

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Jeff Longbine at 9:30 am on Tuesday, January 27, 2015, 546-S of the Capitol.

All members were present

Committee staff present:

Ellen Martinez, Kansas Legislative Committee Assistant
Melissa Calderwood-Renick, Legislative Research Department
Whitney Howard, Legislative Research Department
Eileen Ma, Office of Revisor of Statutes

Conferees appearing before the Committee:

No conferees present

Others in attendance:

[See Attached List](#)

Possible bill introductions

Senator Schmidt made a bill introduction request concerning pharmacy benefits managers. *Senator Schmidt moved to accept the bill introduction, and Senator Bowers seconded the motion. The motion passed.*

Hearing on: SB55 — Increasing the cap on consulting fees for financial examinations and the high risk pool financial examination period.

The Chairman opened the hearing. Eileen Ma, Office of the Revisor of Statutes, gave a brief overview of the bill.

Clark Shultz, Director of Governmental Affairs with the Kansas Insurance Department testified in support of **SB 55**. **SB 55** is made up of two different parts having proposed changes to two different statutes. The first part amends the maximum amount of examination fees and expenses that companies having 200 million or more in gross premiums must pay for examinations conducted by *outside consultants* on behalf of the Department. The purpose of the financial exam is to ensure the company will be able to meet its contractual obligations to consumers. Currently, the amount a company must pay for outside consulting fees is capped at \$100,000. **SB 55** raises the cap to \$500,000 for companies having over \$200 million in gross premium. Ten companies in Kansas do this much business.

The second part changes the financial examination period to every five years instead of the current three years. The uninsurable health insurance plan was terminated on December 31, 2013, and has been in run-off since that date. Because the plan is not providing new health coverage for residents of Kansas, the department does not believe it is necessary to subject the plan to the cost of conducting a financial condition examination examination every three years. They will continue to have independent audits which are submitted to the Kansas insurance Department. ([Attachment 1](#))

CONTINUATION SHEET

MINUTES of the Committee on Financial Institutions and Insurance at 9:30 am on Tuesday, January 27, 2015, 546-S of the Capitol.

For these reasons, The Kansas Insurance Department asks the Committee to recommend **SB 55** favorable for passage.

Senator Longbine closed the hearing at 10:10 A.M.

There being no further business, Senator Longbine adjourned the meeting at 10:10 A.M.