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DATE: February 2nd, 2021

TO: The Honorable Jeff Longbine
Members of the Senate Insurance Committee

FROM: SueAnn V. Schultz,
Chief Administrative Officer, Corporate Counsel &
Secretary IMA Financial Group, Inc.

RE: SB 37

Thank you for the opportunity to speak on SB 37. IMA Financial Group, Inc. is the 28th largest insurance broker in the US with more than 850 employees, the 6th largest independent broker in the US with 447 employee stockholders and the largest insurance broker domiciled in the state of Kansas. We have 329 employees in Kansas and offices in Topeka, Wichita, Kansas City/Overland Park, Wellington, and Emporia.

IMA fully supports SB 37. The Kansas Insurance Department's proposed legislation is comprised of three material, substantial provisions –

- Clarifies authority for the Kansas Insurance Commissioner and allows use of NIPR instead of going through the Kansas Insurance Department;
- Revises the continuing education credit requirements from 12 hours biennially to 18 hours biennially; and
- Eliminates the requirement for carriers to appoint all licensed agents in an agency, instead they can appoint the writing agents;

IMA supports all three material aspects of the proposed legislation as well as the clean-up, non-substantive provisions.

Assuring the Kansas Insurance Department has the requisite regulatory authority to govern our industry makes sense – they are the most knowledgeable regulator in our industry and the clarification provisions provide the necessary governance to assure our profession operates with high ethical standards. The other substantive clean-up provision is to allow agents to use NIPR for renewal licensing instead of KID. Kansas is one of only 2 or 3 states that doesn't allow resident licensing renewals through NIPR and/or SIRCON. This is a much needed efficiency and standardization process that we strongly support.

The next component of the legislation I want to address is the continuing education credit increase. In Kansas IMA has 204 licensed agents. IMA strongly supports licensing any individual in our business who works with clients and we provide substantial continuing education in-house as well as paying for our employees taking external classes. Our belief is our employees want to know as much as they possibly can about coverage, claims, ethical action and agency



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management to assure they provide the best advice and counsel to our clients. We have supported increasing the requirements to 24 hours to assure reciprocity with other states as our clients are located in all 50 states and internationally (all but 10 states require 24, those 10 have a combination of hours that exceed KS with a few seniority exemptions) – but we also support the proposed 18 hour biennial requirement. Of our 204 Kansas resident licensed agents, 151 are single line licensees– but we are entirely supportive of the increase in 6 hours biennially for those licensees because our clients deserve well educated agents (and even our single license agents almost always have significantly more than 12 hours of CE because of their own desire to continue to gain knowledge and expertise). This isn't a cost issue – you can get 24 hours of CE online, including 3 hours of ethics, for \$40.00. Insurance is complicated – a year ago we did not expect nor anticipate COVID 19; once it hit, our agents and brokers began examining policies, we held 29+ webinars for clients and employees to provide education, training and claims counsel. We strongly support this legislation as our industry must have educated professionals advising consumers.

The last component I wanted to address is the change in appointments. IMA has in excess of 400 appointments with carriers and we do business with more than 1,000 carriers. Kansas is the **only state** that requires all licensed employees be appointed with carriers – and while \$2.00 per licensee for KS domestic companies and \$5.00 per licensee for non-Kansas domiciled companies doesn't seem like a significant cost, we are seeing more carriers push that cost to IMA or, far more concerning, potentially decide not to do business in Kansas because of the paperwork intensive licensing and appointment requirements for a single placement. The Kansas Insurance Department has estimated this change will result in the loss of ~\$5m in revenue to KID, but they have worked to assure all necessary services will continue to be provided efficiently and effectively without this revenue. As you know, our Kansas Insurance Department is self-funded (fees from carriers and agents support KID and cannot be swept into the Kansas State General Fund), thus carriers and agents appreciate the efforts by KID to forgo this revenue. The result of this appointment change will help assure that our Kansas consumers have access to as many markets as possible to provide a competitive insurance environment and one that gives Kansas consumers as many choices for coverage and cost as possible.

SB 37 is reasonable legislation that increases the professionalism of our industry and provides efficiencies for agents domiciled in Kansas and/or doing business in Kansas. IMA supports the advancement of this legislation.

SueAnn V. Schultz
Chief Administrative Officer, Corporate Counsel & Secretary
IMA Financial Group, Inc.