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## Financial Institutions & Insurance Committee

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### HB 2514

**Brief Description:** Regulating crop adjusters.

**Sponsors:** Representatives Bailey and Kirby; by request of Insurance Commissioner.

<p><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Establishes a crop adjuster category of insurance adjusters.</li></ul>
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**Hearing Date:** 1/12/10

**Staff:** Jon Hedegard (786-7127).

**Background:**

An "adjuster" is a person who, for compensation, investigates or reports claims arising under insurance contracts. An adjuster must be licensed or otherwise authorized under the insurance code. An adjuster may work solely for either the insurer (an "independent adjuster") or the insured (a "public adjuster"). Each category requires a separate license. A license requires a pre-license test specific to adjusters. There is also a requirement of experience or special education or training that can be met if the adjuster works as a trainee for a specified amount of time.

Crop insurance is a type of insurance that may protect producers from losses due to a variety of possible perils or from a loss of revenue due to declines in the prices of agricultural commodities. A number of different types of policies are offered for a wide variety of crops via the Federal Crop Insurance Corporation, government-owned corporation managed by the Risk Management Agency (RMA) of the United States Department of Agriculture.

The RMA has indicated that it will preempt state authority to oversee the licensing of crop adjusters on July 1, 2011 unless the state has recognized crop insurance as a special line of business and the majority of the material in the education and testing of a crop adjuster is related

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to crop-related issues and procedures. A number of states, including this state, were recognized as possible candidates for preemption.

**Summary of Bill:**

"Crop insurance" is defined as "insurance coverage for damage to crops from unfavorable weather conditions, fire or lightning, flood, hail, insect infestation, disease, or other yield-reducing conditions or perils provided by the private insurance market, or that is subsidized by the federal crop insurance corporation, including multi-peril crop insurance."

"Crop adjuster" is defined as "an adjuster, including (1) an independent adjuster, (2) a public adjuster, and (3) an employee of an insurer or managing general agent, who acts as an adjuster for claims arising under crop insurance."

An insurance producer or title insurance agent must not act as a crop adjuster or investigate or report upon claims arising under crop insurance without first obtaining a crop adjuster license.

The commissioner may, by rule, establish requirements for crop adjusters to:

- successfully complete prelicensing education;
- pass a written examination to obtain a license; and
- renew their license, including establish minimum continuing education requirements for the renewal or reissuance of a license to a crop adjuster.

Applicants for a license as a nonresident crop adjuster must:

- be licensed as a crop adjuster, or hold a valid substantially similar license in another state; and
- have completed prelicensing education and passed an examination substantially similar to the prelicensing education and examination required for licensure as a resident crop adjuster in this; or

If their state of residence of an applicant for a license as a nonresident crop adjuster does not license crop adjusters, the applicant must complete prelicensing education and pass an examination that are substantially similar to the prelicensing education and examination required to be licensed as a resident crop adjuster in this state.

A license is not required of a nonresident crop adjuster for the adjustment in this state of a single loss or of losses arising out of a common catastrophe if the nonresident crop adjuster is licensed:

- as a crop adjuster in another state; or
- by the RMA.

The application and renewal fees for a crop adjuster license are the same fees as required under a public adjuster or independent adjuster license.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** June 27, 2011.