Session of 2021

HOUSE BILL No. 2074

By Committee on Insurance and Pensions

1-15

1 AN ACT concerning insurance; relating to producer licensing 2 requirements; agent conduct; pertaining to examinations; fees; renewal 3 dates; suspension, revocation or denial of licensure; licensure renewal; 4 amending K.S.A. 2020 Supp. 40-241, 40-4902, 40-4903, 40-4905, 40-5 4909, 40-4912, 40-4915, 40-5505 and 40-5512 and repealing the 6 existing sections.

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

9 Section 1. K.S.A. 2020 Supp. 40-241 is hereby amended to read as 10 follows: 40-241. Any applicant or prospective applicant for an agent's 11 license, if an individual, shall be given an examination by the 12 commissioner or the commissioner's designee to determine whether such 13 applicant possesses the competence and knowledge of the kinds of 14 insurance and transactions under the license applied for, or to be applied 15 for, of the duties and responsibilities of such a license and of the pertinent provisions of the laws of this state. The applicant shall be tested on each 16 class or subclassification of insurance-which that may be written. An 17 18 examination fee prescribed in rules and regulations adopted by the 19 commissioner shall be paid by the applicant and shall be required for each 20 class of insurance for each attempt to pass the examination. Such 21 examination fee shall be in addition to the certification fee required under 22 K.S.A. 40-252, and amendments thereto. There shall be four classes of 23 insurance for the purposes of this act:

24 (1) Life;

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- (2) accident and health;
- 26 (3) casualty and allied lines; and
 - (4) property and allied lines.

An insurance license may be issued as a subclassification of casualty and allied lines to any auto rental agency. An auto rental agency may offer or sell insurance only in connection with and incidental to the rental of motor vehicles, whether at the rental office, at the point of delivery of a vehicle, or by preselection of coverage in a master, corporate or group rental agreement, in any of the following general categories:

- 34 (1) Personal accident insurance covering risks of travel;
- 35 (2) motor vehicle liability insurance;
- 36 (3) personal effects insurance providing coverage to renters and other

1 occupants of the motor vehicle,;

2 (4) roadside assistance and emergency sickness protection programs;
 3 and

4 (5) any other travel or auto-related coverage an auto rental company 5 may offer in connection with and incidental to rental of motor vehicles. No 6 insurance may be issued by an auto rental agency unless the rental period 7 of the rental agreement does not exceed 90 consecutive days and brochures 8 and other written material clearly and correctly explaining insurance 9 coverages offered by the agency are available for prospective renters and clear and complete disclosures are provided to prospective renters that 10 such coverage may be duplicative of other insurance owned by the renter, 11 that purchase of insurance coverage is not a condition for renting a motor 12 vehicle and describing the process for filing a claim. 13

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

No auto rental agency shall offer or solicit any insurance other than the coverages described in this section without an insurance license. No auto rental employee or auto rental agency shall advertise or otherwise hold themselves out as licensed insurers, insurance agents or insurance brokers.

21 The commissioner of insurance shall adopt rules and regulations with 22 respect to the scope, subclassification, type and conduct of such examination. Examinations shall be given to applicants at least twice a 23 24 month in Topeka, Kansas, and at least quarterly in other convenient 25 locations in the state of Kansas. The commissioner shall publish or arrange for the publication of information and material which applicants can use to 26 27 prepare for such examination. One or more rating organizations, advisory 28 organizations or other associations may be designated by the 29 commissioner to assist in, or assume responsibility for, distribution of the study manuals to applicants and other interested parties. Persons 30 31 purchasing the study manual shall be charged a reasonable fee established 32 or approved by the commissioner. In the event the publication and 33 distribution of the study material or the development and conduct of 34 examinations is delegated to private firms, organizations or associations 35 and the state incurs no expense or obligation, the provisions of K.S.A. 75-36 3738-to through 75-3744, inclusive, and amendments thereto, shall not 37 apply. If the commissioner of insurance finds that the individual applicant 38 trustworthy, competent and has satisfactorily completed the is 39 examination, the commissioner shall forthwith issue to the applicant a 40 license as an insurance agent but the issuance of such license shall confer 41 no authority to transact business in this state until the agent has been 42 certified by a company pursuant to K.S.A. 40-241i, and amendments 43 thereto. If such applicant fails to satisfactorily complete the examination,

1 the examination may be retaken following a waiting period of not less than 2 seven days from the date of the last attempt. If the applicant again fails to 3 satisfactorily complete the examination, it may be retaken following 4 another waiting period of not less than seven days from the date of the 5 most recent attempt. Thereafter, the examination may be retaken following 6 a waiting period of not less than six months from the date of the most 7 recent attempt, except that following a waiting period of two years from 8 the date of the applicant's last examination attempt an applicant will be 9 treated as a new applicant and new examination and waiting periods shall 10 apply.

11 Sec. 2. K.S.A. 2020 Supp. 40-4902 is hereby amended to read as 12 follows: 40-4902. As used in this act:

(a) "Approved subject" or "approved course" means any educational 13 presentation involving insurance fundamentals, insurance law, insurance 14 policies and coverage, insurance needs, insurance risk management, 15 16 insurance agency management or other areas, which is offered in a class, seminar, computer based training, interactive internet training or other 17 18 similar form of instruction, and which that has been approved by the commissioner under this act as expanding skills and knowledge obtained 19 20 prior to initial licensure under this act or developing new and relevant 21 skills and knowledge in preparation for such licensure.

(b) "Biennial due date" means the date last day of the birth month of any licensed insurance agent who is required to complete C.E.C.'s and report the completion of such C.E.C.'s to the commissioner pursuant to this act, except that such due date shall not be earlier than two years from the date of the insurance agent's initial licensure under this act. The biennial due date for a registered business entity shall be the *last day of the month of the* date of initial licensure under this act.

(c) "Biennium" means the period starting with the insurance agent's 29 biennial due date in 2001 and each two-year period thereafter for any 30 31 insurance agent who was born in an odd-numbered year. For any insurance 32 agent who was born in an even-numbered year, the term shall mean the 33 period starting with the insurance agent's biennial due date in 2002 and 34 each two-year period thereafter. The biennium for a registered business 35 entity shall be the two-year period following such business entity's initial 36 licensure or renewal of such license.

(d) "Broker" means any individual who acts or aids in any manner in
negotiating contracts of insurance, or in placing risks or in soliciting or
effecting contracts of insurance as an agent for an insured other than such
individual and not as an agent of an insurance company or any other type
of insurance carrier. The term "broker"-shall does not include: A person
working as an officer for an insurance carrier, or in a clerical,
administrative or service capacity for an insurance carrier, licensed agent

or broker, provided that such person does not solicit contracts of insurance.
 The term "broker" shall not include, or an attorney-at-law in the
 performance of such attorney's duties, an insured who places or negotiates
 the placement of such insured's own insurance, or any employee of an
 insured engaged in placing or negotiating for placement of insurance for
 such employee's employer.

(e) "Business entity" means any corporation, association, partnership,
 limited liability company, limited liability partnership or other legal entity.

9 (f) "C.E.C." means continuing education credit containing at least 50 10 minutes of instruction in each clock hour. The term C.E.C. also includes 11 any value, expressed in a whole number of units, assigned by the 12 commissioner to an approved subject.

(g) "Commissioner" means the commissioner of insurance as defined
 in K.S.A. 40-102, and amendments thereto. The term "commissioner
 shall" also-include includes any authorized representative or designee of
 the commissioner.

(h) "Department" means the insurance department established byK.S.A. 40-102, and amendments thereto.

(i) "Home state" means the District of Columbia and any state or
territory of the United States in which an insurance agent maintains such
agent's principal place of residence or principal place of business and is
licensed to act as an insurance agent.

(j) "Inactive agent" means any licensed agent who presents evidence
 satisfactory to the commissioner-which *that* demonstrates that such agent
 will not do any act toward transacting the business of insurance for not-less
 than two but not more than four years from the date such evidence is
 received by the commissioner.

(k) "Insurance agent" and "agent" means any person required to be 28 29 licensed under the provisions of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, to sell, solicit or negotiate insurance. 30 31 For the purposes of this the uniform agents licensing act, whenever the terms "agent" or "broker" appear in chapter 40 of the Kansas Statutes 32 33 Annotated, and amendments thereto, each term-shall mean means 34 insurance agent unless the context requires otherwise. "Insurance agent" 35 also includes the terms "insurance producer" or "producer."

(1) "Insurance" means any of the lines of authority specified in
 subsection (a) of K.S.A. 2020 Supp. 40-4903(a), and amendments thereto.

(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"-shallinclude 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" includes 1 "agent."

2 (n) "Insurer" and "insurance company"—shall have the meaning—
3 ascribed to the term means the same as "insurance company" as defined by
4 K.S.A. 40-222c, and amendments thereto.

5 (o) "License" means a document issued by this state's insurance *the* 6 commissioner authorizing a person to act as an insurance agent for the 7 lines of authority specified in such document.

8 (p) "Limited line credit insurance" includes credit life, credit 9 disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, 10 automobile dealer gap insurance and any other form of insurance offered 11 in connection with an extension of credit that is limited to partially or 12 13 wholly extinguishing that credit obligation that the insurance 14 commissioner determines should be designated a form of limited line credit insurance. 15

(q) "Limited line credit insurance agent" means a person who sells,
solicits or negotiates one or more forms of limited line credit insurance
coverage to individuals through a master, corporate, group or individual
policy.

20 (r) "NAIC" means the national association of insurance 21 commissioners.

(s) "Negotiate" means the act of conferring directly with or offering advice directly to any purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms or conditions of such contract, provided that the person engaged in such act either sells insurance or obtains insurance from insurers for purchasers.

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(t) "Person" means an individual or a business entity.

(u) "Sell" means to exchange a contract of insurance by any means,for money or its equivalent, on behalf of an insurance company.

(v) "Solicit"-shall include includes any attempt to sell insurance or
 asking or urging a person to apply for any particular kind of insurance
 from any particular insurance company.

Sec. 3. K.S.A. 2020 Supp. 40-4903 is hereby amended to read as follows: 40-4903. (a) Unless denied licensure pursuant to K.S.A.2020 Supp. 40-4909, and amendments thereto, any person who meets the requirements of K.S.A. 2020 Supp. 40-4905, and amendments thereto, shall be issued an insurance agent license. An insurance agent may receive qualifications for a license in one or more of the following lines of authority:

40 (1) Life—: Insurance coverage on human lives including benefits of
41 endowment and annuities, and may include benefits in the event of death
42 or dismemberment by accident and benefits for disability income.

43 (2) Accident and health or sickness----: Insurance coverage for

sickness, bodily injury or accidental death and may include benefits for
 disability income.

3 (3) Property——: Insurance coverage for the direct or consequential
 4 loss or damage to property of every kind.

5 (4) Casualty—: Insurance coverage against legal liability, including 6 that for death, injury or disability or damage to real or personal property.

(6) Personal lines—: Property and casualty insurance coverage sold
 primarily to an individual or family for noncommercial purposes.

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(7) Credit—: Limited line credit insurance.

(8) Crop insurance —: Limited line insurance for damage to crops
from unfavorable weather conditions, fire, 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.

(9) Title insurance —: Limited line insurance that insures titles toproperty against loss by reason of defective titles or encumbrances.

(10) Travel insurance——: Limited line insurance for personal risks
 incidental to planned travel, including, but not limited to:

(A) Interruption or cancellation of trip or event;

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(B) loss of baggage or personal effects;

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(C) damages to accommodations or rental vehicles; or

(D) sickness, accident, disability or death occurring during travel.
 Travel insurance does not include major medical plans, which that provide
 comprehensive medical protection for travelers with trips lasting six
 months or longer, for example, persons working overseas including
 military personnel deployed overseas.

(11) 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.

(12) 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.

(13) Self-service storage unit insurance —: Limited line insurance
 relating to the rental of self-service storage units, including:

40 (A) Personal effects insurance that provides coverage to renters of
41 storage units at the same facility for the loss of, or damage to, personal
42 effects that occurs at the same facility during the rental period; and

43 (B) any other coverage that the commissioner may approve as

1 meaningful and appropriate in connection with the rental of storage units.

2 Such insurance may only be issued in accordance with section 1, and 3 amendments thereto.

4 (14) Any other line of insurance permitted under the provisions of 5 chapter 40 of the Kansas Statutes Annotated, and amendments thereto, and 6 any rules and regulations promulgated thereunder.

7 (b) Unless suspended, revoked or refused renewal pursuant to K.S.A.
2020 Supp. 40-4909, and amendments thereto, an insurance agent license
9 shall remain in effect as long as:

10 *(1)* Education requirements for resident individual agents are met by 11 such insurance agent's biennial due date;

(2) such insurance agent submits an application for renewal on aform prescribed by the commissioner; and

14 (3) on and after January 1, 2022, such insurance agent pays a 15 biennial renewal application fee of \$4.

16 (c) (1) (A) On and after the effective date of this act: (1) July 1, 2001, through December 31, 2021, each licensed insurance agent who is an 17 individual and holds a property or casualty qualification, or both, or a 18 19 personal lines qualification shall biennially obtain a minimum of 12 C.E.C.s in courses certified as property and casualty-which shall include 20 21 that includes at least one hour of instruction in insurance ethics-which-22 also, and may include regulatory compliance. No more than three of the 23 required C.E.C.s shall be in insurance agency management.

(B) On and after January 1, 2022, except as provided in paragraphs
(3) through (6), each licensed insurance agent shall biennially obtain a
minimum of 18 C.E.C.s that include at least three hours of instruction in
insurance ethics that also may include regulatory compliance.

28 (2) Each licensed insurance agent who is an individual and holds a life, accident and health, or variable contracts qualification, or any-29 combination thereof, shall biennially complete 12 C.E.C.s in courses-30 certified as life, accident and health, or variable contracts which shall-31 32 include at least one hour of instruction in insurance ethics which also may 33 include regulatory compliance. No more than three of the required C.E.C.s 34 shall be in insurance agency management. On and after July 1, 2001, through December 31, 2021, each licensed insurance agent who is an 35 36 individual and holds a life, accident and health, or variable contracts 37 qualification, or any combination thereof, shall biennially obtain a 38 minimum of 12 C.E.C.s in courses certified as life, accident and health, or 39 variable contracts that include at least one hour of instruction in 40 insurance ethics and may include regulatory compliance.

41 (3) Each licensed insurance agent who is an individual and holds only
42 a crop qualification shall biennially obtain a minimum of two C.E.C.s in
43 courses certified as crop C.E.C.s under the property and casualty category.

(4) Each licensed insurance agent who is an individual and is licensed
 only for title insurance shall biennially obtain a minimum of 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.

5 (5) Each licensed insurance agent who is an individual and holds a life insurance license solely for the purpose of selling pre-need funeral 6 7 insurance or annuity products shall file a report on or before such agent's 8 biennial due date affirming that such agent transacted no other insurance 9 business during the period covered by the report. Upon request of the commissioner, an agent shall provide certification from an officer of each 10 insurance company-which that has appointed such agent that the agent 11 transacted no other insurance business during the period covered by the 12 report. Agents who have offered to sell or sold only pre-need funeral 13 14 insurance are exempt from the requirement to obtain C.E.C.s.

15 (6) Each licensed insurance agent who is an individual and holds only 16 a bail bond, *self-service storage unit or travel insurance* qualification is 17 exempt from the requirement to obtain C.E.C.s.

18 (d) On and after the effective date of this act, each individual-19 insurance agent who holds a license with both a property or casualtyqualification, or both, and a life, accident and health or variable contracts 20 21 qualification, or any combination thereof, and who earns C.E.C.s from-22 courses certified by the commissioner as qualifying for credit in any class. may apply, at such insurance agent's option, such C.E.C.s toward either the 23 property or casualty continuing education requirement or to the life, 24 accident and health or variable contracts continuing education 25 26 requirement. However, no C.E.C. shall be applied to satisfy both the-27 biennial property or casualty requirement, or both, and the biennial requirement for life, accident and health or variable contracts, or any-28 29 combination thereof

30 (e)—An instructor of an approved subject shall be entitled to the same
 31 C.E.C. as a student completing the study.

32 (f)(e) (1) An individual insurance agent who has been licensed for 33 more than one year, on or before such insurance agent's biennial due date, shall file a report with the commissioner certifying that such insurance 34 35 agent has met the continuing education requirements for the previous biennium ending on such insurance agent's biennial due date. Each 36 37 individual insurance agent shall maintain a record of all courses attended 38 together with a certificate of attendance for the remainder of the biennium 39 in which the courses were attended and the entire next succeeding 40 biennium.

41 (2) If the required report showing proof of continuing education
42 completion is not received by the commissioner by the individual
43 insurance agent's biennial due date, such individual insurance agent's

1 qualification and each and every corresponding license shall be suspended 2 automatically for a period of 90 calendar days or until such time as the 3 producer satisfactorily demonstrates completion of the continuing 4 education requirement whichever is sooner. In addition, the commissioner 5 shall assess a penalty of \$100 for each license suspended. If such insurance 6 agent fails to furnish to the commissioner the required proof of continuing 7 education completion and the monetary penalty within 90 calendar days of 8 such insurance agent's biennial due date, such individual insurance agent's 9 qualification and each and every corresponding license shall expire on 10 such insurance agent's biennial due date. If after more than three but less than 12 months from the date the license expired, the insurance agent 11 12 wants to reinstate such insurance agent's license, such individual shall 13 provide the required proof of continuing education completion and pay a 14 reinstatement fee in the amount of \$100 for each license suspended. If after more than 12 months from the date an insurance agent's license has 15 16 expired, such insurance agent wants to reinstate such insurance agent's 17 license, such individual shall apply for an insurance agent's license, 18 provide the required proof of continuing education completion and pay a 19 reinstatement fee in the amount of \$100 for each license suspended. Upon 20 receipt of a written application from such insurance agent claiming 21 extreme hardship, the commissioner may waive any penalty imposed 22 under this subsection.

(3) On and after the effective date of this act, any applicant for an
 individual insurance agent's license who previously held a license-which
 that expires on or after June 30, 2001, because of failure to meet
 continuing education requirements and who seeks to be relicensed shall
 provide evidence that appropriate C.E.C.s have been completed for the
 prior biennium.

(4) Upon receipt of a written application from an individual insurance
agent, the commissioner, in cases involving medical hardship or military
service, may extend the time within which to fulfill the minimum
continuing educational requirements for a period of not to exceed 180
days.

(5) This section shall not apply to any inactive insurance agent during the period of such inactivity. For the purposes of this paragraph, "inactive period" or "period of inactivity" shall mean *means* a continuous period of time of not less than two years and not more than four years starting from the date inactive status is granted by the commissioner. Before returning to active status, such inactive insurance agent shall:

40 (A) File a report with the commissioner certifying that such agent has41 met the continuing education requirement; and

42 (B) pay the renewal fee. If the required proof of continuing education 43 completion and the renewal fee is not furnished at the end of the inactive 1 period, such individual insurance agent's qualification and each and every

corresponding license shall expire at the end of the period of inactivity. For
issuance of a new license, the individual shall apply for a license and pass
the required examination.

5 (6) Any individual who allows such individual's insurance agent 6 license in this state and all other states in which such individual is licensed 7 as an insurance agent to expire for a period of four or more consecutive 8 years, shall apply for a new insurance agent license and pass the required 9 examination.

10 (g)(f) (1) Each course, program of study, or subject shall be submitted 11 to and certified by the commissioner in order to qualify for purposes of 12 continuing education.

13 (2) Each request for certification of any course, program of study or14 subject shall contain the following information:

(A) The name of the provider or provider organization;

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(B) the title of such course, program of study or subject;

17 (C) the date the course, program of study or subject will be offered; (D) the location where the course, program of study or subject will be

(D) the location where the course, program of study or subject will beoffered;

20 (E) an outline of each course, program of study or subject including a 21 schedule of times when such material will be presented;

22 23 (F) the names and qualifications of instructors;(G) the number of C.E.C.s requested;

(H) a nonrefundable C.E.C. qualification fee in the amount of \$50 per
 course, program of study or subject or \$250 per year for all courses,
 programs of study or subjects submitted by a specific provider or provider
 organization; and

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(I) a nonrefundable annual provider fee of \$100.

(3) Upon receipt of such information, the commissioner shall grant or deny certification of any submitted course, program of study or subject as an approved subject, program of study or course and indicate the number of C.E.C.s that will be recognized for each approved course, program of study or subject. Each approved course, program of study or subject shall be assigned by the commissioner to one or both of the following classes:

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(A) Property and casualty; or

36 (B) life insurance, including annuity and variable contracts, and 37 accident and health insurance.

38 (4) Each course, program of study or subject shall have a value of at39 least one C.E.C.

40 (5) (A) Each provider seeking approval of a course, program of study
41 or subject for continuing education credit shall issue or cause to be issued
42 to each person who attends a course, program of study or subject offered
43 by such provider a certificate of attendance. The certificate shall be signed

by either the instructor who presents the course, program of study or
 course or such provider's authorized representative. Each provider shall
 maintain a list of all individuals who attend courses offered by such
 provider for continuing education credit for the remainder of the biennium
 in which the courses are offered and the entire next succeeding biennium.

6 (*B*) The commissioner shall accept, without substantive review, any 7 course, program of study or subject submitted by a provider-which *that* has 8 been approved by the insurance supervisory authority of any other state or 9 territory accredited by the NAIC. The commissioner may disapprove any 10 individual instructor or provider who has been the subject of disciplinary 11 proceedings or who has otherwise failed to comply with any other state's 12 or territory's laws or regulations.

13 (6) The commissioner may grant or approve any specific course, 14 program of study or course that has appropriate merit, such as any course, 15 programs of study or course with broad national or regional recognition, 16 without receiving any request for certification. The fee prescribed by 17 subsection (g) (f)(2) shall not apply to any approval granted pursuant to 18 this provision.

19 (7) The C.E.C. value assigned to any course, program of study or 20 subject, other than a correspondence course, computer based training, 21 interactive internet study training or other course pursued by independent 22 study, shall in no way be contingent upon passage or satisfactory 23 completion of any examination given in connection with such course, 24 program of study or subject. The commissioner shall establish, by rules 25 and regulations criteria for determining acceptability of any method used for verification of the completion of each stage of any computer based or 26 27 interactive internet study training. Completion of any computer based 28 training or interactive internet study training shall be verified in 29 accordance with a method approved by the commissioner.

30 (h)(g) Upon request, the commissioner shall provide a list of all 31 approved continuing education courses currently available to the public.

(i)(h) An individual insurance agent who independently studies an
 insurance course, program of study or subject-which that is not an agent's
 examination approved by the commissioner and who passes an independently monitored examination, shall receive credit for the C.E.C.s
 assigned by the commissioner as recognition for the approved subject. No
 other credit shall be given for independent study.

Sec. 4. K.S.A. 2020 Supp. 40-4905 is hereby amended to read as
 follows: 40-4905. (a) Subject to the provisions of K.S.A. 2020 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.

6 (b) Any person applying for a resident insurance agent license shall 7 make application on a form prescribed by the commissioner. The applicant 8 shall declare under penalty of perjury that the statements made in the 9 application are true, correct and complete to the best of the applicant's 10 knowledge and belief. Before approving the application, the commissioner 11 shall determine that the applicant:

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(1) Is at least 18 years of age;

(2) has not committed any act that is grounds for denial pursuant to
this section or suspension or revocation pursuant to K.S.A. 2020 Supp. 404909, and amendments thereto;

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(3) has paid a nonrefundable fee in the amount of \$30; and

17 (4) has successfully passed the examination for each line of authority18 for which the applicant has applied.

19 (c) If the applicant is a business entity, then, *in addition to the* 20 *requirements of subsection (a)*, the commissioner shall-make the following 21 additional determinations in addition to those required by subsection (a):

(1)— also determine 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;

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

30 (4) that the business entity has disclosed to the department each
 31 officer, director, partner and employee who is licensed as an insurance 32 agent.

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

36 (e)(d) The commissioner may require the applicant to furnish any 37 document or other material reasonably necessary to verify the information 38 contained in an application.

(g) (1) Each licensed insurance agent shall notify the commissioner of 1 any officer, director, partner or employee of such insurance agent who: 2 (A) Is licensed as an individual insurance agent; and 3 (B) was not disclosed in such insurance agent's application for a 4 5 license or any renewal thereof. 6 (2) Each licensed insurance agent shall notify the commissioner of 7 any of its officers, directors, partners or employees who: 8 (A) Have terminated such relationship as an officer, director, partner or employee of such insurance agent; and 9 (B) has been previously disclosed in such insurance agent's 10 application for a license or any renewal thereof. 11 (3) Each licensed insurance agent shall notify the commissioner-12 within 30 working days of occurrence of any event required to be reported 13 under paragraphs (1) or (2) of this subsection. Failure to provide the 14 commissioner with the information required by this subsection shall 15 subject the licensee to a monetary penalty of \$10 per day for each working 16 day the required information is late subject to a maximum of \$50 per-17 person per licensing year. 18 19 (f) (1) Each person or entity licensed in this state as an insurance agent shall report the following to the commissioner within 30 calendar 20 21 days of occurrence: 22 (A) Each disciplinary action on the agent's license or licenses by the 23 insurance regulatory agency of any other state or territory of the United 24 States: 25 (B) each disciplinary action on an occupational license held by the licensee, other than an insurance agent's license, by the appropriate 26 regulatory authority of this or any other jurisdiction; 27 (C) each judgment or injunction entered against the licensee on the 28 29 basis of a violation of any insurance law or conduct involving fraud, deceit or misrepresentation; 30 (D) all details of any conviction of a misdemeanor or felony other 31 than minor traffic violations. The details shall include the name of the 32 arresting agency, the location and date of the arrest, the nature of the 33 charge or charges, the court in which the case was tried and the 34 disposition rendered by the court. Minor traffic violations may be omitted; 35 36 (E) each change of name. If the change of name is effected by court 37 order, a copy of the court order shall be furnished to the commissioner; 38 (F) each change in residence or mailing address, email address or 39 telephone number; 40 (G) each change in the name or address of the agency with which the agent is associated; and 41 (H) each termination of a business relationship with an insurer if the 42 43 termination is for cause, including the reason for the termination of the

1 business relationship with such insurer.

(2) Each person or entity licensed in this state as an insurance agent
 shall provide to the commissioner, upon request, a current listing of
 company affiliations and affiliated insurance agents.

5 (3) Each business entity licensed in this state as an insurance agent 6 shall report each change in legal or mailing address, email address and 7 telephone number to the commissioner within 30 days of occurrence.

8 (4) Each business entity licensed in this state as an insurance agent 9 shall report each change in the name and address of the licensed agent 10 who shall be responsible for the business entity's compliance with the 11 insurance laws of this state to the commissioner within 30 days of 12 occurrence.

13 (h)(g) Any applicant whose application for a license is denied shall be 14 given an opportunity for a hearing in accordance with the provisions of the 15 Kansas administrative procedure act.

16 (i)(h) (1) The commissioner may require a person applying for a 17 resident insurance agent license to be fingerprinted and submit to a state and national criminal history record check. The fingerprints shall be used 18 19 to identify the applicant and to determine whether the applicant has a 20 record of criminal arrests and convictions in this state or other 21 jurisdictions. The commissioner is authorized to submit the fingerprints to 22 the Kansas bureau of investigation and the federal bureau of investigation 23 for a state and national criminal history record check. Local and state law enforcement officers and agencies shall assist the commissioner in the 24 25 taking and processing of fingerprints of applicants and shall release all records of an applicant's arrests and convictions to the commissioner. 26

(2) The commissioner may conduct, or have a third party conduct, a
background check on a person applying for a resident insurance agent
license.

30 (3) Whenever the commissioner requires fingerprinting, a 31 background check, or both, any associated costs shall be paid by the 32 applicant.

(4) The commissioner may use the information obtained from a
background check, fingerprinting and the applicant's criminal history only
for purposes of verifying the identification of any applicant and in the
official determination of the fitness of the applicant to be issued a license
as an insurance agent in accordance with this act.

38 (5) A person applying for a resident insurance agent license who has 39 been fingerprinted and has submitted to a state and national criminal 40 history record check within the past 12 months in connection with the 41 successful issuance or renewal of any other state-issued license may 42 submit proof of such good standing to the commissioner in lieu of 43 submitting to the fingerprinting and criminal history record checks 1 described in subsections $\frac{(i)}{(h)}(1)$ and $\frac{(i)}{(h)}(2)$.

2 Sec. 5. K.S.A. 2020 Supp. 40-4909 is hereby amended to read as follows: 40-4909. (a) The commissioner may deny, suspend, revoke or 3 refuse renewal of any license issued under this act if the commissioner 4 finds that the applicant or license holder has: 5

6 (1) Provided incorrect, misleading, incomplete or untrue information 7 in the license application. 8

(2) Violated:

9 (A) Any provision of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, or any-rule rules and-regulation regulations 10 promulgated thereunder; 11 12

any subpoena or order of the commissioner; (B)

any insurance law or regulation of another state; or (C)

any subpoena or order issued by the regulatory official for 14 (D) insurance in another state. 15

16 (3) Obtained or attempted to obtain a license under this act through 17 misrepresentation or fraud.

18 (4) Improperly withheld, misappropriated or converted any moneys 19 or properties received in the course of doing insurance business.

20 (5) Intentionally misrepresented the provisions, terms and conditions 21 of an actual or proposed insurance contract or application for insurance.

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(6) Been convicted of a misdemeanor or felony.

23 (7) Admitted to or been found to have committed any insurance 24 unfair trade practice or fraud in violation of K.S.A. 40-2404, and 25 amendments thereto.

(8) Used any fraudulent, coercive, or dishonest practice, or 26 27 demonstrated any incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere. 28

(9) Had an insurance agent license, or its equivalent, denied, 29 30 suspended or revoked in any-other state, district or territory.

(10) Forged another person's name to an application for insurance or 31 32 to any document related to an insurance transaction.

33 (11) Improperly used notes or any other reference material to 34 complete an examination for an insurance license issued under this act.

(12) Knowingly accepted insurance business from an individual who 35 36 is not licensed

37 (13) Failed to comply with any administrative or court order 38 imposing a child support obligation upon the applicant or license holder.

39 (14) Failed to pay any state income tax or comply with any administrative or court order directing payment of state income tax. 40

(15) Rebated the whole or any part of any insurance premium or 41 42 offered in connection with the presentation of any contract of insurance 43 any other inducement not contained in the contract of insurance.

(16) Made any misleading representation or incomplete comparison 1 of policies to any person for the purposes of inducing or tending to induce 2 such person to lapse, forfeit or surrender such person's insurance then in 3 4 force.

5 (17) Failed to respond to an inquiry from the commissioner within 15 6 business days.

7 (b) In addition, the commissioner may *deny*, suspend, revoke or 8 refuse renewal of any license issued under this act if the commissioner finds that the interests of the insurer or the insurable interests of the public 9 10 are not properly served under such license.

(c) (1) When considering whether to deny, suspend, revoke or refuse 11 to renew the application of an individual who has been convicted of a 12 misdemeanor or felony, the commissioner shall consider the: 13

14 *Applicant's age at the time of the conduct;* (A)

recency of the conduct; 15 (B)

16 *(C) reliability of the information concerning the conduct;*

17 (D) seriousness of the conduct:

(E) factors underlying the conduct; 18

- 19 *(F) cumulative effect of the conduct or information;*
- 20 (G)evidence of rehabilitation;

21 (H) applicant's social contributions since the conduct;

22 (I) applicant's candor in the application process; and

23 (J) materiality of any omissions or misrepresentations.

- (2) In determining whether to reinstate or grant to an applicant a 24 25 license that has been revoked, the commissioner shall consider the:
- (A) Present moral fitness of the applicant; 26
- (B) demonstrated consciousness by the applicant of the wrongful 27 28 conduct and disrepute that the conduct has brought to the insurance 29 profession;
- 30 *(C) extent of the applicant's rehabilitation;*
- 31 seriousness of the original conduct; (D)
- 32 applicant's conduct subsequent to discipline; (E) 33
 - amount of time that has elapsed since the original discipline; (F)
- applicant's character, maturity and experience at the time of 34 (G)35 revocation: and

36 (H) applicant's present competence and skills in the insurance 37 industry.

38 Any action taken under this section which that affects any license (d)39 or imposes any administrative penalty shall be taken only after notice and an opportunity for a hearing conducted in accordance with the provisions 40 41 of the Kansas administrative procedures act.

(d)(e) The license of any business entity may be suspended, revoked 42 43 or refused renewal if the insurance commissioner finds that any violation committed by an individual licensee employed by or acting on behalf of
 such business entity was known by or should have been known by one or
 more of the partners, officers or managers acting on behalf of the business
 entity and:

5 (1) Such violation was not reported to the insurance commissioner by 6 such business entity; or

7

(2) such business entity failed to take any corrective action.

8 (c)(f) None of the following actions shall deprive the commissioner of 9 any jurisdiction or right to institute or proceed with any disciplinary 10 proceeding against such license, to render a decision suspending, revoking 11 or refusing to renew such license, or to establish and make a record of the 12 facts of any violation of law for any lawful purpose:

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(1) The imposition of an administrative penalty under this section;

14 (2) the lapse or suspension of any license issued under this act by 15 operation of law;

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(3) the licensee's failure to renew any license issued under this act; or

(4) the licensee's voluntary surrender of any license issued under this
act. No such disciplinary proceeding shall be instituted against any
licensee after the expiration of two years from the termination of the
license.

21 (f)(g) Whenever the commissioner imposes any administrative 22 penalty or denies, suspends, revokes or refuses renewal of any license 23 pursuant to subsection (a), any costs incurred as a result of conducting an administrative hearing authorized under the provisions of this section shall 24 25 be assessed against the person who is the subject of the hearing or any business entity represented by such person who is the party to the matters 26 giving rise to the hearing. As used in this subsection, "costs" shall include 27 28 witness fees, mileage allowances, any costs associated with the 29 reproduction of documents-which that become a part of the hearing record and the expense of making a record of the hearing. 30

38 (h)(i) In lieu of taking any action under subsection (a), the
 39 commissioner may:

40 (1) Censure the person; or

(2) issue an order imposing an administrative penalty up to a
maximum of \$500 for each violation but not to exceed \$2,500 for the same
violation occurring within any six consecutive calendar months from the

1 date of the original violation unless such person knew or should have 2 known that the violative act could give rise to disciplinary action under 3 subsection (a). If such person knew or reasonably should have known the 4 violative act could give rise to any disciplinary proceeding authorized by 5 subsection (a), the commissioner may impose a penalty up to a maximum 6 of \$1,000 for each violation but not to exceed \$5,000 for the same 7 violation occurring within any six consecutive calendar months from the 8 date of the imposition of the original administrative penalty.

9 (j) (1) An applicant to whom a license has been denied after a 10 hearing shall not apply for a license again until after the expiration of a 11 period of one year from the date of the commissioner's order or such other 12 period of time as the commissioner may prescribe in the order.

(2) A licensee whose license was revoked shall not apply for a license
again until after the expiration of a period of five years from the date of
the commissioner's order or such other period of time as the commissioner
may prescribe in the order or revocation.

Sec. 6. On and after January 1, 2022, K.S.A. 2020 Supp. 40-4912 is 17 18 hereby amended to read as follows: 40-4912. (a) Any company authorized 19 to transact business in this state may, upon determining that the insurance 20 agent is of good business reputation and, if an individual, has had 21 experience in insurance or will immediately receive a course of instruction 22 in insurance and on the policies and policy forms of such company, 23 appoint such insurance agent as the insurance agent of the company under 24 the license in effect for the insurance agent. The appointment shall be 25 made on a form prescribed by the commissioner. Such form shall be sent to the commissioner within 30 days of the date the company appoints such 26 27 insurance agent. A nonrefundable appointment or certification fee set forth 28 in K.S.A. 40-252, and amendments thereto, shall be paid in accordance 29 with the billing procedures established by the commissioner. Such 30 procedures shall require payment of the fees annually, based on the 31 number of insurance agents appointed during the calendar year preceding the return. The certification fees required by K.S.A. 40-252, and 32 33 amendments thereto, shall be due for all insurance agents appointed by the 34 company during the preceding calendar year, irrespective of the number of 35 months the insurance agent was appointed for that year. The certification 36 fee shall not be returned for any reason, and failure of the company to 37 certify an insurance agent within 30 working days of such insurance 38 agent's appointment shall subject the company to a penalty of not more 39 than \$25 per calendar day from the date the appropriate return was 40 required from the date of appointment to the date proper certification is 41 recorded by the insurance department.

42 (b) Certification of other than an individual insurance agent will-43 automatically include each licensed insurance agent who is an officer, 1 director, partner, employee or otherwise legally associated with the-

2 corporation, association, partnership or other legal entity appointed by the 3 company. The required annual certification fee shall be paid for each 4 licensed insurance agent certified by the company and the preseribed 5 reporting form shall be returned at the same time the company files its tax 6 returns as required by 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 insurance agent is qualified to transact 9 insurance in accordance with standards or procedures established by any 10 branch of the federal government shall be deemed to be the equivalent of 11 certification by a company.

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

Sec. 7. K.S.A. 2020 Supp. 40-4915 is hereby amended to read as 17 18 follows: 40-4915. (a) Notwithstanding the provisions of K.S.A. 2020 19 Supp. 40-4903 and 40-4906, and amendments thereto, any person who is 20 currently licensed as an insurance agent on the day before the effective 21 date of this act and whose biennial due date occurred during the 24 22 calendar months immediately preceding the effective date of this act shall 23 be deemed to be licensed as an insurance agent under this act unless such 24 person's license has been suspended, revoked or refused renewal prior to 25 the effective date of this act.

(b) Any person licensed as an insurance agent under the provisions of
subsection (a) shall renew such license in accordance with the provisions
of this act on or before the first occurrence of such person's biennial due
date after the effective date of this act.

(c) If the required renewal application is not received by the 30 31 commissioner by the individual insurance agent's biennial due date, such 32 individual insurance agent's qualification and each corresponding license 33 shall be suspended automatically for a period of 90 calendar days or until such time as the agent satisfactorily submits a completed application, 34 whichever occurs first. In addition, the commissioner shall assess a 35 36 penalty of \$100 for each license suspended. If such insurance agent fails 37 to furnish to the commissioner the required renewal application and the 38 monetary penalty within 90 calendar days of such insurance agent's biennial due date, such individual insurance agent's qualification and 39 each corresponding license shall expire on such insurance agent's biennial 40 due date. If, after more than three but less than 12 months from the date 41 the license expired, the insurance agent desires to reinstate such insurance 42 43 agent's license, such individual shall provide the required renewal 1 application and pay a reinstatement fee in the amount of \$100 for each license suspended. If, after more than 12 months from the date an 2 insurance agent's license has expired, such insurance agent desires to 3 4 reinstate such insurance agent's license, such individual shall apply for an insurance agent's license, provide the required proof of continuing 5 6 education completion and pay a reinstatement fee in the amount of \$100 7 for each license suspended. Upon receipt of a written application from such insurance agent claiming extreme hardship, the commissioner may 8 9 waive any penalty imposed under this subsection.

10 Sec. 8. K.S.A. 2020 Supp. 40-5505 is hereby amended to read as 11 follows: 40-5505. (a) Before issuing a public adjuster license to an 12 applicant under-this *the public adjusters licensing* act, the commissioner 13 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. 2020 Supp. 405508, 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. 2020 Supp. 40-5510, and
amendments thereto;

(3) is trustworthy, reliable and of good reputation, evidence of whichmay 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. 2020 Supp. 40-5511, and amendments thereto;

25

(5) has paid an application fee of \$100; and

(6) maintains an office in the home state with public access duringregular 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

30 31

(2) have successfully passed the public adjuster examination.

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

(d) (1) The commissioner may require a person applying for a public
adjuster license to be fingerprinted and submit to a state and national
criminal history record check or to submit to a background check, or both.

(A) The fingerprints shall be used to identify the applicant and to
determine whether the applicant has a record of criminal history in this
state or another jurisdiction. The commissioner shall submit the
fingerprints to the Kansas bureau of investigation and the federal bureau
of investigation for a state and national criminal history record check.
Local and state law enforcement officers and agencies shall assist the
commissioner in the taking and processing of fingerprints of applicants

and shall release all records of an applicant's arrests and convictions to
 the commissioner.

3 (B) The commissioner may conduct or have a third party conduct a 4 background check on a person applying for a public adjuster license.

5 (2) Whenever the commissioner requires fingerprinting or a 6 background check, or both, any associated costs shall be paid by the 7 applicant.

8 (3) The commissioner may use the information obtained from a 9 background check, fingerprinting and the applicant's criminal history only 10 for purposes of verifying the identity of the applicant and in the official 11 determination of the fitness of the applicant to be issued a license as a 12 public adjuster in accordance with the public adjusters licensing act.

Sec. 9. K.S.A. 2020 Supp. 40-5512 is hereby amended to read asfollows: 40-5512. (a) As used in this section:

15 (1) "Biennial due date" means the *last day of the month of the* date of 16 birth of any public adjuster who is required to complete continuing 17 education credits and report the completion of the continuing education 18 credits to the commissioner, except that such due date shall not be earlier 19 than two years from the date of the public adjuster's initial licensure under 20 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.

27 (b) An individual, who holds a public adjuster license and who is not 28 exempt under subsection (d), shall satisfactorily complete a minimum of 29 12 18 hours of continuing education courses, which shall include 11 hours 30 of property/casualty or general continuing education courses and one hour 31 including three hours of ethics, reported on a biennial basis in conjunction with the license renewal cycle. Only continuing education courses 32 33 approved by the commissioner shall be used to satisfy the requirements of 34 this subsection.

(c) Unless suspended, revoked or refused renewal pursuant to K.S.A.
2020 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.

43 Sec. 10. K.S.A. 2020 Supp. 40-241, 40-4902, 40-4903, 40-4905, 40-

- 4909, 40-4915, 40-5505 and 40-5512 are hereby repealed. 1
- Sec. 11. On and after January 1, 2022, K.S.A. 2020 Supp. 40-4912 is 2 hereby repealed. 3
- 4 Sec. 12. This act shall take effect and be in force from and after its
- 5 publication in the statute book.