

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairperson Scott Schwab at 3:30 pm on Monday, February 16, 2015, 152-S of the Capitol.

All members were present except:

Representative Steven Anthimides – Excused

Representative Broderick Henderson – Excused

Committee staff present:

Iraida Orr, Legislative Research Department

Melissa Calderwood-Renick, Legislative Research Department

David Wiese, Office of Revisor of Statutes

Diane Brian, Kansas Legislative Committee Assistant

Conferees appearing before the Committee:

Representative Susan Concannon

Representative Sharon Schwartz

Representative Steven Johnson

Ray Rathert, constituent

Bill Sneed, State Farm Insurance Companies

Brad Smoot, American Insurance Association

Others in attendance:

[See Attached List](#)

Hearing on: HB2241 — Prohibiting insurance companies from canceling or nonrenewing property and casualty policies due to claims arising from natural causes.

David Wiese presented an overview of the bill and hearing was opened by the Chair.

The following conferees testified before the committee and responded to questions from members.

Representative Concannon testified in support of the bill, stating that regulations need to be in place to keep Property and Casualty companies from non-renewal of coverage after claims have been filed in areas that have suffered catastrophic losses. ([Attachment 1](#))

Representative Schwartz stated she was in support of a bill that would prohibit the cancellation or non-renewal of property and casualty insurance policies based solely on claims "arising from natural causes." ([Attachment 2](#))

Representative Johnson spoke in support of the bill and discussed whether there were other options available other than not renewing the policy, such as, increasing premiums or perhaps other remedies to make the insurers side of the transaction sustainable. ([Attachment 3](#))

Ray Rathert, former employee of the Kansas Department of Insurance, appeared in support and stated that this bill is necessary to assure protection of property and casualty policyholders who are affected

CONTINUATION SHEET

MINUTES of the Committee on Insurance at 3:30 pm on Monday, February 16, 2015, 152-S of the Capitol.

by adverse underwriting decisions caused by claims arising from natural disasters. ([Attachment 4](#))

Bill Sneed appeared before the committee as an opponent. He stated that State Farm projects their expected cost of future claims based on historical experience. Limiting the use of legitimate underwriting factors can lead to limitations on the availability and affordability of insurance. ([Attachment 5](#))

Brad Smoot spoke in opposition to the bill. He stated that long-term "lock in" contracts tend to cost more because the carrier is assuming risk for an unspecified and extended period of time. This bill could increase cost for every policyholder, including those who never make a claim. ([Attachment 6](#))

The following provided written testimony in support of the bill:

David and Kathy Scott, constituents ([Attachment 7](#))

Don Poelma, constituent ([Attachment 8](#))

The following provided written testimony in opposition to the bill:

Mark Johnston, National Association of Mutual Insurance Companies ([Attachment 9](#))

Marlee Carpenter, Kansas Association of Property and Casualty Insurance Companies ([Attachment 10](#))

There was no neutral testimony and the Chair closed the hearing on **HB2241**.

Chairman Schwab adjourned the meeting. The next meeting is scheduled for February 18, 2015.