

**CHAPTER 254****(HB 561)**

AN ACT relating to insurance producers.

*Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

Section 1. KRS 304.9-040 is amended to read as follows:

- (1) A "consultant" is **a person**~~[an individual]~~, who as an independent contractor in relation to **a**~~his~~ client, for fee or compensation other than from an insurer, in any manner advises or purports to advise, any person actually or prospectively insured, or named or to be named as beneficiary, or having or to have any interest in or insured under, an insurance contract or annuity contract, existing or proposed, relative to coverage, advisability, rights, or interests under such contract, or relative to the retention, exchange, surrender, or exercise of rights thereunder. This subsection shall not apply as to an attorney while acting under a license to practice law in this state.
- (2) A "property and casualty consultant" is **a person**~~[an individual]~~ licensed as a consultant as to property insurance contracts, casualty insurance contracts, health insurance contracts issued by property or casualty insurers, and surety contracts.
- (3) A "life and health consultant" is **a person**~~[an individual]~~ licensed as a consultant as to life insurance contracts, annuity contracts, and health insurance contracts.

Section 2. KRS 304.9-080 is amended to read as follows:

- (1) An individual or business entity shall not sell, solicit, or negotiate insurance in this state unless **duly**~~the individual or business entity is~~ licensed as the appropriate insurance producer for that line of authority in accordance with this subtitle or Subtitle 10 of this chapter.
- (2) No individual or business entity shall in this state be, act as, or hold himself,~~or~~ herself, **or itself** out as an adjuster unless then licensed as an adjuster.
- (3) No individual **or business entity** shall in this state be, act as, or hold himself,~~or~~ herself, **or itself** out as a consultant unless then licensed as a consultant. No consultant shall act as a consultant with respect to any kind of insurance **unless duly**~~as to which he or she is not then~~ licensed as a consultant **for that line of authority**.
- ~~(4)~~~~(3)~~ A consultant license shall cover either or both of the following categories, as selected by the licensee:
  - ~~(a)~~ Property and casualty; and
  - ~~(b)~~ Life and health.

~~— A consultant licensed in both categories shall qualify separately for, and be licensed in, each category.~~
- ~~(4)~~ No individual licensed as a consultant shall act as a consultant until he or she has filed with the executive director a bond or insurance in accordance with KRS 304.9-330.
- ~~(5)~~ Except as provided in KRS 304.9-410 and KRS 304.9-270(4), no agent shall place, and no insurer shall accept, any insurance with any insurer as to which the agent does not then hold a license and appointment as agent under this subtitle.
- ~~(5)~~~~(6)~~ No rental vehicle agent, rental vehicle managing employee, specialty credit producer, or specialty credit managing employee shall place, and no insurer shall accept, any insurance with any insurer as to which the licensee does not then hold a license and appointment under this subtitle.
- ~~(6)~~~~(7)~~ The executive director shall prescribe and furnish all forms required under this subtitle as to licenses and appointments.

Section 3. KRS 304.9-320 is amended to read as follows:

For the protection of the people of this Commonwealth the executive director shall not issue, continue, or permit to exist any license as consultant except in compliance with this subtitle, or as to any person not qualified therefor as follows:

- (1) ***If an individual, the applicant:***

- (a) Must be ~~an individual of~~ eighteen (18) or more years of age;
  - ~~(b)(2)~~ Must have had not less than five (5) years of actual experience as a licensed agent with respect to the kinds of insurance and contracts to be covered by the license, or other special experience, education or training, all of sufficient content and duration reasonably necessary for competence in fulfilling the responsibilities of a consultant;
  - ~~(c)(3)~~ Must have a thorough knowledge of insurance and annuity contracts of the kinds proposed to be covered under the license;
  - ~~(d)(4)~~ Must satisfy the executive director by written examination;
  - ~~(e)(5)~~ Must be competent, trustworthy under highest fiduciary standards, financially responsible, and of good personal and business reputation; and
  - ~~(f)(6)~~ Must have filed the bond required by KRS 304.9-330.
- (2) ***If a business entity, the applicant:***
- (a) ***Must complete and submit a National Association of Insurance Commissioners uniform license application;***
  - (b) ***Must pay applicable fees as set forth in KRS 304.4-010;***
  - (c) ***Must be competent, trustworthy under the highest fiduciary standards, financially responsible, and of good business reputation; and***
  - (d) ***Must designate each individual authorized to act for the business entity under its consultant license in accordance with KRS 304.9-133.***
- (3) ***A consultant license shall cover either or both of the following categories, as selected by the licensee:***
- (a) ***Property and casualty; or***
  - (b) ***Life and health.***

***A consultant licensed in both categories shall qualify separately for, and be licensed in, each category.***

Section 4. KRS 304.9-107 is amended to read as follows:

- (1) The following persons shall be exempt from the ***pre-licensing course of study requirements for specific lines of authority*** ~~licensing qualifications and requirements~~ of KRS 304.9-105(1)(e)1. ~~and, if otherwise properly qualified, shall be issued licenses without satisfying KRS 304.9-105(1)(e)2.];~~
- (a) Persons holding a Chartered Life Underwriter (CLU) designation for a life line of authority;
  - (b) Persons holding a Chartered Property and Casualty Underwriter (CPCU) designation for property, personal lines, and casualty lines of authority;
  - (c) Persons holding a Certified Insurance Counselor (CIC) designation for life, health, property, personal lines, and casualty lines of authority;
  - (d) Persons holding a designation as a Certified Employee Benefit Specialist (CEBS), Chartered Financial Consultant (ChFC), Certified Financial Planner (CFP), Fellow of the Life Management Institute (FLMI), or Life Underwriter Training Council Fellow (LUTCF) for a life line of authority;
  - (e) Persons holding a designation as a Registered Health Underwriter (RHU), Certified Employee Benefit Specialist (CEBS), Registered Employee Benefit Consultant (REBC), or Health Insurance Advisor (HIA) for a health line of authority;
  - (f) Persons holding a designation as an Accredited Advisor in Insurance (AAI) or Associate in Risk Management (ARM) for property, personal lines, and casualty lines of authority; and
  - (g) Persons holding an insurance degree from an accredited college or university for all lines of authority.

- (2) The executive director may promulgate administrative regulations to specify additional designations and degrees for exemption from a prelicensing course of study for specified lines of authority to comply with NAIC uniformity standards.

**Became law April 25, 2006, without Governor's signature.**