

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 a.m. on February 10, 2004 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Bill Wolff, Legislative Research
Ken Wilke, Office of the Revisor of Statutes
Nancy Shaughnessy, Committee Secretary

Conferees appearing before the committee:

Peggy Hanna, State Treasurer's Office
Senator Oleen
Jarrod Forbes, Kansas Insurance Dept.

Others attending:

See Attached List.

The Chair opened the hearing on **SB 392—Authorizing the committee on surety bonds and insurance to competitively negotiate certain contracts.**

Senator Lana Oleen testified (Attachment 1) before the Committee as a proponent of **SB 392**. The Senator believes that this bill could save significant dollars on various contracts for state-related purchasing of insurance and surety bonds. A number of other states use negotiation strategies rather than the "sealed-bid" exercise. It is incumbent upon the lawmakers to facilitate the use of smarter strategies in the market place.

Senator Oleen also provided written testimony from: Johnson County Community College, Kansas Board of Regents, KS Dept. of Administration, Wichita State University, Doug Penner, KS Independent College Association (Attachments 2-6)

Jarrod Forbes, of the Kansas Insurance Dept. testified as a proponent of **SB 392**. (Attachment 7) He indicated that the Department wholeheartedly supports the intent of the bill and views it as an opportunity to negotiate more cost-effective contracts.

Senator Helgerson had a question regarding the new bill language and how it related to the open meetings law.

Senator Oleen replied that she would submit additional information to the Committee regarding the question.

Senator Brungardt inquired about who served on the oversight Committee?

The response: Committee on Surety Bonds & Insurance is made up of the Insurance Commissioner, State Treasurer and the Attorney General.

The Chair thanked the conferees and closed the hearing on the bill and opened the hearing on **SB 399—Unclaimed property; demutualization of insurance companies.**

Peggy Hanna testified as a proponent of **SB 399**. (Attachment 8) Ms. Hanna stated that the bill amends two statutes related to the administration of the unclaimed property act. The purpose of the changes are to accelerate the remittance of abandoned property that results from an insurance company changing its structure from a mutual company to one having a stock form of ownership.

The change being requested accelerates that reporting to two years after the demutualization. Over half the states have passed similar laws.

CONTINUATION SHEET

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE at 9:30 a.m. on February 10, 2004 in Room 234-N of the Capitol.

There were no opponents in attendance. The Chair stated that she would entertain a motion.

Senator Steineger made a motion to pass the bill out favorably. Senator Barnett seconded. Motion passes.

The Chair indicated she would like to work the previously heard **SB 342–Technical Amendment to form of certain policies.**

This bill was brought to the Committee by the Kansas Insurance Department. It would substitute the word “and” for the present word “or”. As written now, it allows an insurance carrier to pay benefits based on the standard of choice between “usual, customary and reasonable charges.”

Senator Buhler made a motion to pass the bill out favorable with the technical change. Senator Helgerson seconded. Motion passes.

Meeting adjourned 10:05 a..m.

Next Meeting scheduled for February 11, 2004