



## BILL ANALYSIS

Senate Fiscal Agency

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House Bill 4656 (as discharged from committee)

Sponsor: Representative Alvin J. Hoekman

House Committee: Insurance

Senate Committee: Commerce and Technology

Date Completed: 6-11-87

**RATIONALE**

Public Act 173 of 1986 amended the Insurance Code to specify new educational requirements for prospective licensed insurance agents. Beginning July 1, 1987, a candidate must complete an approved course of study before taking the licensing exam. (There are exemptions for people with certain kinds of experience or credentials.) To qualify for approval, a course of study must include a minimum of 40 hours of classroom instruction, or its equivalent in home study courses, allocated in specified ways for particular lines of insurance. Although, some people seek licensure to sell only health insurance or only life insurance, Public Act 173 merged the educational requirements for the two lines. To sell both lines, two licenses must be obtained. Unless the Code is amended, candidates for either license will be required to complete a course of study that includes both 14 hours of instruction on the principles of health insurance and 20 hours of instruction on the principles of life insurance. Some contend that candidates for licensure should be required to study only the subject matter directly related to the license being sought.

**CONTENT**

House Bill 4656 would amend the Insurance Code to revise the classroom hours requirement for an insurance education program to qualify as a registered insurance agent program of study.

For both health and life insurance agents, the Code currently requires 14 hours of instruction on the principles of health insurance, six hours of instruction on the requirements of State insurance laws, and 20 hours of instruction on the principles of life insurance. The bill would separate the requirements: programs of study for health insurance agents would require only the 14 hours on the principles of health insurance and six hours on the requirements of State insurance laws, while programs of study for life insurance agents would require only the 20 hours on the principles of life insurance and six hours on the requirements of State insurance laws. A combined program of study for life and health insurance agents still would require the minimum hours of instruction on all three subjects.

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

**ARGUMENTS****Supporting Argument**

The bill would reduce the volume of pre-examination coursework required of people seeking either a health insurance agent's license or a life insurance agent's license. Requirements scheduled to be implemented this summer demand that a candidate for either license take coursework dealing with both lines of insurance. Under the bill, a person would need to receive instruction only in the specific line for which he or she sought a license. Those desiring to sell both life and health insurance still would have to complete the combined curriculum.

**Opposing Argument**

Consumers might be served better by requiring insurance agents to have a comprehensive knowledge of the insurance field. The combined requirements should be retained.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

H.B. 4656 (6-11-87)