

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE

The meeting was called to order by Chairman Rex Hoy at
Chairperson

3:30 ~~am~~/p.m. on January 25,, 1983 in room 521-S of the Capitol.

All members were present except:

Rep. Cribbs and Rep. Littlejohn, who were excused.

Committee staff present:

Wayne Morris, Legislative Research
Gordon Self, Revisor's Office
Mary Sorensen, Committee Secretary

Conferees appearing before the committee:

Alice Kitchen, Commission on Status of Women for Municipal Kansas City
Illa Major, President, Johnson County Chapter, Older Women's League
Claire Ewert, Older Women's League, Johnson County Chapter

Others Present:

See Lists (Attachments 1 and 2)

Chairmen Hoy welcomed the Conferees and the guests, and recognized the approximately 30 members of the National Association of Insurance Women from around the State of Kansas.

Alice Kitchen introduced Claire Ewart, who spoke on the need for a bill covering changes in conversion rights for health insurance coverage for former family members when eligibility is ended by severance of the family relationship or retirement or death of an employee. Illa Majors then spoke regarding the model bill prepared by their organizations (Attachment 3), and referred to a photostat of 40-1-31 (Attachment 4) and their "Proposed Remedies for Health Insurance Coverage for Former Dependents" (Attachment 5).

Ron Todd, Assistant Insurance Commissioner, then gave a brief outline and history of the Kansas No-Fault Law, giving its purpose and essential provisions (Attachment 6)

Rep. Webb moved to approve the minutes of the meeting of January 20, 1983. Rep. Turnquist seconded. The motion carried.

The meeting adjourned at 4:30 PM.

GUEST LIST

COMMITTEE: Home InsuranceDATE: 1-25-83

NAME	ADDRESS	COMPANY/ORGANIZATION
Ethel Dodge	Topeka, Ks.	Ins. of Topeka
Fat Smith	"	"
Betty Lutz	"	"
Mary Ann Heit	Topeka, Ks.	Ins. Women of Topeka
Bucky Kalgke	Shawnee, Ks.	Ins. Women of Theatre KC
David Ross	Mission, Ks.	FARMERS INS. GROUP.
Mabel Hunt	TOPEKA	Am Ins. Assn
Suzie Taylor	Topeka	Mary McLenan
Luis Medley	Topeka	Mary McLenan NAIM
Luis Tunde	Topeka, Ks.	Mary & McLenan NAIW
Alice Kitchen	Comm on Status of Women	
Ira Meier	Or. Pk. Ks.	of all the women of Topeka
Clare Everett	Prairie Village, Ks.	Older Women's League
Larry Magill	TOPEKA	I.I.A.K.
Gayla Buble	KC, Mo.	NAIW
Lynn Kirby	KC. Mo.	NAIW
Beth Vance	KC Mo	NAIW
Barbara Spier	Shawnee Mission Ks	NAIW
Carole Merkel	Topeka Ks	NAIW I.I.A.K.

HEALTH INSURANCE RIGHTS ACT

A Model Bill to Provide Medical Coverage for Former Dependents

Homemakers and dependent children, when cut off from the income-earning member of their family, are often unable to secure adequate health insurance at an affordable price. When no longer covered by a spouse's employment-related health insurance plan because of the retirement or death of the spouse, divorce or separation, many older women, still under 65 and thus ineligible for Medicare, are without access to any health insurance whatsoever at a time when they may well need it most.

WHEREFORE it is resolved to be the policy of this State that every policy of group sickness and accident insurance issued or renewed on or after the effective date of this statute, shall include a provision giving each person who is insured as a dependent of the employee-member the option to convert to individual coverage when eligibility for coverage under the group policy ceases due to severance of the family relationship.

SECTION 1:

Every group insurance policy that contains provisions for payment by the insurer of benefits for expenses incurred for hospital, nursing, medical, or surgical services, issued or renewed in this state after the effective date of this Act shall include within its provisions the following:

- need*
- (a) An option for all persons covered by the group plan by virtue of their family or dependent relationship to a group member to convert to individual coverage when their eligibility for group coverage ceases due to severance of the family relationship or retirement or death of the employee-member;
 - (b) The conversion option provided for above shall not be conditional upon any physical examination;

need

(c) The conversion option shall entitle the converting individual to coverage identical in scope to the coverage provided under the group plan at the time of conversion, with no exclusions which were not effective under the group plan;

need

(d) The converting individual shall pay the premium for the individual policy directly to the insurer; the policy shall provide that the converting individual shall have the option of paying the premium in monthly installments. The premium amount shall not exceed the premium assessed for each group member under the group insurance policy. The premium shall be based upon the community costs of the pool of members of the group insurance policy, family members and dependents covered under the group policy, and converted individual policy holders;

Issue

(e) The employer-policy holder of the group plan, and the insurer shall notify all group members and their dependents of the conversion option, both at the time of the initial policy issuance and annually thereafter;

need

(f) The group member shall be required by the terms of the policy to notify the employer and the insurer of any change in family status which might activate the conversion option, and the employer and the insurer shall immediately thereafter notify the affected dependents of the conversion option. Upon the death or retirement of a group member, the insurer and the employer shall immediately notify the member's dependents of the conversion option;

need

(g) The group member's dependents shall have 90 days after receiving notice under Paragraph (f) above in which to notify the insurer that the conversion option will be exercised. Coverage under the group insurance plan shall not be terminated during the 90 day notification period. Any probationary or waiting period required by individual policy coverage shall be considered met by virtue of previous group coverage;

need

(h) If coverage of the group member ends upon eligibility of the member for

Medicare, coverage of the current or former dependent shall continue under the conversion policy until the spouse reaches the eligible age for Medicare;

(i) If the group insurance policy provides conversion rights to a retiring group member to cover the period between retirement and Medicare eligibility, such conversion rights shall also be available to current or former dependents.

(j) If the conversion option is exercised, coverage of the spouse and/or former dependents under the individual plan shall continue without interruption and may not be terminated unless one of the following occurs:

- (1) The insured fails to make timely payment of the required premium amount; or
- (2) The insured becomes eligible for equivalent coverage under another group policy.

(k) This Section shall not be construed to interfere with or diminish any protection already provided pursuant to collective bargaining agreements or employer-sponsored plans that are more favorable to the dependents benefited thereby than the protection offered by this Section.

GENERAL

40-1-33

40-1-30. Annual statements; assets. No insurance company or fraternal benefit society doing business in this state shall include any salvage or subrogation recoveries as an asset in the annual statement filed with this department pursuant to K.S.A. 40-225 until such recoveries have been reduced to cash or its equivalent. [Authorized by K.S.A. 40-103; effective February 15, 1977.]

40-1-31. Insurance policies; prohibiting certain discriminations. No insurance policy, plan or binder, including any rider or endorsement thereto may be delivered or issued for delivery in this state if the amount of benefits payable, or any term, conditions or type of coverage are or may be restricted, modified, excluded, or reduced on the basis of the sex or marital status of the insured or prospective insured. This requirement shall not, however, apply to the extent the amount of benefits, terms, conditions or type of coverage vary as a result of the application of rate differentials permitted under chapter 40, Kansas statutes annotated or as a result of negotiations between the insurer and insured. Further, nothing in this regulation shall prohibit an insurer from taking marital status into account for the purpose of defining persons eligible for dependents benefits. [Authorized by K.S.A. 40-103; effective February 15, 1977.]

40-2209
B-2
takes care
of children

40-1-32. Insurance companies; riders or endorsements; change in coverage or benefits; consent of policyholder. When an endorsement or rider to be attached to any insurance contract or policy subsequent to the issuance date of such contract or policy, reduces or eliminates coverage or benefits of the contract or policy, consent of the policyholder is required. [Authorized by K.S.A. 40-103, 40-216, 40-928, 40-841, 40-1113, 40-1122, 40-2404, 40-2215(C); effective May 1, 1979.]

40-1-33. Suspension of form filing requirements. Insurance policies, endorsements, riders, and other forms constituting a part of a contract of insurance or indemnity cannot practicably be filed before they are used if: (a) A change in company officers renders the signatures appearing on existing forms obsolete; or,

(b) An existing supply of forms is depleted and the replacement forms bear a different printing date or edition identity.

In such cases the filing requirements of K.S.A. 1979 Supp. 40-216 are suspended but such suspension does not apply to any changes not

Atch. 4

Proposed Remedies for Health Insurance Coverage for Former Dependents

1. Conversion rights for former family members when eligibility is ended by severance of the family relationship or retirement or death of employee.
2. Want converting individual to be offered coverage identical in scope to benefits under group plan with no new waiting period.
3. Premiums may be paid in monthly installments or quarterly at the option of the insured.
4. Group member is responsible for notification to employer and insurer of change in family status and the employer and insurer must immediately notify the affected dependents of conversion options.
5. Want to extend time of decision to convert to 90 days notification period, after receiving notice of right to convert with understanding that dependent will pay the premiums, both the dependents portion and the portion formerly paid, (if any) by the employer.
6. At time of issuance of insurance policy all dependent members should be told of the conversion option, both at time of initial policy issuance and annually thereafter.
7. If coverage of the group member ends upon eligibility of the member for Medicare, coverage of the current or former spouse shall continue under the conversion policy until the spouse reaches the eligible age for Medicare.

For Further Information: Illa Major (913) 341- 5878
Claire Ewert (913) 362- 8503
Alice Kitchen (913) 432- 8424

January 24, 1983

KANSAS NO-FAULT LAW

K.S.A. Ch. 40, Article 31 (Jan. 1, 1974)

I. Purpose: "... to provide a means of compensating persons promptly for accidental bodily injury arising out of the ownership, operation, maintenance or use of motor vehicles in lieu of liability for damages to the extent provided herein."

II. Essential provisions:

A. Mandatory Auto liability insurance covering owner or operator of all Kan. registered vehicles - some vehicles are exempt.

B. Personal Injury Protection Benefits (No-fault benefits)

Medical \$2,000 per person

Funeral 1,000 " "

Rehabilitation . . . 2,000 " "

Loss of Earnings . . . 650/ " " /per month.

Survivors Benefits . . 650/ " " / " "

Substitute Service . . 12/day/per person

C. Tort Threshold (exemption) . . . \$500 medical or serious injury (as defined).

III. Never Was Designed to lower ins. premiums.

IV. Does not apply to ^{your} auto physical damage or other property damage.