

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairperson Patricia Barbieri-Lightner at 3:30 p.m. on February 10, 2004 in Room 527-S of the Capitol.

All members were present except:  
Representative David Huff- excused

Committee staff present:  
Bill Wolff Legislative Research Department  
Ken Wilke, Revisor of Statutes  
Renaë Hansen, Secretary

Conferees appearing before the committee:  
Jerry Wells, Kansas Insurance Department  
Pam Scott, Kansas Funeral Directors and Embalmers Association  
Jarrod Forbes, Kansas Insurance Department

Others attending:  
Twenty, including but not limited to attached list.

Hearing on:  
**HB2597: Insurance; elimination of required errors and omissions coverage for insurance agents.**

Jerry Wells, Kansas Insurance Department, (Attachment #1), **HB 2597** would eliminate errors and omissions coverage for all agents selling insurance in the state of Kansas. The requirement has out lived its purpose since the passage of Gramm-Leach-Bliley Act, which does no longer allows states to impose their errors and omissions coverage requirements on non-resident agents. Still requiring this coverage for its own agents puts Kansas agents at a disadvantage.

Questions were posed by: Representatives Scott Schwab, Ray Cox, Stephanie Sharp, Jan Scoggins-Waite, and Patricia Barbieri-Lightner.

Pam Scott, Executive Director, KFPA, (Attachment #2), in 2001 a similar bill was introduced which would have eliminated the errors and omissions and did not pass out of both houses at that time. This bill pertains to all insurance agents not just a select group.

Representative Ralph Ostmeyer, Kansas State Representative, District #118, (Attachment #3), presented written testimony in support of **HB2597**.

Fiscal note for **HB 2597**, was presented.

Revisor Ken Wilke explained the current law and why current law is not fair to Kansas insurance agents.

Hearing closed on **HB 2597**.

Hearing on:  
**HB 2566: Insurance; exemption from errors and omissions coverage.**

No one appeared as a proponent or opponent.

Fiscal note for **HB 2566** was presented .

The difference between **HB 2566** and **HB 2597** was explained by Revisor Ken Wilke. The exclusion for errors and omission in this bill applies to people selling only federal crop insurance and nothing else.

CONTINUATION SHEET

MINUTES OF THE HOUSE INSURANCE COMMITTEE at 3:30 p.m. on February 10, 2004 in Room 527-S of the Capitol.

Hearing closed on **HB 2566.**

Hearing on:

**HB 2547: Kansas uninsurable health insurance act; eligible individuals for federal trade adjustment assistance.**

Jarrod Forbes, Kansas Insurance Department, (Attachment #4), presented comments explaining this bill would amend Kansas Health Insurance claim statutes simply to allow certain laid off workers to have 65% of their premiums paid by the federal government. These workers must be laid off due to the effects of international trade agreements and individuals who receive pensions from the Pension Benefit Guaranty Corporation. This bill is attempting to use the Kansas High Risk Pool as a vehicle to identify potential beneficiaries. As of mid-January the Insurance Departments count of Kansas individuals that could take advantage of this funding pool is about 1,700 individuals. Money has been granted to the state for us to do this but legislation is needed to distribute it.

Questions were posed by: Representatives Nancy Kirk, Ray Cox, Nile Dillmore, Bob Grant, and Jan Scoggins-Waite.

It was discussed that the initial figure that Kansas would receive would be about a \$12.4 million allotment for the first year. The federal legislation is fairly narrow in its definition who would qualify, only covering manufacturing jobs lost to overseas. Immediate impact would be about 700-1700 individuals affected. This bill needs to be fast tracked for the immediate impact to the qualifying employees. The money is already in our possession we just need the legislation to disburse it. Primarily the people who would benefit are in the Kansas City and Wichita metro areas. It would be helpful if this bill would be made affective upon publication of the register via an amendment that is yet to be drafted.

Dr. Wolff commented that the people that are covered here in this bill are declared eligible because they are federally defined eligible through their FTAA eligibility, and they must be able to pay the rest of the premium.

Hearing closed on **HB 2547.**

Representative Nile Dillmore moved to recommend **HB2545** favorable for passage, seconded by Representative Scott Schwabb. Passed unanimously.

Representative Jan Scoggins-Waite will carry the bill to the floor.

Representative Scott Schwab moved to pass **HB 2597** favorable for passage, seconded by Representative Cindy Neighbor. Passed unanimously.

Representative Ray Cox will carry the bill to the floor.

Meeting adjourned.