

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on January 19, 2006 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department  
Terri Weber, Kansas Legislative Research Department  
Ken Wilke, Office of Revisor of Statutes  
Bev Beam, Committee Secretary

Conferees appearing before the committee:

Marcy Ralston - Chief of Driver Control Bureau  
Sandy Praeger - State Insurance Commissioner  
Larry Magill - Executive Director Kansas Assn. Independent Insurance Agents  
Bruce Kinzie - Office of Revisor of Statutes  
Callie Denton - Kansas Trial Lawyers Assn.

Others attending:

See attached list.

The Chair opened the meeting with further discussion on (**SB 321**). She invited Marcy Ralston, Chief of Driver Control Bureau for her comments.

Ms. Ralston reported that Driver Control Bureau some time ago did do insurance verification. She said at that time Driver Control consisted of two sections, the financial responsibility section and the safety responsibility section. Ms. Ralston said the Financial Responsibility Section checked all current registered insurance on vehicles and also checked the insurance at the time of an accident and for any cancellation. About 20 years ago, that process evolved to the current insurance verification process that is set out in K.S.A. 8-1604 plus K.S.A. 40-3104, she said. With the current process, that initiates with law enforcement out in the field at the time of an accident or traffic stop. They fill out that insurance verification form and send it to our department. When we receive those forms, if there is no insurance information on there, we proceed with possible suspension action against the driver or the owner of the vehicle, she said. If there is insurance information on it, we send it on to the insurance company for them to verify that coverage. The company gets it, they deny coverage and send it back to us and we will proceed with suspension action. This current process is complicated. There is no cross reference. It is cumbersome and paper driven and labor intensive. She said she didn't know if this bill is the right way to change the current process, but I think it's a step in the right direction, she said. I think we want to establish a new process that improves on what we do currently. We need to get something going with law enforcement, with the courts, with the county treasurers and with the insurance industry that would be efficient, accurate and less burdensome to the constituents, our customers, and see if it is something we can administer for the next 20 years. (Attachment 1)

The Chair suspended the hearing on **SB 322**.

### **Introduction of Bills**

State Insurance Commissioner, Sandy Praeger, introduced a bill that would require all companies who offer Medicare Part D Plans to register with the Insurance Department unless they are already licensed to do business in Kansas. Commissioner Praeger said Federal legislation has demanded that all such companies qualify as insurance companies within three years. She said this legislation is aimed at those companies who are today selling Medicare Part D Plans, but who are not recognized as insurance companies. Senator Wysong moved to introduce this bill. The motion was seconded by Senator Steineger. The Bill was introduced.

The Chair said she has arranged for some people to come in and give an overview of Medicare Part D so we can be prepared for this bill.

## CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on January 19, 2006 in Room 234-N of the Capitol.

The Chairman called on Larry Magill, Executive Director of the Kansas Association of Insurance Agents, for bill introduction.

The bill request that we have is a simple cleanup of some statutes that deal with surety ship in Kansas and some of these statutes call for co-sureties which is something that was done years ago but is no longer really common in the industry so it is simply intended as a cleanup, not to take away the option of co-surety if the project is big enough but in the instances I think these statutes refer to, these are not big projects. Senator Brungardt moved to introduce this legislation. Senator Wysong seconded the motion. Motion passed.

The Chair reopened the hearing on **SB 322**. She called on testimony from Bruce Kinzie.

Mr. Kinzie said this bill states that upon a first conviction a person shall be guilty of a Class B misdemeanor and shall be subject to a certain fine or confinement in the county jail or both. On a second or subsequent violation within a three-year period, it escalates to a Class A misdemeanor with a particular conviction. On a third or subsequent conviction, a person shall be guilty of a severity level 9, nonperson felony. This bill also provides in new section one that if you are involved in an accident and the car doesn't have insurance and there are damages and you have a judgment, the person involved has a possibility of getting triple damages. The second section, the inherently dangerous felony says, if you are convicted of a felony under subsection G3 and you are involved in an accident and someone is killed you are going to fall under the first degree murder statute. Mr. Kinzie said it is an inherently dangerous proposition.

The Chair called on Callie Denton, Kansas Trial Lawyers' Association. Ms. Denton provided written testimony. (Attachment 2)

The meeting adjourned at 10:30 a.m.