

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Jeff Longbine at 9:40am on Tuesday, February 16, 2016, 546-S of the Capitol.

All members were present except:  
Senator Laura Kelly – Excused

Committee staff present:  
Theresa Allen, Kansas Legislative Committee Assistant  
Melissa Renick, Legislative Research Department  
Whitney Howard, Legislative Research Department  
Eileen Ma, Office of Revisor of Statutes

Conferees appearing before the Committee:  
Kurt Scott, KaMMCO SB419  
Clark Shultz, KID SB419/SB438  
Brad Smoot, AIA SB438  
Will Larson, KAIA SB438

Others in attendance:  
[See Attached List](#)

**Hearing on: SB419 — Affiliate transfer policies of mutual insurance policies organized to provide healthcare provider liability insurance.**

Chair Longbine opened the hearing on **SB419**. Eileen Ma, Staff Reviser, reviewed **SB419**.

Eileen Ma responded to Committee member questions.

**Proponent:**

Kurt Scott, CEO spoke on behalf of KaMMCO. The bill before you would allow us to transfer an insured policy to one of our affiliated insurance companies without first non-renewing the insureds policy. Current law requires that in order to transfer coverage to an affiliate company, the existing policy must be non-renewed.

The intent of **SB419** is to allow our company to transfer policies to one of our affiliated companies so long as policyholder receive 90 days notice, there is no interruption in coverage, and the premium rate paid by the insured is unaffected. ([Attachment 1](#))

Mr. Scott responded to Committee members questions.

**Clark Shultz, KID**

Clark Shultz, director, Governmental Affairs, spoke on behalf of KID. If **SB419** is enacted the

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policyholder would receive an offer to renew from the affiliated company in a similar fashion as if the renewal were coming from the current company holding the policy. The policyholder could then accept the offer or consider insuring with a different company. ([Attachment 2](#))

There were no further questions.

### **Proponent (written only)**

Chair Longbine stated that Larrie Ann Brown on behalf of The Property Casualty Insurers Association was unavailable to attend today's meeting and will be considered written only. ([Attachment 3](#))

No further questions.

There being no further proponents, neutrals or opponents, Chair Longbine closed the hearing on **SB419**.

### **Hearing on: SB438 — Renewals of property and casualty insurance policies.**

Chair Longbine opened the hearing on **SB438**. Eileen Ma, Staff Revisor, reviewed **SB438**.

There were no questions.

### **Proponent:**

Brad Smoot, Legislative Counsel spoke on behalf of The American Insurance Association. We feel one of the most important features of **SB438** is that it is an attempt to allow insurance companies to keep their customers and customers to keep their insurance company. Insurance is a contract for a particular term.

The customer does not have to accept the policy from the affiliate. They can go shopping. But at least, they know they have coverage available from the insurance group with which they have a relationship. If a customer no longer qualifies for coverage under one company for a particular reason, her or she might be offered coverage from an affiliated company with no gap in coverage. ([Attachment 4](#))

Mr. Smoot responded to questions from Committee members.

### **Clark Shultz, KID**

Clark Shultz spoke on behalf of KID in support of **SB438**. If this bill is enacted the policyholder would receive an offer to renew from the affiliated company in similar fashion as if the renewal were coming from the current company holding the policy. The policyholder could then accept the offer or consider insuring with a different company. This new procedure will result in a seamless transaction for a policyholder if that is their desire. ([Attachment 5](#))

Mr. Shultz also proposed an amendment regarding affiliate transfer notice. ([Attachment 6](#))

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Sen Olson commented that it makes sense because at least they have a back up and feel someone still wants their business. Even though they are in a possibly higher risk category, at least they have options.

No further questions.

### **Proponent (written only)**

Proponents written only testimony submitted:

Marlee Carpenter, KAPCIC ([Attachment 7](#))

### **Larrie Ann Brown, PCI**

Chair Longbine again stated that Larrie Ann Brown testimony is written only today for **SB438**. ([Attachment 8](#))

### **Brandon Koch, Farmers Insurance**

Brandon Koch, Farmers Insurance ([Attachment 9](#))

David Monaghan, AMFAM ([Attachment 10](#))

### **Opponent:**

Will Larson, Attorney spoke on behalf of KAIA in opposition of **SB438**. Mr. Larson expressed that it was there understanding the sole purpose of **SB438** was to not require a carrier to issue a notice of non-renewal when it simply was moving the coverage from one of its companies to another. We have no problem with that part of the bill. However that's not all the bill does. The statute provides for premium protection for insureds when a carrier moves the coverage from one company to another, however this consumer protection would be eliminated if **SB438** is enacted. Premiums can be higher if issued a non-renewal for automobile insurance. We feel further study needs to be conducted before enacted. ([Attachment 11](#))

Mr. Larson responded to questions from Committee members.

There being no further questions, Chair Longbine closed hearing on **SB438**.

Chair Longbine spoke about the shortening of session and therefore explained trying to get hearings set up to work both these bills separately. We have an opponent on **SB438** and will work both bills on Thursday, February 18, 2016. A possible Senate shell may be issued.

There is an amendment being proposed by the Insurance Department that we will consider on Thursday along with any other amendments that may come up before then.

Sen Schmidt introduced pages.

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Chair Longbine adjourned meeting at 10:25am.

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