

STORAGE NAME: h0953z.in
DATE: June 20, 2000

****PASSED AS SB 2150, 2nd ENG.****
CHAPTER #: 2000-297, Laws of Florida

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
INSURANCE
FINAL ANALYSIS**

BILL #: HB 953
RELATING TO: Insurance agents / continuing education
SPONSOR(S): Representative Waters
TIED BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) INSURANCE YEAS 14 NAYS 0
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

With a few exceptions, licensed insurance agents are required to complete 28 hours of continuing education every two years. Continuing education courses are subject to the approval of the Department of Insurance and may be completed through classroom instruction or independent study. Any continuing education course that is completed through independent study must conclude with a monitored exam.

Under the provisions of HB 953, licensed agents who earn continuing education requirements by completing an independent study that is presented on-line would not be required to take a monitored exam. Subject to the approval of the Department of Insurance, if the on-line independent study course has "sufficient internal testing" to judge the comprehension of the student, the exam would not be required to be monitored.

This bill would not have a fiscal impact on state or local government.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|-----------------------------------------|-----------------------------|-----------------------------------------|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

B. PRESENT SITUATION:

Currently, most licensed insurance agents are required to receive 28 hours of continuing education every 2 years. Exceptions to this requirement include:

- ◆ An agent who has been licensed for 6 or more years must complete 20 hours every 2 years in the intermediate or advanced-level courses; and
- ◆ An agent who has been licensed for at least 25 years and is a CLU (Certified Life Underwriter) or a CPCU (Chartered Property and Casualty Underwriter) or has a Bachelor of Science degree in risk management or insurance with evidence of 18 or more semester hours in upper-level insurance-related courses must complete 10 hours of continuing education courses every 2 years.

Section 626.2815, Florida Statutes, sets forth the approved courses that may be completed to meet continuing education requirements. Agents may receive credit towards the required number of hours for continuing education by completing any of the following courses: 28 hours of any part of the Life Underwriter Training Council Life Course Curriculum; 14 hours of any part of the Life Underwriter Training Council Health Course Curriculum; 28 hours of any part of the American College "CLU" diploma curriculum; 14 hours of any part of the Insurance Institute of America's program in general insurance; 28 hours of any part of the American Institute for Property and Liability Underwriters' Chartered Property Casualty Underwriter (CPCU) professional designation program; 21 hours of any part of the Certified Insurance Counselor program; and 21 hours of any part of the Accredited Advisor in Insurance program.

In addition, an insurance agent has the option of earning up to 14 hours of continuing education by completing insurance-related courses which are approved by the Department of Insurance (DOI) and taught by an accredited college or university.

A licensed insurance agent could also receive continuing education credit by completing a course taught by an authorized insurer, recognized agents' association, or insurance trade association. Licensed agents also have the option of earning continuing education credit by taking an independent study, subject to the approval of the DOI. The independent study must conclude with a monitored exam, which means that agents take the exam while being supervised by an approved person. Persons approved to monitor exams include: principals or certain professional staff of an accredited elementary or secondary

educational program; college instructors, counselors, or officials; military education officers or chaplains; insurance company home office education representatives; entities approved to offer education courses in Florida; representatives of national trade, agent, or adjuster associations or societies; and librarians.

An independent study course may be computer-based, but is required to conclude with a monitored exam.

The DOI has the authority to refuse to renew or issue any new appointments of licensed agents who fail to complete their continuing education requirements. The DOI also has the authority to grant an extension of time to complete continuing education requirements, if good cause is shown.

Certified public accountants, while not required to complete a monitored exam when completing continuing education requirements through independent study, currently may complete continuing education courses through on-line technology and are permitted to be tested on the material through an on-line test.

Some other states do not require monitored exams for independent study courses for licensed agents completing continuing education requirements. For example, in California licensed agents are permitted to take continuing education courses on-line and are not required to complete a monitored exam.

C. EFFECT OF PROPOSED CHANGES:

Under the provisions of HB 953, licensed agents who earn continuing education requirements by completing an independent study that is presented on-line would not be required to take a monitored exam. Subject to the approval of the Department of Insurance, if the on-line independent study course has "sufficient internal testing" to judge the comprehension of the student, the exam would not be required to be monitored.

Licensed agents would have the opportunity to complete continuing education requirements at a time convenient to them, without having to arrange time to sit for a monitored exam.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

STORAGE NAME: h0953z.in

DATE: June 20, 2000

PAGE 4

2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

HB 953 could create a market for companies that wish to create on-line continuing education courses and tests for licensed insurance agents.

Licensed insurance agents could complete continuing education requirements by taking a course offered on-line. Additionally, licensed agents would have the opportunity to be tested at a time convenient to them, rather than having to arrange time to sit for a monitored exam.

D. FISCAL COMMENTS:

None

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

STORAGE NAME: h0953z.in

DATE: June 20, 2000

PAGE 5

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON INSURANCE:

Prepared by:

Staff Director:

Meredith Woodrum Snowden

Stephen Hogge

FINAL ANALYSIS PREPARED BY THE COMMITTEE ON INSURANCE:

Prepared by:

Staff Director:

Meredith Woodrum Snowden

Stephen Hogge