

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Jeff Longbine at 9:30 am on Wednesday, March 11, 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
Norm Furse, Office of Revisor of Statutes
Eileen Ma, Office of Revisor of Statutes

Conferees appearing before the Committee:

Bill Sneed, Hyatt Legal Plans, LegalZoom, Delta Dental of Kansas

Others in attendance:

[See Attached List](#)

Hearing on: HB2064 — Authorizing insurance companies to insure against the cost of legal services.

Senator Longbine opened the hearing on **HB 2064**. Eileen Ma, staff revisor, gave a brief overview of the bill.

Bill Sneed, representing Hyatt Legal Plans, Inc., testified in support of the bill. Hyatt provides legal plan services to Kansas consumers to cover unforeseen events such as civil litigation defense, tax audits, and bankruptcy. They did not believe that their programs fit under the specific article that regulates Prepaid Legal Service Plans under Kansas Statutes because they are not a membership program and they do not collect fees and keep track of them by member.

Through the course of 2014, his client met with representatives of the Kansas Insurance Department in an attempt to resolve this conflict. To that end, it was agreed that the best solution was to add his client's type of business to one statute and exclude it from another. By resolving it in this manner, they will continue to be regulated, but as a property and casualty product. The Kansas Insurance Department agreed that this proposal will accomplish the desired result and had no objection to the bill.

[\(Attachment 1\)](#)

Bill Sneed, representing LegalZoom, testified in support of **HB 2064**. LegalZoom is a company that offers basic legal forms to the general public (e.g., simple wills, powers of attorney, etc.) through software on its website and access to prepaid legal services plans. The company approached the Kansas Insurance Department to determine their position on whether legal access plans that include limited access to free or discounted consultations with a Kansas licensed attorney would be subject to regulation as insurance under Kansas' prepaid service laws.

CONTINUATION SHEET

MINUTES of the Committee on Financial Institutions and Insurance at 9:30 am on Wednesday, March 11, 2015, 546-S of the Capitol.

Kansas statutes requires companies that provide specified legal services or reimbursement for legal expenses become licensed and regulated as pre-paid legal plan. Certain legal access plans that do not provide legal services or reimburse for legal expenses do not appear to be within the intended scope of the Act. The plan members benefit with access to attorneys at reasonable costs for limited scopes of work; the attorneys benefit from referrals of clients in need of assistance.

The proposed amendment will provide a common sense approach to give consumers and small businesses greater access to legal advice and representation at an affordable price. The amendment will clarify the law to remove any doubt as to the possible regulation of legal access companies by the Kansas Insurance Department, which has expressed no opposition to the amendment. ([Attachment 2](#))

There being no further testimony, Senator Longbine closed the hearing at 9:45 A.M.

Hearing on: HB2065 — Insurance; nonprofit dental service corporation disbursements.

Senator Longbine opened the hearing on **HB 2065**. Eileen Ma, staff revisor, gave a brief overview of the bill.

Bill Sneed, representing Delta Dental of Kansas, testified in support of the bill. One portion of the current statute limits the amount of expenses that can be attributed to administration, therefore limiting Delta Dental of Kansas' amount of overhead expense. This bill would clarify language within the statute when calculating this overhead limit.

The proposed language change will resolve the discrepancies between Delta Dental of Kansas' enabling statute and codification. The change will enable the company to provide best-in-class service and products to all Kansans by continuing to invest in technology, customer service, online and mobile services. Delta Dental of Kansas has incurred significant administrative costs over the past two years because it has followed its mission of improving the oral health care of Kansans by making its products available on the Federally Facilitated Marketplace. The regulatory burden and administrative expenses related to this decision have been significant with very little financial return. ([Attachment 3](#))

There being no further testimony, Senator Longbine closed the hearing at 10:50 A.M.

Senator Hawk introduced his pages from Manhattan, Brent Thein, Bella Lane and Julia McTamney.

Senator Longbine indicated his intentions to work bills and any amendments on Tuesday, March 17. There being no further business, the meeting was adjourned.