

3-6-12

Chairman Teichman opened the meeting and asked for Final Action on **SB 71–Substitute for SB 71 by Committee on Financial Institutions and Insurance -- Insurance agents; additional lines, fingerprinting and criminal history record check requirements.** This was the fingerprinting bill that the Insurance Department asked for and we have spent time on making sure it doesn't have any continuing education requirements in it. There was concern about the public adjusters being included in this bill. The bill was passed out of Committee but brought back due to the concern about the public adjusters. The public adjusters have still not been heard from. Then there were concerns about putting another bill into this bill but it was decided to put an amendment in a House bill not a Senate bill. However, it has come to the Chair's attention that there needed to be an amendment for this bill and asked Mr. Wilke to explain the amendment

Mr. Wilke said the proposed amendment is on page two, line 14 of the bill and takes out the words, "single premium" when we are talking about pre-need funeral insurance. That allows for any kind of insurance or annuity and not just one that requires a single premium. This was brought to attention by the Funeral Directors Association and may have been an oversight in prior amendments in this section. This would allow premiums to be paid monthly over a period of years and not in one single premium.

Senator Longbine moved that the amendment be accepted. Senator Merrick seconded and the motion carried.

*Senator Merrick moved that **Substitute for SB 71** be favorable passed out of Committee. Senator Schmidt seconded and the motion carried.*

The Chair then turned attention to the hearing on **HB 2618–Portable electronics insurance act.** Melissa Calderwood gave an overview of the bill. **HB 2618** amends the Portables Electronics Act so that the registry of vendor locations would be provided to the Insurance Commissioner upon request and with ten days notice to the supervising entity. Also the bill would allow returns or refunds of unearned premiums to be made by crediting the billing mechanism. There would be no fiscal effect from this bill. The House passed **HB 2618** 124 to 0. The bill was not on the Consent Calendar.

John Peterson spoke on behalf of Asurion Insurance Company in support of **HB 2618**. Asurion is the leading provider of handset protection programs in the country and has joined forces with leading wireless carriers throughout the world to bring the portable electronics insurance to customers. The changes in this bill allow for more business friendly legislation and be less difficult from a compliance and paperwork standpoint.

Mr. Peterson stood for questions.

The Chair asked for comment from the Insurance Department. Kevin Davis said they had worked with Mr. Peterson on the bill and the Department does like to have the capability to ask for information on demand when there are consumer issues but a regular filing is not necessary. The Department is in agreement with the bill.

The Chair closed the hearing on **HB 2618**.

The Chair opened the hearing on **HB 2507–Repealing KSA 40-3508; concerning reinsurance limits for mortgage guaranty insurance companies**. Melissa Calderwood gave an overview of the bill. **HB 2507** was introduced by the Insurance Department at the request of the Mortgage Insurance Companies of America. This bill repeals a statute in the Insurance Code that relates to a limit, per loan, on the coverage net of reinsurance or payment of indebtedness. There is no fiscal effect from this bill. The bill passed the House 119-2.

William Sneed appeared on behalf of the Mortgage Insurance Companies of America in favor of **HB 2507**. This bill will repeal a statute in the Insurance Code that is no longer appropriate or serves a purpose. K.S.A. 40-3508 limits coverage net of reinsurance or payment of indebtedness to insured and acquisition of title to security to 25%. The MICA proposes that this reinsurance requirement be eliminated. The MICA is concerned that there is created preference for certain policyholders. The required reinsurance imposes significant administrative costs on the writing MI company to set up and maintain a separate entity which includes compliance recordkeeping, reporting and examination. Eliminating this outdated requirement would remove an unfair and burdensome requirement and would alleviate significant additional expenses associated with maintaining separate insurance entities. MICA proposes that the Kansas Statute be revised to eliminate the per-loan risk retained limitation.

Being no other proponents or opponents to the bill, the Chair closed the hearing on **HB 2507**.

Senator Holland introduced Pages Emily Jarde, Luke Berry, Tristan Funk and Lichen McHenry from McLouth Middle School.

The meeting adjourned at 9:55 am. The next meeting will be March 7, 2012