

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 806

SPONSOR: Banking and Insurance Committee and Senator Laurent

SUBJECT: Insurance -- Customer Representatives and Adjusters

DATE: March 6, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Emrich	Deffenbaugh	BI	Favorable/CS
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Under current law, applicants seeking licensure as customer representatives or adjusters must take and pass an examination approved by the Department of Insurance in order to receive their respective licenses. Committee Substitute for Senate Bill 806 would exempt both customer representative and adjuster applicants from examination requirements under certain circumstances. Specifically, a customer representative applicant would be exempt if such applicant obtains a designation as a Certified Customer Service Representative (CCSR) from the Florida Association of Insurance Agents, or the designation of Registered Customer Service Representative (RCSR) from a regionally accredited postsecondary institution in Florida. An applicant for licensure as an adjuster would be exempt if such applicant obtains a designation as an Accredited Claims Adjuster (ACA) from a regionally accredited postsecondary institution in the state. The curriculum for all three designations must be approved by the department and include comprehensive analysis of basic property and casualty lines of insurance and testing at least equal to that of standard department testing for customer representative and all-lines adjuster licenses. The bill provides that the department shall adopt rules establishing standards for the approval of the curriculum.

This bill substantially amends section 626.221 of the Florida Statutes.

II. Present Situation:

Customer Representatives

In general, a customer representative is a person who is appointed by either a general lines agent or general lines agency to assist the agent or agency in transacting insurance from the office of the agent or agency (s. 626.072, F.S.). Customer representatives may engage in transacting

insurance with customers (e.g. take applications, offer quotes, interpret policies, explain procedures, give insurance advice) however, they may not do so outside of the office of their agent or agency. A customer representative may not operate as an agent or independent of an agent.

Under present law, customer representatives along with insurance agents and other persons engaged in the transaction of insurance are subject to licensure, examination, and continuing education requirements under the auspices of the Department of Insurance. To be qualified as a customer representative, an applicant must be 18 years of age, a Florida resident or a resident of a state with a common border to Florida, satisfy specified educational or experience requirements, take a prescribed course of instruction, and take and pass an examination approved by the department. The customer representative examination tests the applicant's ability and knowledge as to property, casualty and surety insurance. However, applicants do not have to take the examination if they hold a designation from one of the following five professional insurance groups: Accredited Advisor in Insurance (AAI) from the Insurance Institute of America; Certified Insurance Counselor (CIC) from the Society of Certified Insurance Service Counselors; Accredited Customer Service Representative (ACSR) from the Independent Insurance Agents of America; Certified Professional Service Representative Insurance Agents (CPSR) from the National Association of Professional Insurance Agents; or Certified Insurance Service Representative (CISR) from the Society of Certified Insurance Service Representatives. Applicants for a customer representative license who have been designated as a Chartered Property and Casualty Underwriter (CPCU) by the American Institute for Property and Liability Underwriters and who have engaged in the insurance business during the past 4 years are also exempt from the testing requirement. These insurance designations all involve classroom instruction along with examination requirements; however, the department approves neither the course curriculum nor the examination.

Proponents of this legislation state that there are some community colleges that wish to provide courses and an examination leading to a RCSR designation, but current law does not provide for such a designation. According to Dr. Bill Traylor with Central Florida Community College, a few colleges have in the past offered a 100-hour customer representative course, but students did not take this curriculum because they could take an abbreviated curriculum from a professional insurance group (noted above) and thereby obtain a customer representative designation. Thus, these colleges were at a disadvantage because they were competing with professional insurance groups which already offered a curriculum leading to a customer representative designation.

The Florida Association of Insurance Agents (FAIA) is a state-wide, not-for-profit trade association composed of over 1,100 insurance agencies in the state. The association currently provides instruction to customer representatives and others who receive the designation of Accredited Advisor in Insurance (AAI) from the Insurance Institute of America as well as customer representatives who receive the designation of Accredited Customer Service Representative (ACSR) from the Independent Insurance Agents of America. Current law does not provide for a CCSR designation.

Adjusters

An insurance adjuster is a person who is involved in the investigation, adjustment, and negotiation of claims arising under insurance policies. Insurance adjusters are licensed and regulated by the Department of Insurance pursuant to part VI of the Florida Insurance Code, the "Insurance Adjuster Law," and must meet certain background qualifications, education, training and licensure requirements approved by the department (ss. 626.851-626.878, F.S.). A qualified person may be licensed and appointed as one of three types of adjusters:

- A company adjuster, who is an employee of the insurer;
- An independent adjuster, who is employed by an independent adjusting firm, which may contract with one or more insurers to adjust claims; or
- A public adjuster, who contracts with an insured to assist that person with their claim with an insurer. Public adjusters are paid a percentage of the claims settlement.

In addition to licensure by the department, adjusters must be appointed by an insurer. Further, a public adjuster must carry a \$50,000 bond. An attorney, licensed to practice law in the state and a member of The Florida Bar is exempt from the licensing provisions. Additionally, a licensed and appointed insurance agent may adjust losses for another agent if authorized to do so by an insurer. The department may designate catastrophe or emergency adjusters, who are not licensed adjusters, but are certified by the department to carry out the duties of a licensed adjuster in the event of a catastrophe or emergency.

All three types of adjusters noted above must be at least 18 years old, a resident of the state (although the department also issues nonresident adjuster licenses), be "trustworthy," have had sufficient training and experience, and have passed a written examination approved by the department. The basic adjuster examination tests the applicant's ability and knowledge as to all lines of insurance, except life and annuities. However, applicants are not required to take the all lines examination if they hold a designation as a Chartered Property and Casualty Underwriter (CPCU) by the American Institute for Property and Liability Underwriters and have engaged in the insurance business during the past 4 years.

Proponents of this legislation state that there are some community colleges that wish to provide courses and an examination leading to an ACA designation, but current law does not provide for such a designation. According to Dr. Bill Traylor with Central Florida Community College, a few colleges have in the past offered a 72-hour adjuster course, but the students still had to go to another location and take the department approved examination.

III. Effect of Proposed Changes:

Section 1. Amends s. 626.221, F.S., to exempt both customer representative and adjuster applicants from examination requirements under specified circumstances. The bill provides that customer representative applicants are exempt if an applicant obtains a designation as a Certified Customer Service Representative (CCSR) from the Florida Association of Insurance Agents, or the designation of Registered Customer Service Representative (RCSR) from a regionally accredited postsecondary institution in this state. An applicant for licensure as an adjuster would

be exempt if such applicant obtains a designation as an Accredited Claims Adjuster (ACA) from a regionally accredited postsecondary institution in Florida. The curriculum for all three designations must be approved by the department and include comprehensive analysis of basic property and casualty lines of insurance and testing at least equal to that of standard department testing for customer representative and all-lines adjuster licenses. The bill provides that the department shall adopt rules establishing standards for the approval of the specified curriculum.

The term “regionally accredited postsecondary institution” refers to community colleges as well as 4-year universities. Therefore, any of the state’s 28 community colleges or universities could offer the RCSR (customer representative) and the ACA (adjuster) designations.

Section 2. Provides for an effective date of July 1, 2001.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Applicants for a customer representative or adjuster license will be exempt from paying the licensure examination fee of \$56 or any costs associated with the examination administered by the Department of Insurance.

C. Government Sector Impact:

The Department of Insurance estimates an annual revenue decrease of under \$20,000 due to the bill’s provision exempting customer representative and adjuster applicants from taking the department approved examination.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
