

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairman Clark Shultz at 3:35 P.M. on January 24, 2006 in Room 527-S of the Capitol.

All members were present except:

Representative Scott Schwab- excused

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department

Terri Weber, Kansas Legislative Research Department

Ken Wilke, Revisor of Statutes Office

Sue Fowler, Committee Secretary

Others attending:

See attached list.

Action on bill previously heard:

HB 2545 **Insurance agent license renewal; eliminates CED requirement for agents at least 70 years old.**

Sandy Braden, Kansas Association of Insurance and Financial Advisors, (Attachment #1), presented written testimony in opposition to **HB 2545**.

Hearing closed on **HB 2545**.

Bill Introductions:

Representative Dillmore moved for introduction of a committee bill regarding workers compensation quality assurance. Seconded by Representative Cox. Motion carried.

Discussion and action on:

HB 2553: **Motor vehicles; prohibition on renewal of drivers' licenses at locations where automobile insurance is sold.**

Representative Kelsey moved **HB 2553** favorable for passage. Seconded by Representative Carter. Motion carried.

Representative Kirk requested an informational document from the Kansas Legislative Research Department entitled, "State Driver's License Renewal Laws" be distributed to the committee Members, (Attachment #2).

Representative Grant moved to approve the committee minutes of January 17, 2006 and January 19, 2006 meetings. Seconded by Representative Carter. Motion carried.

Meeting was adjourned at 4:10 P.M.

Next meeting will be Thursday, January 26, 2006, at 3:30 PM, in Room 527-S.

Testimony of Sandy Braden
Kansas Association Insurance and Financial Advisors
(KAIFA)
In Opposition to HB2545
January 24, 2006

Mr. Chairman and Committee Members:

Thank you for the opportunity to provide testimony to the House Insurance Committee today on behalf of the members of Kansas Association of Insurance and Financial Advisors (KAIFA) in opposition of HB2545. Our membership consists of 1,000 Kansans who are actively engaged as insurance agents and financial advisors.

KAIFA believes that if you are a licensed agent, continuing education is a requirement regardless of age or years of service.

In today's highly competitive marketplace with heightened consumer awareness and expanded product offerings, a licensed agent must be up to date and well informed to successfully provide financial security for their clients.

Twelve hours of continuing education in two years is not difficult to attain through numerous classes provided across Kansas, as well as through self study and online courses.

Our local associations provide continuing education at their monthly meetings. KAIFA provides continuing education at their annual convention and provides a discount for members who take online continuing education through a nationwide provider.

Our national association, NAIFA, provides online and written class materials for continuing education credits that address sales training, essential product knowledge, planning fundamentals and ethics education, as well as training on changes in the regulatory and insurance and financial services laws.

KAIFA recognizes the value of licensed agents over 70 with many years of experience in the industry. They are a valuable resource as mentors to beginning licensed agents and are great instructors of continuing education courses. And to continue to be a valuable resource, KAIFA believes that it is important for this group to continue to learn so that they can continue to teach others. Life long learning is needed to remain competitive and keep pace with a rapidly changing industry and to expand a licensed agent's skill set.

KAIFA respectfully requests that this committee not support HB2545.

Thank you for your consideration.

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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January 24, 2006

STATE DRIVER'S LICENSE RENEWAL LAWS

Following is information on state laws regarding third party renewal of drivers' licenses obtained from a general survey conducted by representatives of the National Conference of State Legislatures and the Legislative Research Department. In general, it was determined that state statutes do not contain specific language regarding third party vendors for driver's license renewals. The statutory language was instead made broad enough to give the Commissioner or Director discretion on how to carry out his or her duties. Third party vendors generally were not identified by the laws. The provisions proved to be similar to statutory language provided in states without any third party renewal programs. States highlighted include Arizona, California, Connecticut, and Indiana.

Arizona

Arizona law permits the director to authorize third parties to "perform certain title and registration, motor carrier licensing and tax reporting, dealer licensing and driver license functions." The director also is permitted to authorize third party electronic service providers. The law outlines fees for reimbursement of third party electronic service providers and also includes a provision that each authorized party providing services to the general public:

"shall post a sign in a conspicuous location in each facility of the authorized third party that contains the amount charged for each transaction performed by the authorized third party and the amount charged by the department for the same transaction." (A.R.S. § 28-5101)

California

The California Vehicle Code gives broad authority to the director to carry out his or her duties, but also states that "a contract shall not be awarded to any nongovernmental entity for the processing of driver's licenses, unless the contract conforms to all applicable state contracting laws . . ." (Cal. Veh. Code § 12811)

Connecticut

Connecticut law specifies that the Commissioner of Motor Vehicles ". . . shall have the authority to contract for . . . services, programs, and facilities . . . as may be necessary to carry out his responsibilities . . ." (Conn. Gen. Stat. § 14-3)

Indiana

Indiana statute also allows for third party operators and is more specific, stating that each commissioner may contract with a "qualified person" for the operation of a full service license branch. Qualified persons, defined in Burns Ind. Code Ann. § 9-16-1-1, includes:

- A motor club that is either a domestic corporation or a foreign corporation qualified to transact business in Indiana;
- A financial institution;
- A new motor vehicle dealer licensed under Indiana law (IC 9-23-2); or
- Other persons licensed under the dealer statute (IC 9-23-2), but not covered by subdivision (3), that the commission determines can meet its standards and the requirements for partial service contractors.

Contract provisions for full service branches are outlined in § 9-16-1-4, with services including vehicle titles, vehicle registration, drivers' licenses, and voter registration.

Information on the number and type of third party vendors in these states was generally not available on the states' DMV websites. Connecticut's Division of Motor Vehicles website does indicate that the AAA offices perform regular driver's license renewals only and also informs motorists that they do not have to be an AAA member to renew their license. The website lists eight locations and hours for the Automobile Club of Hartford AAA offices and eight locations and hours for the Connecticut Motor Club AAA offices. The other DMV websites listed locations and hours, but not specific operators.

For more information, please contact Melissa Calderwood, Principal Analyst, Kansas Legislative Research Department.