

**STORAGE NAME:** h1479a.in.doc  
**DATE:** April 4, 2001

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
INSURANCE  
ANALYSIS**

**BILL #:** HB 1479  
**RELATING TO:** Insurance  
**SPONSOR(S):** Representative Bowen

**TIED BILL(S):**

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

- (1) INSURANCE YEAS 11 NAYS 0
  - (2) BUSINESS REGULATION
  - (3) COUNCIL FOR COMPETITIVE COMMERCE
  - (4)
  - (5)
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**I. SUMMARY:**

A customer representative assists an insurance agent or agency in transacting insurance. An insurance adjuster investigates, adjusts, and negotiates claims arising under insurance policies.

Applicants for a customer representative license are not now required to take the customer service license examination if they hold one of five statutorily-specified professional insurance group designations. Both adjuster and customer representative applicants do not have to take the license examination if they have a Chartered Property and Casualty Underwriter designation and been active in the insurance business for the past four years.

For customer representatives, this bill would add two new professional designations to the list of approved designations qualifying a license applicant for a licensure examination exemption:

- the "Certified Customer Service Representative" designation from the Florida Association of Insurance Agents; and
- the "Registered Customer Service Representative" designation from a regionally accredited postsecondary institution.

For adjusters, the bill would add one professional designation to the list of approved designations qualifying a license applicant for a licensure examination exemption:

- the "Accredited Claims Adjuster" designation from a regionally accredited postsecondary institution.

The curriculum for all three new designations would be approved by the Department of Insurance.

The Department of Insurance estimates a recurring negative fiscal impact of \$10,000 in lost fee revenues beginning fiscal year 2001-02. Community colleges and universities could see an offsetting indeterminable increase in tuition revenue depending upon course fees and the number of individuals seeking designations. This bill takes effect July 1, 2001.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

1. Less Government                      Yes [ ]    No [x]    N/A [ ]

New exemption programs offered through Florida's Community Colleges and Universities may duplicate existing exemption programs offered by the private sector.

2. Lower Taxes                              Yes [ ]    No [ ]    N/A [x]

3. Individual Freedom                      Yes [ ]    No [ ]    N/A [x]

4. Personal Responsibility                      Yes [ ]    No [ ]    N/A [x]

5. Family Empowerment                      Yes [ ]    No [ ]    N/A [x]

B. PRESENT SITUATION:

**What are customer representatives and adjusters?**

Customer Representatives

A customer representative is a person appointed by either a general lines insurance agent or general lines insurance agency to assist the agent or agency in transacting insurance.<sup>1</sup> Customer representatives may take applications, offer quotes, interpret policies, explain procedures, and give insurance advice, but may not leave the office of their agent or agency to sell insurance. Customer representatives must be directly supervised by their appointing agent.

Adjusters

Insurance adjusters evaluate, investigate and settle insurance claims. The three types of adjusters are a company adjuster employed by an insurer; an independent adjuster employed by an independent adjusting firm, which may contract with one or more insurers to adjust claims; and a public adjuster, who contracts with policyholders to assist them in settling claims with insurers and is paid a percentage of the claims settlement.

**What are customer representative and adjuster licensing requirements?**

Customer Representatives

To be licensed as a customer representative, an applicant must be a Florida resident or a Florida border state resident with 6 months of employment by a Florida general lines agent, must either take a Department of Insurance ("department") approved insurance preparatory course or have 6 months of appropriate work experience, and must pass or be exempted from a department approved examination.<sup>2</sup>

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<sup>1</sup> Section 626.072, F.S.

<sup>2</sup> Section 626.7531, F.S.

Preparatory course requirements are satisfied either by taking a private insurance course, or by taking a publicly offered course through a public community college. Since this course is statutorily required, graduates are not exempted from the licensure examination.

Many private companies offer the 100-hour department-approved customer representative preparatory course. Currently, no community college offers the preparatory course. According to community college representatives, only a few community colleges have offered the course in the past.

### Adjusters

Adjusters must be 18 years old, be Florida residents, be trustworthy, and have sufficient experience, training, or instruction concerning adjusting. Adjusters must also pass a required written examination.<sup>3</sup>

## **What subjects are covered on customer representative and adjuster license examinations?**

### Customer Representatives

Customer representative examinations test the applicant's ability and knowledge of property, casualty and surety insurance.<sup>4</sup>

### Adjusters

Adjuster examinations test the applicant's ability and knowledge of all lines of insurance, except life and annuities.

## **What professional designations<sup>5</sup> qualify a license applicant for a licensure examination exemption?**

### Customer Representatives

Under Florida law, applicants for a customer representative license are exempted from the license examination if they hold one of the following five professional insurance group designations:

- "Accredited Advisor in Insurance" from the Insurance Institute of America;
- "Certified Insurance Counselor" from the Society of Certified Insurance Service Counselors; "Accredited Customer Service Representative" from the Independent Insurance Agents of America;
- "Certified Professional Service Representative" from the National Association of Professional Insurance Agents; or

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<sup>3</sup> Section 626.867, F.S.

<sup>4</sup> Section 626.241(2), F.S.

<sup>5</sup> A professional insurance designation involves both classroom instruction and examination requirements. Courses require approximately between 30 and 100 hours of training and involve 1 or more examinations. The department does not approve professional course curriculum.

- “Certified Insurance Service Representative” from the Society of Certified Insurance Service Representatives.<sup>6</sup>

License applicants holding a “Chartered Property and Casualty Underwriter” designation from the American Institute of Property and Liability Underwriters are also exempt from testing requirements, if they have been active in the insurance business for the past four years.<sup>7</sup>

### Adjusters

Currently, only applicants holding a Chartered Property and Casualty Underwriter designation from the American Institute of Property and Liability Underwriters are exempt from testing requirements, if they have been active in the insurance business for the past four years.<sup>8</sup>

### **Are there any other programs or designations that qualify a license applicant for a licensure examination exemption?**

No.

### C. EFFECT OF PROPOSED CHANGES:

For customer representatives, this bill would add two new professional designations to the list of approved designations qualifying a license applicant for a licensure examination exemption:

- the “Certified Customer Service Representative” designation<sup>9</sup> from the Florida Association of Insurance Agents; and
- the “Registered Customer Service Representative” designation<sup>10</sup> from a regionally accredited postsecondary institution.

For adjusters, the bill would add one professional designation to the list of approved designations qualifying a license applicant for a licensure examination exemption:

- the “Accredited Claims Adjuster” designation<sup>11</sup> from a regionally accredited postsecondary institution.

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<sup>6</sup> Section 626.221(2)(l), F.S.

<sup>7</sup> Section 626.221(2)(k).

<sup>8</sup> Section 626.221(2)(k), F.S.

<sup>9</sup> The Florida Association of Insurance Agents, a non-profit insurance trade group, currently awards both the Insurance Institute of America’s Accredited Advisor in Insurance designation and the Independent Insurance Agents of America’s Accredited Customer Service Representative designation to individuals completing each group’s specific curriculum. The Florida Association of Insurance Agents would develop a Florida specific version of the Accredited Customer Service Representative course called the “Certified Customer Service Representative” course. The proposed course would involve the educational requirements as the Accredited Customer Service Representative course. The Certified Customer Service Representative course would require 40-hours of classroom time.

<sup>10</sup> The “Registered Customer Service Representative” designation course would be developed by Florida’s 28 public community colleges. According to a representative for Polk Community College in Lakeland, the Registered Customer Service Representative course would cover the basic general requirements as set out in the customer representative preparation course outline. The Registered Customer Service Representative course would be a 40-hour version of the 100-hour department-approved preparation course.

The department would approve the curriculum for all three designations. Curricula would include a 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 department would adopt rules establishing standards for approval.

For customer representatives, the proposed Registered Customer Service Representative course would be based off of current department-approved preparatory course outlines. The Certified Customer Service Representative course would be a Florida specific version of the Independent Insurance Agents of America's Accredited Customer Service Representative designation and would contain all of the same information.

For adjusters, there are currently no comparisons to the Accredited Claims Adjuster designation.

D. SECTION-BY-SECTION ANALYSIS:

N/A

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

<u>Department of Insurance</u> <u>Insurance Commissioner's Regulatory Trust Fund</u>	<u>FY 2001-02</u> (\$10,000)	<u>FY 2002-03</u> (\$10,000)	...*
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See Fiscal Comments.

2. Expenditures:

See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Customer representative and adjuster license applicants would be exempt from paying the \$56 licensure examination fee and costs associated with the examination. Large insurance agencies that pay for employees' license examination fees and costs could see a direct savings.

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<sup>11</sup> The "Accredited Claims Adjuster" designation course would be developed by Florida's 28 public community colleges. According to a representative for Polk Community College in Lakeland, the Accredited Claims Adjuster course would cover basic "all lines" requirements. The Accredited Claims Adjuster program would be a 40-hour course.

Companies that provide customer service preparatory courses could see a decline in enrollment due to new competition from community colleges and universities.

D. FISCAL COMMENTS:

The Department of Insurance estimates a recurring negative fiscal impact of \$10,000 in lost fee revenues beginning fiscal year 2001-02. Community colleges and universities could see an offsetting indeterminable increase in tuition revenue depending upon course fees and the number of individuals seeking Registered Customer Service Representative and Accredited Claims Adjuster designations.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require municipal or county spending.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not affect municipal or county revenue raising authority.

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

There is not reduction in state tax shared with municipalities or counties.

V. COMMENTS:

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:

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Warren A. "Drew" Crawford

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