 Application for such license shall be made to the commissioner on a form
42 prescribed by such commissioner. Before granting the license, the com-
43 missioner shall determine that:

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1 (1) Each officer, director, partner and employee of the applicant who
2 is acting as an insurance agent is licensed as an insurance agent;

3 (2) the applicant has disclosed to the insurance department all offi-
4 cers, directors and partners whether or not they are licensed as insurance
5 agents;

6 (3) the applicant has disclosed to the insurance department all offi-
7 cers, directors, partners and employees who are licensed as insurance
8 agents; and

9 (4) the applicant has designated a licensed officer, employee, partner
10 or other person to be responsible for the organization's compliance with
11 the insurance laws and rules and regulations of this state.

12 (c) The insurance department may require any documents reasonably
13 necessary to verify the information contained in the application.

14 (d) (1) Agents licensed pursuant to subsection (b) shall advise the
15 commissioner of any officers, directors, partners or employees who are
16 licensed as individual insurance agents and are not disclosed at the time
17 application is made for a license within 30 working days of their affiliation
18 with the licensee. Failure to provide the commissioner with such infor-

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19 mation shall subject the licensee to a monetary penalty of \$10 per day for
 20 each working day the required information is late subject to a maximum
 21 of \$50 per person per licensing year.

22 (2) Officers, directors, partners or employees disclosed at the time of
 23 the original application or reported thereafter whose affiliation with the
 24 licensee is terminated shall be reported to the commissioner within 30
 25 days of the effective date of termination. Failure to report such termi-
 26 nation shall subject the licensee to the penalty prescribed in paragraph
 27 (1) of this subsection.

28 Sec. 2. K.S.A. 1998 Supp. 40-240f is hereby amended to read as fol-
 29 lows: 40-240f. (a) For purposes of this section:

30 (1) "Biennial due date" means March 31, 1991, and March 31 of each
 31 odd-numbered year thereafter. Effective January 1, 1997, the term shall
 32 mean the date of birth of the licensed agent who is required to complete
 33 C.E.C.'s and report the completion of such C.E.C.'s to the commissioner
 34 pursuant to this section, except that such due date shall not be earlier
 35 than two years from the date of the agent's initial licensure.

36 (2) "Approved subject" or "approved course" means any educational
 37 presentation involving insurance fundamentals, insurance law, insurance
 38 policies and coverage, insurance needs, insurance risk management, in-
 39 surance agency management or other areas, which is offered in a class,
 40 seminar, *computer based training*, *interactive internet training* or other
 41 similar form of instruction, and which has been approved by the com-
 42 missioner or the commissioner's designee under this section as expanding
 43 skills and knowledge obtained prior to initial licensure or developing new

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1 and relevant skills and knowledge.

2 (3) "C.E.C." means continuing education credit. One C.E.C. is at
 3 least 50 minutes of each clock hour of instruction or the C.E.C. value
 4 assigned by the commissioner or the commissioner's designee. The
 5 C.E.C. values shall be assigned in whole units. The commissioner or the
 6 commissioner's designee shall assign a C.E.C. value to each approved
 7 subject on a case-by-case basis.

8 (4) "Biennium" means the period beginning on the effective date of
 9 this section and ending on March 31, 1991, and each two-year period
 10 thereafter. Effective January 1, 1997, for those agents who were born in
 11 an odd-numbered year, the term shall mean the period starting with the
 12 agent's biennial due date in 1997 and each two-year period thereafter,
 13 for those agents who were born in an even-numbered year, the term shall
 14 mean the period starting with the agent's biennial due date in 1998 and
 15 each two-year period thereafter.

16 (5) "Inactive agent" means a licensed agent who presents evidence
 17 satisfactory to the commissioner which demonstrates that such agent will
 18 not do any act toward transacting the business of insurance for not less
 19 than two but not more than six years from the date such evidence is
 20 received by the commissioner. Such additional periods may be granted
 21 by the commissioner upon further presentation of evidence satisfactory
 22 to the commissioner.

23 (b) (1) Every licensed agent who is an individual and holds a property
 24 or casualty qualification, or both, shall biennially obtain a minimum of
 25 twelve C.E.C.'s in courses certified as property and casualty which, on
 26 and after April 1, 1995, shall include at least one hour of instruction in
 27 insurance ethics. No more than three C.E.C.'s shall be in insurance
 28 agency management.

29 (2) Every licensed agent who is an individual and holds a life, accident
 30 and health, or variable contracts qualification, or any combination thereof,
 31 shall biennially complete twelve C.E.C.'s in courses certified as life, ac-
 32 cident and health, or variable contracts which, on and after April 1, 1995,
 33 shall include at least one hour of instruction in insurance ethics. No more
 34 than three C.E.C.'s shall be in insurance agency management.

35 (3) Every licensed agent who is an individual and holds a crop only
 36 qualification shall biennially obtain a minimum of two C.E.C.'s in courses
 37 certified as crop under the property and casualty category.

38 (4) Every licensed agent who is an individual and is licensed only for
 39 title insurance shall biennially obtain a minimum of four C.E.C.'s in

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40 courses certified by the board of abstract examiners as title under the
 41 property and casualty category.
 42 (5) Every licensed agent who is an individual and holds a life insur-
 43 ance license solely for the purpose of selling life insurance or annuity

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1 products used to fund a prearranged funeral program and whose report
 2 of compliance required by subsection (f) of this section is accompanied
 3 by a certification from an officer of each insurance company represented
 4 that the agent transacted no other insurance business during the period
 5 covered by the report shall biennially obtain a minimum of two C.E.C.'s
 6 in courses certified as life or variable contracts under the life, accident
 7 and health, or variable contracts category.

8 ~~(6) Every limited insurance representative who is an individual sell-~~
 9 ~~ing insurance only in relation to the rental of motor vehicles shall bi-~~
 10 ~~ennially obtain a minimum of four C.E.C.'s in courses certified as motor~~
 11 ~~vehicle rental insurance under the property and casualty category.~~

del

12 (c) Individual agents who hold licenses with both a property or cas-
 13 ualty qualification, or both, and a life, accident and health, or variable
 14 contracts qualification, or any combination thereof, and who earn C.E.C.'s
 15 from courses certified by the commissioner or the commissioner's des-
 16 ignee as qualifying for credit in any class, may apply those C.E.C.'s toward
 17 either the property or casualty continuing education requirement or to
 18 the life, accident and health, or variable contracts continuing education
 19 requirement. However, a C.E.C. shall not be applied to satisfy both the
 20 biennial property or casualty requirement, or both, and the biennial re-
 21 quirement for life, accident and health, or variable contracts, or any com-
 22 bination thereof.

23 (d) An instructor of an approved subject shall be entitled to the same
 24 credit as a student completing the study.

25 (e) (1) An individual agent who has been licensed for more than one
 26 year shall, on or before the biennial due date, file a report with the com-
 27 missioner that such agent has met the continuing education requirements
 28 for the previous biennium ending on such biennial due date. Every in-
 29 dividual agent shall maintain a record of all courses attended together
 30 with a certificate of attendance for the remainder of the biennium in
 31 which the courses were attended and the entire biennium immediately
 32 following.

33 (2) If the required report showing proof of continuing education
 34 completion is not received by the commissioner by the biennial due date,
 35 the individual agent's qualification and corresponding license or licenses
 36 shall be automatically suspended for a period of 90 calendar days or until
 37 such time as the agent satisfactorily demonstrates completion of the con-
 38 tinuing education requirement whichever is sooner and a penalty of \$100
 39 shall be assessed for each license suspended. If the required proof of
 40 continuing education completion and the monetary penalty is not fur-
 41 nished within 90 calendar days of the biennial due date, the individual
 42 agent's qualification and corresponding license or licenses will expire. The
 43 commissioner may waive the penalties of this subsection upon written

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1 application by the agent in cases of extreme hardship.

2 (3) An applicant for an individual agent's license who previously held
 3 a license which expires on or after May 1, 1989, because of failure to meet
 4 continuing education requirements and who seeks to be relicensed shall
 5 pass the examination required for issuance of the new qualification and
 6 license and provide evidence that appropriate C.E.C.'s have been com-
 7 pleted for the prior biennium.

8 (4) An applicant for an individual agent's license who previously held
 9 a license which expired on or before April 30, 1989, for failure to meet
 10 the minimum educational requirements contained in K.S.A. 40-240b, and
 11 amendments thereto, as it existed prior to the passage of this act and who
 12 seeks to be relicensed shall pass the examination required for issuance of

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13 the new license.

14 (5) Upon written application by an individual agent, the commis-
15 sioner may, in cases involving medical hardship or military service, extend
16 the time within which to fulfill the minimum continuing educational
17 requirements for a period of not to exceed 180 days.

18 (6) This section shall not apply to inactive agents as herein defined
19 during the period of such inactivity. Upon return to active status or ex-
20 piration of the maximum inactive period, the agent shall have the re-
21 mainder of the current calendar year plus the next calendar year to com-
22 ply with the continuing education requirement.

23 (f) (1) A course, program of study, or subject shall be submitted to
24 and certified by the commissioner or the commissioner's designee in or-
25 der to qualify for purposes of continuing education.

26 (2) The following information shall be furnished with each request
27 for certification:

28 (A) Name of provider or provider organization;

29 (B) course title;

30 (C) date course will be offered;

31 (D) location where course will be offered;

32 (E) outline of the course including a schedule of times when subjects
33 will be presented;

34 (F) names and qualifications of instructors;

35 (G) number of C.E.C.'s requested; and

36 (H) a nonrefundable course fee in the amount of \$50 per course or
37 \$250 per year for all courses, and a nonrefundable annual provider fee of
38 \$100.

39 (3) Upon receipt of such information, the commissioner or commis-
40 sioner's designee shall grant or deny certification as an approved subject
41 and indicate the number of C.E.C.'s that will be recognized for the sub-
42 ject. Each approved subject or course shall be assigned by the commis-
43 sioner or commissioner's designee to one or both of the following classes:

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1 (A) Property and casualty or

2 (B) life insurance (including annuity and variable contracts) and ac-
3 cident and health insurance.

4 (4) A course or subject shall have a value of at least one C.E.C.

5 (5) A provider seeking approval of a course for continuing education
6 credit shall provide for the issuance of a certificate of attendance to each
7 person who attends a course offered by it. The certificate shall be signed
8 by either the course instructor or the provider's authorized representa-
9 tive. Providers shall also maintain a list of all persons who attend courses
10 offered by them for continuing education credit for the remainder of the
11 biennium in which the courses are offered and the entire biennium im-
12 mediately following.

13 *The commissioner shall accept, without substantive review, courses*
14 *submitted by a provider which have been approved by the insurance*
15 *supervisory authority of any state or territory accredited by the national*
16 *association of insurance commissioners. The commissioner may disap-*
17 *prove individual instructors or providers who have been the subject of*
18 *disciplinary proceedings or who have otherwise failed to comply with any*
19 *state's laws or regulations.*

20 (6) The commissioner may grant approval to specific programs of
21 study that have appropriate merit, such as programs with broad national
22 or regional recognition, notwithstanding the lack of a request for certifi-
23 cation. The fee prescribed by subsection (f)(2)(H) of this section shall not
24 apply to approvals granted hereunder.

25 (7) The C.E.C. value assigned to any course, program of study or
26 subject, other than a correspondence course, *computer based training,*
27 *interactive internet study training* or other course pursued by independ-
28 ent study, shall in no way be contingent upon passage or satisfactory
29 completion of any examination given in connection with such course,
30 program of study or subject. *The commissioner shall establish criteria for*
31 *determining acceptability of any method used for on line verification of*
32 *the completion of each stage of any computer based or interactive internet*
33 *study training. Completion of any computer based training or interactive*

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34 internet study training shall be verified on line in accordance with a
35 method approved by the commissioner.

36 (g) The commissioner shall provide, upon request, a list of all ap-
37 proved continuing education courses currently available to the public.

38 (h) An individual agent who studies an insurance subject indepen-
39 dently, other than an agent's examination, approved by the commissioner
40 or commissioner's designee, and who passes an independently monitored
41 examination, shall receive credit for the C.E.C.'s assigned by the com-
42 missioner or commissioner's designee as recognition for the approved
43 subject. No other credit shall be given for independent study.

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1 (i) The commissioner may waive the continuing education require-
2 ments imposed by this act for nonresident agents who provide evidence
3 of compliance with continuing education requirements imposed by their
4 state of domicile.

5 Sec. 3. K.S.A. 1998 Supp. 40-241 is hereby amended to read as fol-
6 lows: 40-241. Any applicant or prospective applicant for an agent's license,
7 if an individual, shall be given an examination by the commissioner or the
8 commissioner's designee to determine whether such applicant possesses
9 the competence and knowledge of the kinds of insurance and transactions
10 under the license applied for, or to be applied for, of the duties and
11 responsibilities of such a license and of the pertinent provisions of the
12 laws of this state. The applicant shall be tested on each class or subclass-
13 sification of insurance which may be written. An examination fee pre-
14 scribed in rules and regulations adopted by the commissioner shall be
15 paid by the applicant and shall be required for each class of insurance for
16 each attempt to pass the examination. Such examination fee shall be in
17 addition to the certification fee required under K.S.A. 40-252, and
18 amendments thereto. There shall be four classes of insurance for the
19 purposes of this act:

- 20 (1) Life;
- 21 (2) accident and health;
- 22 (3) casualty and allied lines; and
- 23 (4) property and allied lines.

24 ~~All limited insurance representative~~ license may be issued as a subclass-
25 sification of casualty and allied lines to any auto rental agency ~~or employee~~
26 ~~of that agency.~~ An auto rental agency may offer or sell insurance only in
27 connection with and incidental to the rental of motor vehicles, whether
28 at the rental office, at the point of delivery of a vehicle, or by preselection
29 of coverage in a master, corporate or group rental agreement, in any of
30 the following general categories: (1) Personal accident insurance covering
31 risks of travel, (2) motor vehicle liability insurance, (3) personal effects
32 insurance providing coverage to renters and other occupants of the motor
33 vehicle, (4) roadside assistance and emergency sickness protection pro-
34 grams, and (5) any other travel or auto-related coverage an auto rental
35 company may offer in connection with and incidental to rental of motor
36 vehicles. No insurance may be issued by a ~~limited insurance representative~~
37 unless the rental period of the rental agreement does not exceed 90 con-
38 secutive days and brochures and other written material clearly and cor-
39 rectly explaining insurance coverages offered by the agency are available
40 for prospective renters and clear and complete disclosures are provided
41 to prospective renters that such coverage may be duplicative of other
42 insurance owned by the renter, that purchase of insurance coverage is not
43 a condition for renting a motor vehicle and describing the process for

del
del

with or without the sale
of uninsured or underinsu-
red motorist coverage.

in auto rental agency

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1 filing a claim.

2 Auto rental agencies employing ~~limited insurance~~ representatives shall
3 conduct a training program for each representative, providing instruction
4 on the kinds of insurance coverage offered by the agency.

5 No ~~auto rental agent or~~ auto rental agency shall offer or solicit any
6 insurance other than the coverages described in this section without a

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del

2-7

7 ~~limited insurance representative~~ license. No ~~auto rental agent or auto~~ ^{auto rent of employee or}
 8 ~~rental agency shall advertise or otherwise hold themselves out as licensed~~
 9 ~~insurers, insurance agents or insurance brokers.~~

10 The commissioner of insurance shall adopt rules and regulations with
 11 respect to the scope, subclassification, type and conduct of such exami-
 12 nation. Examinations shall be given to applicants at least twice a month
 13 in Topeka, Kansas, and at least quarterly in other convenient locations in
 14 the state of Kansas. The commissioner shall publish or arrange for the
 15 publication of information and material which applicants can use to pre-
 16 pare for such examination. One or more rating organizations, advisory
 17 organizations or other associations may be designated by the commis-
 18 sioner to assist in, or assume responsibility for, distribution of the study
 19 manuals to applicants and other interested parties. Persons purchasing
 20 the study manual shall be charged a reasonable fee established or ap-
 21 proved by the commissioner. In the event the publication and distribution
 22 of the study material or the development and conduct of examinations is
 23 delegated to private firms, organizations or associations and the state in-
 24 curs no expense or obligation, the provisions of K.S.A. 75-3738 to 75-
 25 3744, inclusive, and amendments thereto, shall not apply. If the commis-
 26 sioner of insurance finds that the individual applicant is trustworthy,
 27 competent and has satisfactorily completed the examination, the com-
 28 missioner shall forthwith issue to the applicant a license as an insurance
 29 agent but the issuance of such license shall confer no authority to transact
 30 business in this state until the agent has been certified by a company
 31 pursuant to K.S.A. 40-241i, and amendments thereto *and submitted proof*
 32 *that the agent has obtained the errors and omissions policy required by*
 33 *this section.* If such applicant fails to satisfactorily complete the exami-
 34 nation, the examination may be retaken following a waiting period of not
 35 less than seven days from the date of the last attempt. If the applicant
 36 again fails to satisfactorily complete the examination, it may be retaken
 37 following another waiting period of not less than seven days from the date
 38 of the most recent attempt. Thereafter, the examination may be retaken
 39 following a waiting period of not less than six months from the date of
 40 the most recent attempt, except that following a waiting period of two
 41 years from the date of the applicant's last examination attempt an appli-
 42 cant will be treated as a new applicant and new examination and waiting
 43 periods shall apply. ~~The certification fee shall not be returned for any~~

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1 ~~reason. The commissioner of insurance shall keep a permanent record of~~
 2 ~~all agents' licenses issued and the insurance companies that the respective~~
 3 ~~agents were certified to represent under such licenses for a period of 10~~
 4 ~~years. While licensed every agent shall maintain in force an errors and~~
 5 ~~omissions policy covering the individual agent in an amount of not less~~
 6 ~~than \$100,000 total liability limit per occurrence, subject to not less than~~
 7 ~~\$100,000 annual aggregate for all claims made during the policy period;~~
 8 ~~or, covering the agent under blanket liability policy or policies, which~~
 9 ~~policy or policies can include other coverage on an excess basis over~~
 10 ~~\$100,000 primary, insuring other insurance agents or brokers in an~~
 11 ~~amount of not less than \$500,000 total liability limit per occurrence sub-~~
 12 ~~ject to not less than \$500,000 annual aggregate for all claims made during~~
 13 ~~the policy period. Such policy shall be issued by an authorized insurance~~
 14 ~~company or as authorized by K.S.A. 40-246b or 40-246c, and amendments~~
 15 ~~thereto, for errors and omissions of the agent. Self-retention shall be per-~~
 16 ~~mitted on liability policies covering the agent.~~

17 Sec. 4. K.S.A. 40-241c is hereby amended to read as follows: 40-
 18 241c. The commissioner of insurance, under appropriate rules and reg-
 19 ulations, shall waive examinations when the applicant establishes that:

20 (a) The applicant has been engaged in an active career as an insurance
 21 agent in a specified class or classes of insurance in some other state,
 22 territory or ~~the District of Columbia~~ *district accredited by the national*
 23 *association of insurance commissioners* and ~~that the license held in such~~
 24 ~~other state, territory or the District of Columbia:~~ (1) Was based upon a
 25 ~~written examination;~~ (2) that the state, territory or District of Columbia
 26 ~~from which the applicant comes has standards equal to those maintained~~
 27 ~~in Kansas;~~ (3) that the applicant's license has never been suspended or

28 ~~revoked; and (4) the applicant shall file~~ *has filed* a certificate from such
 29 ~~licensing authority which shall provide the class or classes of insurance~~
 30 ~~which the agent was authorized to write~~ *the insurance supervisory official*
 31 *for that state, territory or district certifying the agency is authorized to*
 32 *transact insurance business in those lines of insurance in which the agent*
 33 *seeks licensure, is in good standing in that jurisdiction and such further*
 34 *information as the commissioner may require; or*

35 (b) the applicant seeks a license as travel insurance agent to persons
 36 selling transportation tickets of common carriers, who shall act as such
 37 agent only as to transportation ticket policies, or health or accident in-
 38 surance, or baggage insurance on personal effects in connection with such
 39 transportation tickets of common carriers; or

40 (c) the applicant has been licensed ~~and certified~~ in Kansas for the
 41 class of insurance the applicant is applying for and where the license ~~and~~
 42 ~~certifications have~~ *has* been permitted to lapse for not more than two
 43 years prior to the date of the application and where the commissioner of

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1 insurance is satisfied that the applicant is trustworthy and competent; or

2 (d) the applicant is an applicant for a license to write insurance on
 3 growing crops in this state and has been continuously ~~certified~~ *licensed*
 4 to write such coverage in this state on and after April 30, 1986; or

5 (e) the applicant has qualified by examination, but due to clerical
 6 error by an insurance company, the applicant was not certified pursuant
 7 to K.S.A. 40-241i, and amendments thereto. Such insurance company
 8 shall pay all ~~certification~~ *appointment* fees that would have been paid had
 9 the applicant been properly ~~certified~~ *appointed* plus the penalty pre-
 10 scribed by K.S.A. 40-241i, and amendments thereto, for each violation.

11 Sec. 5. K.S.A. 1998 Supp. 40-241i is hereby amended to read as fol-
 12 lows: 40-241i. (a) Any company authorized to transact business in this
 13 state may, upon determining that the agent is of good business reputation
 14 and, if an individual, has had experience in insurance or will immediately
 15 receive a course of instruction in insurance and on the policies and policy
 16 forms of such company, ~~certify~~ *appoint* such agent as the agent of the
 17 company under the license in effect for the agent. The ~~certification ap-~~
 18 ~~pointment~~ shall be made to the commissioner *annually* on a form pre-
 19 scribed by the commissioner ~~within 30 days of appointment of the agent~~
 20 ~~by the company. Such appointment shall be effective immediately and~~
 21 ~~shall remain in effect until May 1, unless the commissioner is notified to~~
 22 ~~the contrary or the license of the certified agent is terminated at the same~~
 23 ~~time the company files its returns under K.S.A. 40-252, and amendments~~
 24 ~~thereto. A nonrefundable appointment or certification fee set forth in~~
 25 ~~K.S.A. 40-252, and amendments thereto, shall be paid in accordance with~~
 26 ~~the billing procedures established by the commissioner. Such procedures~~
 27 ~~shall require payment of the fees annually, based on the number of agents~~
 28 ~~appointed during the calendar year preceding the return. The certification~~
 29 ~~fees required by K.S.A. 40-252, and amendments thereto, shall be due for~~
 30 ~~all agents appointed by the company during the preceding calendar year,~~
 31 ~~irrespective of the number of months the agent was appointed for that~~
 32 ~~year. Auto rental agencies licensed and employing limited insurance rep-~~
 33 ~~resentatives in this state shall appoint the number of representatives trans-~~
 34 ~~acting business in this state and pay an appointment fee of \$5 dollars for~~
 35 ~~each representative appointed.~~ The certification fee shall not be returned
 36 for any reason, and failure of the company to certify an agent ~~within 30~~
 37 ~~working days of such agent's appointment~~ shall subject the company to a
 38 penalty of not more than \$25 per calendar day from the date of ~~appoint-~~
 39 ~~ment~~ *the appropriate return was required* to the date proper certification
 40 is recorded by the insurance department.

41 (b) Certification of other than an individual agent will automatically
 42 include each licensed insurance agent who is an officer, director, partner,
 43 employee or otherwise legally associated with the corporation, association,

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1 partnership or other legal entity appointed by the company. The required
 2 annual certification fee shall be paid for each licensed agent certified by
 3 the company ~~at the time of the original certification of the agency and~~
 4 ~~any continuation thereof and the prescribed reporting form shall be re-~~
 5 ~~turned at the same time the company files its tax returns as required by~~
 6 ~~K.S.A. 40-252, and amendments thereto.~~

7 (c) With respect to insurance on growing crops, evidence satisfactory
 8 to the commissioner that the agent is qualified to transact insurance in
 9 accordance with standards or procedures established by any branch of
 10 the federal government shall be deemed to be the equivalent of certifi-
 11 cation by a company.

12 (d) Duly licensed insurance agents transacting business in accordance
 13 with the provisions of article 41 of chapter 40 of the Kansas Statutes
 14 Annotated, and amendments thereto, shall be deemed to be certified by
 15 a company for the kinds of insurance permitted under the license in effect
 16 for the agent.

17 Sec. 6. K.S.A. 40-241j is hereby amended to read as follows: 40-241j.
 18 ~~On or before May 1 each year the commissioner shall recertify all agents~~
 19 ~~certified by the company as of the close of business on April 30 for the~~
 20 ~~ensuing calendar year and shall collect for each agent recertified the cer-~~
 21 ~~tification fees set forth in K.S.A. 40-252, and any amendments thereto.~~
 22 *Each company admitted to this state shall report annually to the com-*
 23 *missioner all agents the company has contracted with during the prior*
 24 *calendar year and shall pay the certification fees set forth in K.S.A. 50-*
 25 *252, and amendments thereto. The commissioner may audit agent or rep-*
 26 *resentative certification forms and fees to ensure proper reporting and*
 27 *receipt of fees. Any costs associated with auditing such forms shall be*
 28 *borne by the company or auto rental agency audited.*

29 Sec. 7. K.S.A. 1998 Supp. 40-246 is hereby amended to read as fol-
 30 lows: 40-246. The commissioner of insurance is prohibited from issuing
 31 any license or authority to write policies of insurance, or to solicit and
 32 obtain such policies, to any person, agent or corporation, unless such
 33 person, agent or corporation is a legal resident of this state at the time
 34 such license or authority is issued. Under such regulations and restrictions
 35 deemed necessary by the commissioner of insurance, licenses may be
 36 issued to nonresident agents, who are licensed by the state in which they
 37 reside, upon the payment of an annual ~~biennial~~ fee of ~~\$25~~ \$50.

38 Sec. 8. K.S.A. 1998 Supp. 40-3706 is hereby amended to read as
 39 follows: 40-3706. (a) No person shall be eligible to apply for a license as
 40 a life insurance broker unless such person has been licensed as a life and
 41 accident and health insurance agent or broker in this or another state, a
 42 United States territory or a province of Canada for the five years imme-
 43 diately preceding the date of application. This requirement shall not in-

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1 clude variable life or variable annuity licenses.

2 (b) No person shall be eligible to apply for a license as a casualty
 3 insurance broker unless such person has been licensed as an all lines fire
 4 and casualty insurance agent or broker in this or another state, a United
 5 States territory or a province of Canada for the five years immediately
 6 preceding the date of application. This requirement shall not include title
 7 insurance. Agents licensed for at least one line of fire insurance and at
 8 least one line of casualty insurance during said five-year period may qual-
 9 ify under this section by successfully passing the insurance department
 10 examinations for the remaining lines.

11 (c) Except as otherwise provided by this subsection, no person shall
 12 be eligible for licensure under this act unless such person is a resident of
 13 the state of Kansas and a citizen of the United States. Evidence of such
 14 facts shall be submitted to the commissioner. A broker's license may be
 15 issued to a nonresident of this state who is licensed as a broker *or its*
 16 *equivalent* by the state in which such person resides if such nonresident:
 17 (1) ~~Has been licensed as a nonresident agent in this state for the five years~~
 18 ~~immediately preceding the date of application;~~ (2) ~~submits evidence of~~
 19 ~~completion of 15 credit hours, or the equivalent thereof, of business or~~
 20 ~~accounting courses taught by an accredited college, university or com-~~
 21 ~~munity college, or, a professional designation determined equivalent by~~

22 ~~the commissioner;~~ (3) Satisfactorily demonstrates to the commissioner
 23 that such person is otherwise qualified in the lines of insurance to be
 24 transacted under the broker's license for which application is made; and
 25 ~~(4) (2) pays the fee prescribed by K.S.A. 40-3704, and amendments~~
 26 ~~thereto. The annual renewal fee for any such broker's license shall be in~~
 27 ~~the amount prescribed by K.S.A. 40-3708, and amendments thereto. In~~
 28 ~~addition to the foregoing requirements, such nonresident applicant shall~~
 29 ~~comply with the provisions of K.S.A. 40-3711, and amendments thereto.~~
 30 ~~Whenever any other state imposes on Kansas brokers additional or greater~~
 31 ~~fees, obligations or prohibitions, the same shall be imposed on similar~~
 32 ~~brokers of such other state.~~

33 (d) Nothing in this act shall be construed as preventing a person from
 34 being simultaneously licensed hereunder as a life insurance broker and a
 35 casualty insurance broker.

36 Sec. 9. K.S.A. 40-3707 is hereby amended to read as follows: 40-
 37 3707. (a) Each life insurance broker, within five years from the date of
 38 original licensure hereunder, shall submit evidence of completion of ~~15~~
 39 ~~credit hours, or the equivalent thereof, of business or life/health insurance~~
 40 ~~courses provided through an accredited college, university or community~~
 41 ~~college; or, a professional designation college insurance courses, or any~~
 42 ~~portion of or all of a professional designation or any combination thereof,~~
 43 ~~determined equivalent by the commissioner to be equal to or the equiv-~~

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1 ~~alent of 15 hours of college level credit in insurance courses.~~

2 ~~(b) Each casualty insurance broker, within five years from the date~~
 3 ~~of original licensure hereunder, shall submit evidence of completion of~~
 4 ~~15 credit hours, or the equivalent thereof, of business or property/casualty~~
 5 ~~insurance courses provided through an accredited college, university or~~
 6 ~~community college; or, a professional designation determined equivalent~~
 7 ~~by the commissioner. Accreditation of any portion of a national recog-~~
 8 ~~nized professional designation by any widely recognized council or ac-~~
 9 ~~crediting body for colleges, universities and community colleges shall be~~
 10 ~~sufficient evidence of college level credit.~~

11 Sec. 10. K.S.A. 40-3711 is hereby amended to read as follows: 40-
 12 3711. Every applicant for a broker's license shall maintain in force while
 13 licensed an errors and omissions policy covering the individual applicant
 14 in an amount of not less than \$100,000 total liability limit per occurrence,
 15 subject to not less than \$100,000 annual aggregate for all claims made
 16 during the policy period; or, covering the applicant under blanket liability
 17 policy or policies, which policy or policies can include other coverage on
 18 an excess basis over \$100,000 primary, insuring other insurance agents or
 19 brokers in an amount of not less than \$500,000 total liability limit per
 20 occurrence subject to not less than \$500,000 annual aggregate for all
 21 claims made during the policy period. Such policy shall be issued by an
 22 authorized insurance company or as authorized by K.S.A. 40-246b or 40-
 23 246c, and amendments thereto, for errors and omissions of the broker.
 24 Self-retention shall be permitted on liability policies covering the appli-
 25 cant. ~~The applicant shall file with the commissioner a dishonesty bond in~~
 26 ~~the amount of \$5,000 executed by an authorized surety company in favor~~
 27 ~~of the people of Kansas. Such bond shall be issued in a form prescribed~~
 28 ~~by the commissioner and shall be continuous in nature. The surety may~~
 29 ~~cancel the bond upon 30 days' written notice to the commissioner.~~

30 Sec. 11. K.S.A. 40-241c, 40-241j, 40-3707 and 40-3711 and K.S.A.
 31 1998 Supp. 40-240, 40-240f, 40-241, 40-241i, 40-246, and 40-3706 are
 32 hereby repealed.

33 Sec. 12. This act shall take effect and be in force from and after its
 34 publication in the statute book.





Testimony on Senate Bill 152

Presented by Patrick J. Morris

Kansas Association of Insurance Agents

February 8, 1999 - Senate Financial Institutions & Insurance Committee

Thank you Mister Chairman and members of the committee for the opportunity to appear in support of Senate Bill 152 at today's hearing. I am Pat Morris, the Executive Vice President of the Kansas Association of Insurance Agents. Our association represents over 600 independent agency members across Kansas whose agencies employ nearly 3,500 people, most of whom are licensed agents.

It is with a great deal of satisfaction that our association is pleased to stand up and testify in support of Senate Bill 152. This bill is the product of negotiation and compromise, and represents the best of what might happen when the regulator and the regulated come together to help both work better, more efficiently, and in the best interests of both insurance consumers and those employed by the insurance industry.

The first iteration of this bill was introduced last year in the House Insurance Committee, and proved to be too complex and unworkable to elicit much support. Following last year's session, our association dispatched agent representatives to work with the Commissioner's Agent and Broker Council and also issued a personal invitation to Commissioner Sebelius to meet regarding this year's proposal. I am pleased to report that not only did she accept our invitation, but agreed to work on crafting a passable bill that we could both stand up today and support fully. Senate Bill 152 is a result of that process, and much credit is owed to the Commissioner and the Department for their work on this measure.

Senate Financial Institutions & Insurance

Date 2/8/99

Attachment # 3

This bill, which has already been explained in detail by the Department, does a number of things to assist the Department in administering agent and broker licensing. Among these are streamlining company certification fees, allowing the Agents and Brokers Division more flexibility and efficiency in administering licenses, and making agent licensing fully reciprocal. It also contains two provisions that will assist the Department and the agents that they regulate prepare for the future landscape of the insurance industry.

First, the bill allows the Commissioner of Insurance the flexibility to allow computer-based training and “interactive Internet study training” for agents to meet their continuing education requirements. We believe that this is a huge step in the right direction given the technological strides that have occurred in the past few years; and we believe that it will help agents stay current, as well as relieve the increasing cost and time pressure associated with traditional classroom continuing education classes.

The second provision that we think is essential is the requirement that agents maintain an Errors & Omissions policy in order to write business. Given the highly competitive and sophisticated nature of today’s market, it seems like a sensible requirement to require that an agent have financial protection --- especially since the stock and trade of an agent is advising others on risk management and financial protection.

Mr. Chairman, our association believes that this bill --- born out of the spirit of working together --- is in the best interests of Kansas insurance agents, those at the Department charged with their licensing, and the insurance consumers of Kansas. It is forward-looking and necessary, and we would urge your support for its passage. Thank you, and I will attempt to answer any questions that you may have.

TESTIMONY
SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE
SEN. DON STEFFES, CHAIRMAN
February 8, 1999

Mr. Chairman, Members of the Committee, thank you for the opportunity to speak with you today regarding Senate Bill 152.

My name is Rick Friedstrom and I am full-time insurance agent. I appear before you today as Chairman of the State Law and Legislative Committee of the 1,500 member strong Kansas Association of Life Underwriters.

I stand before you, representing KALU, in full support of Senate Bill 152.

This proposed legislation has been crafted carefully by various entities involved in the Kansas insurance industry. The effort in preparing this proposed legislation make this bill good for the State of Kansas, the Kansas insurance consumer, and the Kansas insurance agent.

The workplace of the insurance agent has changed in recent years. Establishing and maintaining relationships remains paramount to our business. This is good for the company we represent, the client, and the agent. Twenty-five years ago our client lived, worked, and retired in Kansas, or at least, in a contiguous state. Today, our typical client will probably live, work, and retire in multiple states. To maintain these important relationships the agent is required to be licensed in all necessary and appropriate states. I know of more and more agents and brokers who maintain insurance licenses more than 15 states.

On behalf of KALU, I wish to comment on several elements of this Bill:

- a. it streamlines the licensing process,
- b. expands sources available for agent continuing education through the use of enhanced computer technology,
- c. requires every licensed agent to maintain an Errors and Omission policy of no less than \$100,000 per occurrence,

- d. places under Kansas law the continuing education reciprocity agreement passed by the National Association of Insurance Commissioners in March 1998,
- e. for brokers, it broadens the definition of professional designations, such as CLU, ChFC, and CFP, in determined equivalent continuing education by the Commissioner for post license continuing education requirements.

We of the Kansas Association of Life Underwriters feel that Senate Bill 152 is good legislation and warrants passage.

Thank you!

Richard K. Friedstrom, CLU
1414 Ashworth Place
Topeka, Kansas 66604
785.228-5233

Testimony of John Peterson
Enterprise Car Rental Company

Senate Committee on Financial Institutions and Insurance

February 8, 1999
Senate Bill 152

Senator Steffes and Members of the Committee

I am pleased to appear before you on behalf of Enterprise Car Rental Company. Enterprise operates in the Johnson-Wyandotte County area, Topeka and Wichita.

Senate Bill 152 would give the Insurance Commissioner licensing jurisdiction over rental car agencies when they offer insurance related products incidental to the rental of a car. This represents a reasonable compromise and we support this change.

As originally drafted SB 152 was ambiguous as to whether, in addition to the agency being licensed, individual counter employees would be licensed, and whether that would be an alternative to or in addition to the company being licensed. The proposed balloon amendments clarify that the company will be the licensee and its license will be responsible for the conduct of any of its employees.

We would appreciate your support for the amendments and for the bill as amended.

Senate Financial Institutions & Insurance

Date 2/8/99

Attachment # 5



Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

TO: Senate Committee on Financial Institutions and Insurance

FROM: Linda J. De Coursey, Director of Government Affairs

RE: SB 162 – Kansas Insurance Coverage for Children

DATE: February 8, 1999

Mr. Chairman and members of the Committee:

Thank you for the opportunity to discuss with you SB 162, which relates to the very important topic of children's health insurance plan.

As you are aware, Commissioner Sebelius was very involved in the development of the insurance plan for children. SB 424 which was passed last year outlined the program and included many of the recommendations made by two task forces which studied this issue – SRS Kansas Insurance Coverage for Kids committee chaired by Senator Praeger, and the Children's Health Insurance Action Group, formed by Commissioner Sebelius.

One of the key points of the bill is to establish a seamless system of coverage between Medicaid and Title XXI. In testimony this summer before the Children's Oversight Committee, SRS representatives consistently presented plans for this to occur.

We support the concept of SB 162 as a way to "stay the course" to accomplish that important component of the children's insurance plan: *to establish the goal of seamlessness of coverage between the two programs.*

Senate Financial Institutions & Insurance

Date *2/8/99*

Attachment # *6*

**State of Kansas
Department of Social
& Rehabilitation Services**

Rochelle Chronister, Secretary
Janet Schalansky, Deputy
Secretary



For additional information, contact:

SRS Office of the Secretary
Laura Howard, Special Assistant
915 SW Harrison Street, Sixth Floor
Topeka, Kansas 66612-1570
☎785.296.6218 / Fax 785.296.4685

For fiscal information, contact:

SRS Finance Office
Diane Duffy, CFO
915 SW Harrison Street, Tenth Floor
Topeka, Kansas 66612-1570
☎785.296.6216 / Fax 785.296.4676

**Financial Institutions and Insurance
February 8, 1999**

Testimony: S.B. 162

**Adult and Medical Services Commission
Ann Koci, Commissioner
296-3981**

Senate Financial Institutions & Insurance

Date 2/8/99

Attachment # 7

**Kansas Department of Social and Rehabilitation Service
Rochelle Chronister, Secretary**

**Financial Institutions and Insurance
S.B. 162**

February 8, 1999

Good morning Mister Chairman and members of the Committee. Thank you for giving me the opportunity to testify on 1999 S.B. 162. The bill amends statutes relating to the Title XXI Children's Health Insurance Program (CHIP), HealthWave, established by 1998 House Sub. for Sub. for S.B. 424. The bill adds a requirement that Kansas utilize the same preauthorization requirements for healthcare services as used in the Title XIX (Medicaid) program when developing the Kansas CHIP program in order to further the goal of seamless coverage. The agency believes the proposed language adds unnecessary restrictions to the statutes governing the Title XXI program.

As currently written, S.B. 162 has no impact on the current operations of the HealthWave program. The Title XIX managed care pre-authorization standards were utilized in developing health Care services for the HealthWave program. In managed care, whether in Title XIX or Title XXI, the agency provides contracting managed care organizations (MCOs) with the agency's fee-for-services prior authorization standards and allows the MCO to develop their own requirements. The agency then monitors the MCO to assure that the prior authorization requirements do not prevent access to medically necessary services.

The agency monitors access to care in several ways. SRS contracts with an External Quality Review Organization (EQRO) as required by Federal law to monitor the Title XIX managed care program. In addition to other duties, the EQRO monitors the MCO's performance by looking at consumer waiting periods; access to care after hours; provider networks; and other administrative information. A second method is through a comprehensive complaints and grievances process. Similar processes for quality monitoring and complaints and grievances are currently under development for the Title XXI program.

In summary, the agency believes the language added in S.B. 162 is unnecessary due to actions taken by SRS in HealthWave implementation and could restrict agency flexibility in later years as the Title XXI and Title XIX programs develop and change. Please remember that integrating Title XIX and Title XXI and developing a seamless health care system for eligible families is the overall goal of HealthWave and CHIP is only the first step.



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the Voice of Nursing in Kansas

Debbie Folkerts, A.R.N.P.--C.
President

Terri Roberts, J.D., R.N.
Executive Director

FOR MORE INFORMATION CONTACT:

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700 SW Jackson, suite 601
Topeka, Kansas 66603-3758
785.233.8638
February 8, 1999

**S.B. 162: KANSAS INSURANCE COVERAGE FOR CHILDREN,
PRIOR AUTHORIZATION**

Written Testimony

Senator Steffes, and members of the Senate Financial Institutions and Insurance Committee, the KANSAS STATE NURSES ASSOCIATION supports S.B. 162 which amends the statutes which create the Children's Health Insurance Program. This program services those families whose income is less than 200% of the federal poverty level. This language would apply to the *Health Wave* program the same prior authorization standards and requirements for health care services that are used by the Medicaid program.

One of the major goals for the Children's Health Insurance Program has been to create a seamless system for children's health—that is, eliminating the “welfare” nature of the Medicaid entitlement program. This would achieve much to attaining that outcome for the programs. There is no fiscal impact to S.B. 162.

The KSNA appreciates your past effort in the implementation of the *Health Wave* Program and the continuing support for the program that will benefit so many Kansas children and their families, and we ask your favorable consideration of this amendment to the statutes.

Senate Financial Institutions & Insurance

Date *2/8/99*

Attachment # *8*