

Approved: January 22, 2005
Date

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairman Clark Shultz at 3:30 P.M. on February 3, 2005 in Room 527-S of the Capitol.

All members were present except:

Representative Eber Phelps- excused

Representative Ray Cox- excused

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department

Terri Weber, Kansas Legislative Research Department

Ken Wilke, Revisor of Statutes Office

Sue Fowler, Committee Secretary

Conferees appearing before the committee:

Natalie G. Haag, Topeka, KS

Jarrold Forbes, Topeka, KS

David A. Hanson, Topeka, KS

Mike Steiner, Topeka, KS

Dan Hayden, Goodland, KS

Bill Sneed, Topeka, KS

Larry W. Magill, Topeka, KS

Others attending:

See attached list.

Representative Grant moved for a bill introduction regarding uninsured motorist coverage. Seconded by Representative B. Sharp. Motion carried.

Representative Carter moved for a bill introduction concerning model legislation and unfair insurance trade practices. Seconded by Representative Brunk. Motion carried.

Representative Carter moved for a bill introduction to draft legislation adopting NCOIL's Self Evaluating Privilege for insurance companies. Seconded by Representative McCreary. Motion carried.

Natalie G. Haag, The Security Benefit Group of Companies, requested a bill introduction regarding funding agreement asking for changes to K.S.A. 40-401, 436 and 3641 be included in one bill and the changes to K.S.A. 40-305, 306 and 502 be a part of a separate bill. Representative Grant moved for introduction of the bill. Seconded by Representative Schwab. Motion Carried.

Natalie G. Hagg, The Security Benefit Group of Companies, requested a bill introduction regarding changes to be compatible with corporate governance structure code. Representative Brunk moved for introduction of the bill. Seconded by Representative McCreary. Motion carried.

Jarrold Forbes, State Department of Insurance, (Attachment #1), requested a bill introduction that would allow the Commissioner of Insurance to have regulatory authority over plans being offered through Prescription Drug Plans. Representative Dillmore moved for introduction of the bill. Seconded by Representative B. Sharp. Motion carried.

Hearing on:

HB 2138: Amusement rides; insurance requirements.

Proponents:

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Representative Morrison introduced Dan Hayden, President, Sherman County Community Services, Inc., (Attachment #2), who gave testimony to endorse **HB 2138** stating the bill will spur competition in Kansas Insurance companies and based on the history of the home owned carnivals safety it will allow obtaining the kind of coverage needed.

Mike Steiner, State Department of Insurance, (Attachment #3), gave testimony in support of this **HB 2138** which is a proposal to amend K.S.A. 40-4802 and allow amusement ride operators a greater choice in purchasing insurance.

Hearing closed.

Hearing on:

HB 2161: Insurance; permitting use of inducements of \$25 or less in sales of insurance.

Melissa Calderwood gave a brief overview for **HB 2161**.

Proponent:

Bill Sneed, Legislative Counsel, State Farm Insurance Companies, (Attachment #4), gave testimony in support of **HB 2161** which amends two Kansas statutes to allow some flexibility for agents throughout the State of Kansas to utilize sale inducements that re under the aggregate value of \$25.00.

Opponent:

Larry W. Magill, Kansas Association of Insurance Agents, (Attachment #5), gave testimony in opposition of **HB 2161** stating rebating selects certain customers and, effectively, gives them a lower cost of insurance by virtue of the value of the inducement to buy that they receive. This isn't based on actuarial science, or on different loss characteristics of the group or on different rating factors that measure the individual insured's potential for loss but simply on whether they are perhaps targeted to receive preferential pricing.

Hearing closed.

Hearing on:

Melissa Calderwood gave a brief overview for **HB 2171**.

HB 2171: Insurance; risk-based capital requirements.

Proponents:

Jarrold Forbes, State Department of Insurance, (Attachment #6), gave testimony in support of **HB 2171** which is a proposal to amend K.S.A. 40-2c01(j), which is the definition of "RBC instructions" for life and property & casualty insurance companies.

David A. Hanson, Legislative Council for KIGA, (Attachment #7), gave testimony in support of **HB 2171** stating the NAIC does not believe there will be any substantial adverse effect from the latest revisions referred to in the Bill before you.

Hearing on:

HB 2172: Insurance agents; revocation of license.

Melissa Calderwood gave a brief overview for **HB 2172**.

Proponent:

CONTINUATION SHEET

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Jarrold Forbes, State Department of Insurance, (Attachment #8), gave testimony in support of **HB 2172** which is a proposal to amend K.S.A. 40-246d by removing the reference of 40-246 and replace it with 40-4909. K.S.A. 40-246 no longer exists, and 40-4909 along with 40-241 are now the appropriate statutes for insurance agent license revocation.

Hearing closed.

Next meeting will be Tuesday, February 8, 2005.

Meeting adjourned at 4:50 p.m.