

Approved: March 7, 2011

Date

MINUTES OF THE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 a.m. on February 21, 2011, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes  
Melissa Calderwood, Kansas Legislative Research Department  
Heather O'Hara, Kansas Legislative Research Department  
Beverly Beam, Committee Assistant

Conferees appearing before the Committee:

Kevin Davis, Kansas Insurance Department  
LeRoy Brungardt, Kansas Insurance Department  
Bill Sneed, State Farm Insurance

Others attending:

See attached list.

The Chair called the meeting to order.

Action on

**SB 179 – Kansas life and health guaranty association act.**

Melissa Calderwood gave a brief overview of **SB 179**. Miss Calderwood stated that this bill amends the Kansas Life and Health Guaranty Association Act to add language from the National Association of Insurance Commissioners Model Act to provide uniformity in coverage to Kansas residents as compared to other states' residents. She noted that it also makes clarifying amendments to the Kansas Life and Health Guaranty Association Act.

Kevin Davis, Kansas Insurance Department, provided examples of the key amendments in **SB 179** to clarify some of the more complicated provisions. (Attachment 1)

Senator Taddiken moved favorable passage of SB 179. Senator Schmidt seconded. Motion carried.

Discussion on

**SB 71 – Increasing continuing education requirements for insurance agents**

Kevin Davis, Kansas Insurance Department, presented section by section, the revisions to **SB 71**. LeRoy Brungardt, Kansas Insurance Department, also presented information on the various changes made. (Attachment 2)

Bill Sneed, representing State Farm Insurance, reported on the meeting between the Kansas Insurance Department and the other interested parties. He said no consensus was reached.

The Chair said there is still a lot of work to do on this bill and asked for more conversation between the parties. She said she would probably get the bill blessed.

The next meeting is scheduled for February 22, 2011.

The meeting was adjourned at 10:30 a.m.

## SENATE FINANCIAL INSTITUTIONS & INS. COMMITTEE GUEST LIST

DATE: 2-21-11

[illegible]

# *Kansas Life and Health Insurance Guaranty Association*

*(Authorized by K.S.A. 40-3001 et seq.)*

2909 SW Maupin Lane  
Topeka, KS 66614-5335

(785) 271-1199  
(785) 272-0242 (fax)

**This document is intended to provide a summary description of the key amendments in SB 179. Examples are provided to clarify some of the more complicated provisions.**

K.S.A. 40-3003(a)(2) – Amended to exclude structured settlement annuities from being governed by this provision and amends coverage to ensure that non-residents are not denied coverage on technical grounds.

K.S.A. 40-3003(a)(3) – Amended to move coverage for structured settlement annuities (“SSAs”) from the contract owner’s state of residence to the state of residence of the payee under the contract. This change was made to avoid undue concentrations of coverage resulting from single institutions owning large blocks of SSAs and to site coverage with the state of residence of the ultimate beneficiary of the coverage, the payee.

**EXAMPLE:** To achieve certain tax consequences, structured settlement annuities must be owned by a third party rather than the underlying beneficiary of the annuity. In 1994, Confederation Life Insurance Company (“CLIC”) was placed into liquidation. CLIC had written enormous numbers of structured settlement annuities and issued them to its Georgia domiciled subsidiary, Confederation Life and Annuity Company (“CLIAC”) as the owner of the contracts for the benefit of the individual payees listed under the contracts. Georgia’s guaranty association act was similar to this state’s current law whereas coverage was based on the contract owner’s state of residence. As a consequence, when CLIC (the issuer of the structured settlement annuities) was placed into liquidation, the Georgia Life and Health Insurance Guaranty Association was responsible for providing coverage on all the structured settlement annuities issued to CLIAC as the owner of the contracts. But for the ability of the Receiver to fully transfer the block using estate assets, the Georgia Association was facing potential liabilities for the shortfall on about \$1.6 billion in structured settlement annuities to cover payees living in many different states. The proposed amendment to change structured settlement annuity coverage from the contract owner’s state of residence to the residence of the payee would prevent this situation from occurring in Kansas and would allow the Kansas Life and Health Insurance Guaranty Association (“Association”) to provide coverage principally to Kansas resident payees.

K.S.A. 40-3003(a)(4) and (5) – Provisions were added to avoid the possibility of multiple associations being obligated to provide coverage to the same person as a result of some states not having the Model Act provisions for siting coverage.

K.S.A. 40-3005(f) – The definition of impaired insurer was modified to make the determination of impaired insurer status more objective and uniform among guaranty associations.

K.S.A. 40-3005(k) – The definition for policyholder and contract holder was added to clarify the person who is the legal owner and who is otherwise vested with legal title to the policy or contract.

K.S.A. 40-3005(m) – Amended to limit assessable premium of single owner of multiple policies since amendment to K.S.A. 40-3008(o) provides for a coverage limit of \$5 million per owner for these products.

*FI&I Committee  
2-21-11  
Attachment 1*

K.S.A. 40-3005(n) – Amended to deem U.S. citizens who reside outside of the United States as residents of the failed company's domiciliary state. This change results in such persons being eligible for coverage from the guaranty association in the domiciliary state of the failed company.

**EXAMPLE:** A Kansas resident is serving in the military and has been stationed in a number of different states and is now stationed in Afghanistan. Unfortunately, this person does not clearly meet the old model act/current Kansas definition of "resident" and may not meet the resident requirement of any state. The amendment provides direct improvement in policyholder protection and closes a potential unintended gap in coverage.

K.S.A. 40-3005(o) – Added to provide definition for structured settlement annuity, which is identified in Section 3, and provides coverage based on the residency of the payee.

K.S.A. 40-3008(a) – Amended to make the discretionary trigger for impaired insurers applicable to foreign as well as domestic insurers. Since this is a discretionary trigger, the expansion of the provision would allow the Association greater authority and flexibility to act in appropriate circumstances. Also, K.S.A. 40-3008(a)(3), which provided the Association with broad authority to loan money to an impaired insurer, was deleted due to various concerns, including with respect to the Association's tax exempt status. However, (a) and (b) were modified to clarify that the Association can provide notes and loans for the limited purpose of funding its coverage obligations.

K.S.A. 40-3008(b) – Deleted because of concerns over the Association being required to act prior to a liquidation in certain circumstances. In addition, the conditions required to implement the provision were not practical.

K.S.A. 40-3008(c) – Amended to make clear that the provisions apply to both insurance policies and annuity contracts.

K.S.A. 40-3008(c)(6) – Amended to allow the Association, with the approval of the receivership court, to work together with the domiciliary insurance commissioner to change premiums when deemed necessary on long term coverage obligations under policies.

K.S.A. 40-3008(l) – Amended to recognize that the Association has the right to intervene in proceedings where there may be obligations to provide coverage.

K.S.A. 40-3008(n)(3) and (9) and 40-3008(t) – Amended to clarify coverage including that the Moody's interest rate adjustment provision applies to index linked interest on equity index products and clarifies that coverage is limited to contract values that have been credited and not subject to forfeiture as of the date of insolvency or impairment.

**EXAMPLE:** Since equity index products were not developed until the early 1990s, the current Act is not clear on how these products are to be covered. Equity indexed products are fixed life insurance products that provide for increases in policy or contract values based on the performance of a stock market index such as the S&P 500. This creates significant questions regarding the extent of coverage for the equity-linked interest and the applicability of the interest rate adjustment provision of the Act and creates a potential delay in benefits as the Association may have to wait until the end of the term of these products – sometimes as long as 7 to 10 years – to determine the amount of equity linked interest that might be subject to coverage. Without the amendments, there is the potential for substantial ambiguities and costly coverage litigation over the application of the Association's coverage to these products.

K.S.A. 40-3008(o) – Amended to increase limits for various health coverages to be more consistent and uniform with health coverage provided in other states. Providing uniform and adequate protections for insurance consumers is a prime focus of the new Federal Insurance Office which has been charged with reviewing the state guaranty association safety net. The proposed limits are: \$100,000 for coverages not defined as disability insurance or basic hospital, medical and surgical insurance or major medical insurance or long term care insurance; \$300,000 for disability insurance; \$300,000 for long term care insurance; \$500,000 for basic hospital, medical and surgical insurance or major medical insurance.

**EXAMPLE:** The current limit in health insurance benefits is \$100,000. An individual covered under the provisions of the current Act could be under-going extensive cancer treatments and if their health costs exceed \$100,000 the individual must assume his own health expenses and file a claim with the insolvent estate for the over-limit health costs that he pays out of pocket. He may receive some percentage of his health payments from the estate assets but it often takes several years for the Liquidator to determine what equal percentage can be allowed for all the claims that are filed and to determine the cash assets that are available for distribution. That may be too late for the individual that did not have savings to continue cancer treatments. With the higher limits, the Association can continue paying those claims up to the new limit providing a true safety net for the policyholder. One last thought, the current limit on health benefits was established nearly 40 years ago, in 1972, when the Association was created and has not been increased since that time.

This section also amended to clarify coverage and limits under structured settlement annuities; adds provision to limit coverage of single owners of multiple life products to \$5 million; clarifies that the Association is responsible for the shortfall in estate assets (within coverage limits) and may use estate assets attributable to covered policies to fund its obligations; and clarifies that the guaranty association is not responsible for covering policy obligations that do not materially affect economic values or benefits.

**EXAMPLE:** The purpose of the coverage limit of \$5 million to single owners of multiple life products is to preserve capacity consistent with the notion that the guaranty system's main purpose is to provide a basic safety net for individual insurance consumers. Corporate owned and bank owned life insurance is used primarily as an investment mechanism to fund a corporation's/bank's health insurance programs for retirees and deferred compensation benefits for executives. These products are sold to highly sophisticated purchasers who have the ability to assess the creditworthiness of the issuing insurer. The \$300,000 per insured limit still comes into play and the Association would provide coverage to the corporation or bank owner up to \$5 million for its multiple policies.

K.S.A. 40-3008(s) – Amended to provide the Association with the right to assume an insolvent company's ceded reinsurance.

K.S.A. 40-3008(t) – Amended to authorize the Association to continue coverage of index products by using substitute policies providing for fixed interest under stated provisions.

K.S.A. 40-3009(c)(1) – Amended to increase the maximum annual Class A assessment that can be made on a non-pro rata basis from \$150 to \$300 per insurer and modified (e) to clarify how to calculate the aggregate annual limitation on assessments when the association must make assessments in the same year for multiple insolvencies occurring in different years.

Revisions to SB 71

1. Amend K.S.A. 40-4902 (k) to provide:

(k) "Insurance agent" and "agent" means any person required to be licensed under the provisions of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, to sell, solicit or negotiate insurance. The term "agent" shall not include a person working as an officer, director or employee for an insurance carrier, or in a clerical, administrative or service capacity for an insurance carrier or licensed agent, unless such person sells, solicits or negotiates contracts of insurance. For the purposes of this act, whenever the terms "agent" or "broker" appear in chapter 40 of the Kansas Statutes Annotated, and amendments thereto, each term shall mean insurance agent unless the context requires otherwise. Insurance agent also includes the terms "insurance producer" or "producer".

2. Amend K.S.A. 40-4902 (m) to provide:

(m) "Insurance producer" or "producer" means any person licensed under the laws of another state to sell, solicit, or negotiate insurance. For the purposes of this act, the terms "insurance agent" and "agent" shall include an insurance producer or producer when the context so requires. In the context of a producer database maintained by this state, another state or the NAIC, the term producer shall include agent. The term "producer" shall not include a person working as an officer, director or employee for an insurance carrier, or in a clerical, administrative or service capacity for an insurance carrier or licensed agent, unless such person sells, solicits or negotiates contracts of insurance. Insurance agent also includes the terms "insurance producer" or "producer."

3. Add to Section 1 (a) as subsection (8) of Senate Bill 71:

Crop insurance--limited line insurance for damage to crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, disease or other yield-reducing conditions or any other peril subsidized by the federal crop insurance corporation, including multi-peril crop insurance.

4. Add to Section 1 (a) as subsection (9) of Senate Bill 71:

Title insurance--limited line insurance that insures titles to property against loss by reason of defective titles or encumbrances.

5. Add to Section 1 (a) as subsection (10) of Senate Bill 71:

*FI&I Committee*  
*2-21-11*  
*Attachment 2*

"Travel insurance"--limited line insurance for personal risks incident to planned travel, including but not limited to:

- a. Interruption or cancellation of trip or event;
- b. Loss of baggage or personal effects;
- c. Damages to accommodations or rental vehicles;
- d. Sickness, accident, disability or death occurring during travel.

Travel insurance does not include major medical plans, which provide comprehensive medical protection for travelers with trips lasting 6 months or longer, for example persons working overseas including military personnel deployed overseas.

6. Add to Section 1 (a) as subsection (11) of Senate Bill 71:

"Pre-need funeral insurance"--limited line insurance that allows for the purchase of a life insurance or annuity contract by or on behalf of the insured solely to fund a pre-need contract or arrangement with a funeral home for specific services.

7. Add to Section 1(a) as subsection (12) of Senate Bill 71:

"Bail bond insurance" --limited line insurance that provides surety for a monetary guarantee that an individual released from jail will be present in court at an appointed time.

8. Substitute the following for Section 1 (c) (1) of Senate Bill 71:

The following is effective January 1, 2013, for agents whose biennial due date fall in odd-numbered years and effective January 1, 2014, for agents whose biennial due date fall in even-numbered years. Except as provided in Section 1 (c) (3) through Section 1 (c) (6) below, agents who are licensed to sell property, casualty, personal lines, life, accident and health, variable contracts, or any combination thereof, shall obtain on or before their respective biennial due date, a minimum of 18 C.E.C.'s in courses which shall include at least three hours of instruction in insurance ethics and legal compliance. Any crop C.E.C.'s or title C.E.C.'s earned by an agent may be applied to the 18 hour C.E.C. requirement.

9. Substitute the following for Section 1 (c) (2) of Senate Bill 71:

The following is effective January 1, 2015, for agents whose biennial due date fall in odd-numbered years and effective January 1, 2016, for agents whose biennial due date fall in even-numbered years. Except as provided in Section 1 (c) (3) through Section 1 (c) (6) below, agents who are licensed to sell property, casualty, personal lines, life, accident and health, variable contracts, or any combination thereof, shall obtain on or before their respective biennial due date, a minimum of 24 C.E.C.'s in courses which shall include at least three hours of instruction in insurance ethics and legal compliance. Any crop C.E.C.'s or title C.E.C.'s earned by an agent may be applied to the 24 hour C.E.C. requirement.

10. Substitute the following for Section 1 (c) (3) of Senate Bill 71:

Agents who hold only a crop qualification shall biennially obtain two C.E.C. courses certified as crop under the property and casualty category.

11. Substitute the following for Section 1 (c) (4) of Senate Bill 71:

Agents who are licensed only for title insurance shall biennially obtain four C.E.C.'s in courses certified by the board of abstract examiners as title C.E.C.'s under the property and casualty category.

12. Substitute the following for Section 1 (c) (5) of Senate Bill 71:

Agents who hold a life insurance license solely for the purpose of selling pre-need funeral insurance or annuity products shall file a report on or before their biennial due date affirming that they have transacted no other insurance business during the period covered by the report. Upon request of the commissioner, an agent shall provide certification from an officer of each insurance company which has appointed said agent that the agent transacted no other insurance business during the period covered by the report. Agents who have offered to sell or sold only pre-need funeral insurance are exempt from the requirement to obtain C.E.C.'s.

13. Add as Section 1 (c) (6) to Senate Bill 71:

Agents who hold only a bail bond qualification are exempt from the requirement to obtain C.E.C.'s.

14. Substitute the following for Section 1 (e) (1) (C) of Senate Bill 71:

The following is effective January 1, 2013, for agents whose biennial due date fall in odd-numbered years and effective January 1, 2014, for agents whose biennial due date fall in even-numbered years. Agents who are licensed to sell property, casualty, personal lines, life, accident and health, variable contracts, or any combination thereof, may carry a maximum of 12 C.E.C.'s over to the next license biennium and may include crop and title C.E.C.'s in the hours carried over. Agents who sell crop only or title only insurance may not carry over C.E.C.'s.

15. Strike Section 1 (e) (1) (D) of Senate Bill 71.

16. Insert new Section 3, Fingerprinting and criminal history, to Senate Bill 71.



K.S.A. 2010 Supp. 40-4905 is hereby amended to read as follows:

**40-4905. Same; insurance agent license required; application; powers of commissioner; hearing.** (a) Subject to the provisions of K.S.A. 2010 Supp. 40-4904, and amendments thereto, it shall be unlawful for any person to sell, solicit or negotiate any insurance within this state unless such person has been issued a license as an insurance agent in accordance with this act. (b) Any person applying for a resident insurance agent license shall make application on a form prescribed by the commissioner. The applicant shall declare under penalty of perjury that the statements made in the application are true, correct and complete to the best of the applicant's knowledge and belief.

*(c) Effective January 1, 2013, as part of an application for a resident insurance agent license, the commissioner shall require the applicant to be fingerprinted and to submit to a state and national criminal history record check. This section does not apply to a person applying for renewal, continuation, or adding additional lines of authority to an existing home state insurance agent or a nonresident insurance agent. The commissioner is authorized to submit the fingerprints to the Kansas bureau of investigation and the federal bureau of investigation for a state and national criminal history record check. The commissioner may use the information obtained from fingerprinting and the criminal history for purposes of verifying the identification of the person and making the official determination of the qualifications and fitness of the person to be issued a license.*

*(d) The procedure for collecting fingerprints shall be established by the commissioner and shall comply with the requirements of the federal bureau of investigation.*

*(e) The commissioner, and any contractor or other designee of the commissioner, shall treat and maintain an applicant's fingerprints and any criminal history record information obtained under this act as confidential and shall apply security measures consistent with the criminal justice information services division of the federal bureau of investigation standards for the electronic storage of fingerprints and necessary identifying information and limit the use of records solely to the purposes authorized in this act.*

*(f) The commissioner may fix a nonrefundable fee in an amount equal to the costs of fingerprinting and the criminal history record check and establish procedures for payment of fees to vendors and other agencies.*

(g) Before approving the application, the commissioner shall determine that the applicant:

- (1) Is at least 18 years of age;
- (2) has not committed any act or demonstrated any trait that is grounds for denial pursuant to this section or denial, suspension or revocation pursuant to K.S.A. 2010 Supp. 40-4909 and amendments thereto;
- (3) has paid a nonrefundable application fee in the amount of \$30 and has paid any additional fee required for fingerprinting and a criminal history record check; and
- (4) has successfully passed the examination for each line of authority for which the applicant has applied.

(~~e~~-h) If the applicant is a business entity, then the commissioner shall make the following additional determinations in addition to those required by subsection (~~ag~~):

(1) The name and address of a licensed agent who shall be responsible for the business entity's compliance with the insurance laws of this state and the rules and regulations promulgated thereunder;

(2) that each officer, director, partner and employee of the business entity who acts as an insurance agent is licensed as an insurance agent;

(3) that the business entity has disclosed to the department all of its officers, directors and partners whether or not such officers, directors, partners and employees are licensed as insurance agents; and

(4) that the business entity has disclosed to the department each officer, director, partner and employee who is licensed as an insurance agent.

(~~d~~-i) Any business entity which acts as an insurance agent and holds a direct agency appointment from an insurance company shall be required to obtain an insurance agent license.

(~~e~~-j) The commissioner may require the applicant to furnish any document or other material reasonably necessary to verify the information contained in an application.

(~~f~~-k) Each insurer that sells, solicits or negotiates any form of limited line credit insurance shall provide a program of instruction that may be approved by the commissioner to each individual employed by or acting on behalf of such insurer to sell, solicit or negotiate limited line credit insurance.

(~~g~~ l) (1) Each licensed insurance agent shall notify the commissioner of any officer, director, partner or employee of such insurance agent who:

(A) Is licensed as an individual insurance agent; and

(B) was not disclosed in such insurance agent's application for a license or any renewal thereof.

(2) Each licensed insurance agent shall notify the commissioner of any of its officers, directors, partners or employees who:

(A) Have terminated such relationship as an officer, director, partner or employee of such insurance agent; and

(B) has been previously disclosed in such insurance agent's application for a license or any renewal thereof.

(3) Each licensed insurance agent shall notify the commissioner within 30 working days of occurrence of any event required to be reported under paragraphs (1) or (2) of this subsection.

Failure to provide the commissioner with the information required by this subsection shall subject the licensee to a monetary penalty of \$10 per day for each working day

the required information is late subject to a maximum of \$50 per person per licensing year.

(~~h~~ m) Any applicant whose application for a license, is denied shall be given an opportunity for a hearing in accordance with the provisions of the Kansas administrative procedure act.

17. Insert new Section 4.

K.S.A. 2010 Supp. 40-4905 is hereby repealed.

18. Insert new Section 5.

K.S.A. 2010 Supp. 40-5504 and 40-5505 are hereby amended to read as follows:

**Application for license.** (a) An individual applying for a public adjuster license shall make application to the commissioner on the appropriate uniform application or other application prescribed by the commissioner.

(b) The applicant shall declare under penalty of perjury and under penalty of refusal, suspension or revocation of the license, that the statements made in the application are true, correct and complete to the best of the applicant's knowledge and belief.

(c) In order to make a determination of license eligibility, the commissioner shall require a criminal history record check on each applicant who is not exempt from pre-licensing examination pursuant to K.S.A. 2010 Supp. 40- 5507, and amendments thereto. Effective January 1, 2013, as part of an application for a resident insurance agent license, the commissioner shall require the applicant to be fingerprinted and to submit to a state and national criminal history record check. The commissioner is authorized to submit the fingerprints to the Kansas bureau of investigation and the federal bureau of investigation for a state and national criminal history record check. The commissioner may use the information obtained from fingerprinting and the criminal history for purposes of verifying the identification of the person and making the official determination of the qualifications and fitness of the person to be issued a license.

(d) The procedure for collecting fingerprints shall be established by the commissioner and shall comply with the requirements of the federal bureau of investigation.

(e) The commissioner, and any contractor or other designee of the commissioner, shall treat and maintain an applicant's fingerprints and any criminal history record information obtained under this act as confidential and shall apply security measures consistent with the criminal justice information services division of the federal bureau of investigation standards for the electronic storage of fingerprints and necessary identifying information and limit the use of records solely to the purposes authorized in this act.

(f) The commissioner may fix a nonrefundable fee in an amount equal to the costs of fingerprinting and the criminal history record check and establish procedures for payment of fees to vendors and other agencies.

**40-5505. Requirements.** (a) Before issuing a public adjuster license to an applicant under this act, the commissioner shall find that the applicant:

(1) Is eligible to designate this state as the applicant's home state or is a nonresident who is not eligible for a license under K.S.A. 2010 Supp. 40-5508, and amendments thereto;

(2) has not committed any act that is a ground for denial, suspension or revocation of a license as set forth in K.S.A. 2010 Supp. 40-5510, and amendments thereto;

(3) is trustworthy, reliable and of good reputation, evidence of which may be determined by the commissioner;

(4) is financially responsible to exercise the rights and privileges under the license and has provided proof of financial responsibility as required in K.S.A. 2010 Supp. 40-5511, and amendments thereto;

(5) has paid an nonrefundable application fee of \$100 and any additional fee for fingerprinting and a criminal history record check; and

(6) maintains an office in the home state with public access during regular business hours or by reasonable appointment.

(b) In addition to satisfying the requirements of subsection (a), an applicant shall

(1) Be at least 18 years of age; and

(2) have successfully passed the public adjuster examination.

(c) The commissioner may require any documents reasonably necessary to verify the information contained in the application.

19. Insert new Section 7.

K.S.A. 2010 Supp. 40-5512 is hereby amended to read as follows:

**40-5512. Continuing education requirements.** As used in this section:

(1) "Biennial due date" means the date of birth of any public adjuster who is required to complete continuing education credits and report the completion of the continuing education credits to the commissioner, except that such due date shall not be earlier than two years from the date of the public adjuster's initial licensure under this act.

(2) "Biennium" means, for any public adjuster who was born in an odd-numbered year, the two-year period starting with the public adjuster's biennial due date in 2011 and each two-year period thereafter. For any public adjuster who was born in an even-numbered year, such term means the two-year period starting with the public adjuster's biennial due date in 2012 and each two-year period thereafter.

(b) An individual, who holds a public adjuster license, and who is not exempt under subsection (d), shall satisfactorily complete a minimum of required credit hours of continuing education courses ("C.E.C.'s"); ~~in which shall include 12 hours of property/casualty or general continuing education courses and one hour of ethics~~, reported on a biennial basis in conjunction with the license renewal cycle. Only continuing education courses approved by the commissioner shall be used to satisfy the requirements of this subsection.

(1) Effective January 1, 2013, for public adjusters whose biennial due dates fall in odd-numbered years and effective January 1, 2014, for public adjusters whose biennial due dates fall in even-numbered years, public adjusters shall obtain on or before their biennial due dates, a minimum of 18 C.E.C.'s in courses which shall include at least three hours of instruction in insurance ethics and legal compliance.

(2) Effective January 1, 2015, for public adjusters whose biennial due date fall in odd-numbered years and effective January 1, 2016, for public adjusters whose biennial due date fall in even-numbered years, public adjusters shall obtain, on or before their respective biennial due date, a minimum of 24 C.E.C.'s in courses which shall include at least three hours of instruction in insurance ethics and legal compliance.

(3) Effective January 1, 2013, public adjusters whose biennial due date fall in odd-numbered years and effective January 1, 2014, public adjusters whose biennial due date fall in even-numbered years may carry a maximum of 12 C.E.C.'s over to the next license biennium.

(c) Unless suspended, revoked or refused renewal pursuant to K.S.A. 2010 Supp. 40-5510, and amendments thereto, a public adjuster's license shall remain in effect as long as the education requirements for a resident public adjuster are met by such public adjuster's biennial due date.

(d) The continuing education requirements of this section shall not apply to licensees holding nonresident public adjuster licenses who have met the continuing education requirements of their home state and whose home state gives credit to residents of this state on the same basis.

20. Change Section 3 to Section 8 of Senate Bill 71. Effective date.

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