

SESSION OF 2013

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2339**

As Agreed to April 2, 2013

Brief*

HB 2339 would amend provisions in the Insurance Code to permit the combination sale of life insurance coverage with certain health insurance products, update the law applying to continuation coverage for firefighters' surviving spouses and dependent children, add definitions to an existing list of limited lines insurance and clarify continuing education requirements for insurance agents who sell certain limited lines of insurance; and the bill would enact new law to require state agencies and municipalities to pay premiums for continuation of coverage under COBRA (Consolidated Omnibus Budget Reconciliation Act, health benefit provisions) for the surviving spouse and eligible dependent children of a law enforcement officer who dies in the line of duty.

***Combination Sale of Life Insurance Coverage with
Certain Health Riders***

The bill would amend a provision in the Insurance Code governing life insurance policies to permit the combination sale of life insurance coverage with certain health insurance products. Specified disease or critical illness riders, or both, would be allowed to be incorporated into life insurance policies, provided the policies show the premiums charged for the life insurance and health insurance riders. In addition, the insured could discontinue the riders and continue the life insurance policy, at the option of the insured.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

Continuation of Coverage, Law Enforcement Officers

The bill would enact new law to require state agencies and municipalities to pay premiums for continuation of coverage under COBRA for the surviving spouse and eligible dependent children of a law enforcement officer who dies in the line of duty. The law applying to continuation coverage for firefighters' surviving spouses and dependent children would be updated by the bill.

Premiums for COBRA continuation coverage would be paid for 18 months and would be required only if the deceased law enforcement officer was enrolled in a health benefit plan for which a state agency or municipality was paying premiums. A state agency or municipality would not be required to pay the premiums for a surviving spouse:

- On or after the end of the 18th calendar month after the date of the deceased law enforcement officer's death;
- Upon the remarriage of the deceased law enforcement officer's surviving spouse; or
- Upon the deceased law enforcement officer's surviving spouse reaching the age of 65.

The bill also would amend current law relating to continuation of coverage for dependent children of firefighters who die in the line of duty. The bill would delete criteria that generally describes a dependent child and instead would specify coverage would be provided to "eligible" dependent children under the age of 26 years. (The federal Affordable Care Act requires health insurance plans and issuers that offer dependent coverage to make the coverage available until a child reaches the age of 26 years.)

Limited Lines of Insurance

The bill would amend the Insurance Code to add definitions to the existing list of limited lines insurance and to clarify continuing education requirements for insurance agents who sell certain limited lines of insurance.

Specifically, the bill would add the following new definitions of limited lines insurance:

- Crop insurance—limited line insurance for damage to crops from unfavorable weather conditions, fire, lightning, flood, hail, insect infestation, disease or other yield-reducing conditions, or any other peril subsidized by the Federal Crop Insurance Corporation, including multi-peril crop insurance;
- Title insurance—limited line insurance that insures titles to property against loss by reason of defective titles or encumbrances;
- Travel insurance—limited line insurance for personal risks incidental to planned travel (includes interruption or cancellation of trip or event and loss of baggage or personal effects);
- Pre-need funeral insurance—limited line insurance that allows for the purchase of a life insurance or annuity contract by or on behalf of the insured solely to fund a pre-need contract or arrangement with a funeral home for specific services; and
- Bail bond insurance—limited line insurance that provides surety for a monetary guarantee that an individual released from jail will be present in court at an appointed time.

The bill would provide that the insurance ethics biennial continuing education requirement (at least one hour of instruction) for licensed insurance agents who are qualified to

write business in either property or casualty (or both) or personal lines, or life, accident, and health, or variable contracts also could include regulatory compliance.

The bill would require each insurance agent who holds a life insurance license solely for the purpose of selling pre-need funeral insurance or annuity products to file a report on or before the agent's biennial due date affirming that the agent has transacted no other insurance business during the period covered by the report. Upon the Commissioner's request, an agent would be required to provide certification from an officer of each insurance company (that has appointed the agent) that the agent transacted no other insurance business during the reporting period.

The bill also would provide exemptions from the biennial continuing education credits (CEC's) requirements for licensed insurance agents who sell only pre-need funeral insurance and for agents who hold only a bail bond qualification.

Conference Committee Action

The House agreed to the Senate amendments to the bill and further agreed to insert these additional insurance provisions: SB 152 (health continuation coverage, law enforcement officers), as recommended by the Senate Committee on Financial Institutions and Insurance; and SB 26 (limited lines of insurance, certain continuing education requirements), as recommended by the Senate Committee on Financial Institutions and Insurance.

Background

HB 2339, as introduced, would have amended a requirement in the Insurance Code for notice to policyholders of adverse underwriting decisions and refunds. The Senate Committee on Financial Institutions and Insurance

amendment deleted the contents of the bill and inserted the contents of HB 2126, as amended by the House Committee on Insurance.

HB 2126 was introduced by the House Committee on Insurance at the request of the Allstate Insurance Company. At the House Committee hearing, a representative of Allstate Insurance provided testimony in favor of the bill, stating all other 49 states allow for the combination of certain health insurance riders with life insurance policies. Under current Kansas insurance law, however, coverage for a “specified disease or illness” cannot be combined as an additional benefit in a life insurance policy, even if the insurance company is licensed to write both types of insurance policies. The representative added the combination policies are an efficient way of providing coverage for a specific disease or critical illness, for example, a lump sum payment to the policyholder if he or she suffers a heart attack, stroke, or coma.

The House Committee amended the bill to include revised language about combining life insurance and health insurance riders into one policy and to allow the insured to discontinue the riders and continue the life insurance policy at the insured’s request.

The fiscal note provided by the Division of the Budget on HB 2126, as introduced, states the passage of the bill would have no fiscal effect on Kansas Insurance Department operations.

The fiscal note for **SB 152** indicates the number of law enforcement and firefighters who have died in the line of duty with surviving spouses and children under the age of 26 during calendar year 2012 is not known. The enactment of the bill would require additional expenditures by both state agencies and municipalities for additional health insurance premiums for eligible spouses and children under the age of 26; however, the amount of the increase cannot be estimated. Any fiscal effect associated with the bill is not reflected in *The FY 2014 Governor’s Budget Report*.

Information submitted by a representative of the Kansas Associations of Chiefs of Police, the Kansas Sheriffs Association, and the Kansas Peace Officers Association to the Senate Committee indicated, in the past 10 years, 12 Kansas law enforcement officers have been killed in the line of duty, by gunfire or accident. One individual worked for the state, four for a city, and seven for a sheriff's office.

The fiscal note for **SB 26** states the Kansas Insurance Department indicates passage of the the bill would have no fiscal effect.

Additional information about SB 152 and SB 26 can be found in the Supplemental Notes for the respective bills.

insurance; law enforcement officers; continuation of coverage

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