



KANSAS INSURANCE DEPARTMENT

Vicki Schmidt, Commissioner

Proponent Testimony for SB 37– Producer Licensing and Company Appointment

February 2, 2021

Chairman Longbine and Members of the Committee,

Thank you for the opportunity to testify in support of SB 37.

Under current law, insurance companies appointing agencies in Kansas automatically appoint every agent of the agency instead of only the agents that actually conduct business in the state. While the automatically appointed agents gain the benefit of being authorized to sell for that company in Kansas, we are the only state that handles appointments this way. Some companies have expressed this creates inefficiencies in appointments. Under SB 37, this process would be changed to give companies greater flexibility on the number of agents they appoint. This process change is estimated save companies approximately \$5 million annually, due to the reduction in appointment fees and reduce Department revenue by a corresponding amount.

SB 37 streamlines the agent renewal process by moving to a standard license renewal date corresponding to the end of the agents birth month, with continuing education hours totaling 18 hours, 3 of which must be ethics. For any agent dually licensed in property and casualty and health and life, which is approximately 55 percent of all resident agents in Kansas, this results in a reduction of 6 hours. For any Kansas agent conducting business in any other state, this will allow the agent to utilize the same licensing system (NIPR) they already use in those other states. This licensing platform will also allow the Department to streamline a number of our own internal processes.

SB 37 includes the addition of a bi-annual renewal fee for resident agents and agencies of \$4. While this does not cover all the costs associated with processing renewals, the primary purpose of this process is to ensure the Department has as up-to-date records as possible.

The goal of SB 37 is to streamline the processes for agents, companies, and the Department by utilizing the same tools much of the industry is already utilizing. SB 37 will make it easier to do business in Kansas.

Thank you for the opportunity to submit testimony in support of SB 37 and I will be happy to take questions at the appropriate time.

Lee Modesitt
Director of Government Affairs & Communication