

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Jeff Longbine at 9:30 am on Thursday, January 29, 2015, 546-S of the Capitol.

All members were present except:

Senator Jacob LaTurner – Excused

Committee staff present:

Ellen Martinez, Kansas Legislative Committee Assistant

Melissa Calderwood-Renick, Legislative Research Department

Whitney Howard, Legislative Research Department

Norm Furse, Office of Revisor of Statutes

Eileen Ma, Office of Revisor of Statutes

Conferees appearing before the Committee:

Natalie Bright, Bright and Carpenter Consulting

Lee Wright, Government and Industry Manager, Farmers Group, Inc.

Clark Shultz, Kansas Insurance Department

Others in attendance:

[See Attached List](#)

Possible bill introductions

Natalie Bright with Bright and Carpenter Consulting requested three bill introductions. 1. Repeal SLIMPACT for tax purposes for surplus lines insurance. They would like Kansas to withdraw from SLIMPACT and implement the State's "home state" tax authority. *Senator Wilborn moved to accept the bill introduction and Senator Hawk seconded the motion. The motion passed.* 2. Make changes to the affidavit requirement that a surplus lines broker must file with the Commissioner that says, after a diligent effort, the coverages is unavailable in the admitted market. *Senator Olson moved to accept the bill introduction and Senator Bowers seconded the motion. The motion passed.* 3. Making changes to the requirement that a non-admitted company be listed with the KID. *Senator Wilborn moved to accept the bill introduction and Senator Olson seconded the motion. The motion passed.*

Hearing on: SB54 — Updating methods of mailing notice of termination of coverage of motor vehicle liability insurance policies.

Senator Longbine opened the hearing on **SB 54**. Eileen Ma, Office of the Revisor of Statutes, gave a brief overview of the bill.

Lee Wright, Government and Industry Manager with Farmers Group, Inc., testified in favor of the bill. The new amending language would allow auto insurers an additional method for tracking a policy termination notice by using U.S. Postal Service intelligent mail barcode (IMB). The amendment would not prevent the use of mail tracking methods currently allowed in statute.

This would add a more technologically advanced tracking method available through the U.S. Postal Service to use for mailings. It enhances the current Certificate of Mail process by not only showing

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who a piece of mail was sent to, but also the Postal Service machine it went through on a certain date and time to help prove when it was sent. It is also less expensive. The company respectfully requests the Committee finds SB 54 favorable for passage. ([Attachment 1](#))

The following proponent is written testimony only:
David Monaghan, Government Affairs Counsel, American Insurance ([Attachment 2](#))

Seeing no further testimony, Senator Longbine closed the hearing on **SB 54**.

Hearing on: SB76 — Requiring certain insurers and insurance groups to maintain a risk management framework through an internal risk self-assessment.

Senator Longbine opened the hearing on **SB 76**. Eileen Ma, Office of the Revisor of Statutes gave a brief overview of the bill.

Clark Shultz, Director of Governmental Affairs of the Kansas Insurance Department, testified as a proponent of **SB 76**. **SB76** requires insurance companies that have annual premiums of more than \$500 million and insurance groups with more than \$1billion to submit a "high-level" report-Own Risk and Solvency Assessment Summary Report (ORSA Summary Report)- outlining their enterprise risk management processes, which includes the risks the insurance company or group could confront going forward and the sufficiency of their capital resources to address those risks. Insurance regulators typically focus on insurance entities and not the group-wide insurance holding company structures; but, with the recent changes in the insurance holding company system act and the addition of the ORSA, the Department should have greater access to group-wide information. ([Attachment 3](#))

For these reasons, the Department is asking the Committee to recommend **SB 76** favorable for passage.

Seeing no further testimony, Senator Longbine closed the hearing on **SB 76**.

Having no further business, the meeting adjourned at 10:00A.M.