

MINUTES OF THE House COMMITTEE ON InsuranceThe meeting was called to order by Chairman Rex Hoy at  
Chairperson3:30 ~~a.m.~~/p.m. on February 3, 1983 in room 521-S of the Capitol.

All members were present except:

Rep. Baker and Rep. Turnquist, who were excused.

Committee staff present:

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

Conferees appearing before the committee:

Dick Brock, Insurance Department of the State of Kansas

Others Present:

See List (Attachment 1)

Dick Brock, of the Kansas Insurance Department, spoke in opposition to HB 2118, which had been requested by the Kansas Association of School Boards. This bill would add that association to the list of exclusions in K.S.A. 40-202. Mr. Brock said he did not think passage of this bill would accomplish the purpose desired by the Kansas Association of School Boards. There was some discussion as to whether all the associations presently excluded should remain on the list, and Mr. Brock and Ron Todd, also of the Insurance Department, said they would have to check on the ones questioned.

Wayne Morris, Legislative Research, passed out photostats of K.S.A. 21-3907 and 21-3908 (Attachment 2), which would be repealed by HB 2117. It had been suggested at Wednesday's committee meeting that the Conflict of Interest Statutes might relate to this bill, so Wayne Morris also passed out photostats of those statutes (Attachment 3). He gave a brief summary of these statutes, and specifically mentioned 75-4304, where it sets out that a public officer does not participate in the making of a contract if he or she abstains from any action in regard to the contract. It also states that this section shall not apply to contracts let after competitive bidding. Dick Brock of the Insurance Department said that most state insurance contracts were let by competitive bidding, and he thought that some of the committees set up to take bids sometimes had problems with the present statutes if some of the committee members were insurance agents.

Next to be discussed was a bill request presented by three women from the Johnson County area concerning conversion rights for former dependents, for health insurance in group plans. Wayne Morris passed out photostats of statutes relating to group health insurance (Attachment 4), which were enacted in the 1978 and 1980 legislatures, and gave a brief overview of each. He also passed out the Proposed Remedies for Health Insurance Coverage for Former Dependents (Attachment 5) which was furnished by the group from Johnson County, with his notations to the left of that list as to what was included in the present law or not included. These conclusions were the result of a meeting he had last week with Gordon Self; Dick Brock of the Insurance Department; and Richard Hunker, head of the Health Insurance Department within the Department of Insurance. He also passed out a comparison of the model bill with present statutes (Attachment 6).

Rep. Blumenthal moved that a bill be drafted incorporating the points not already in the law, concerning conversion of health insurance policies. Rep. Leary Johnson seconded. The motion carried.

Rep. Blumenthal moved the minutes of the meeting of January 26, 1983, be approved. Rep. Mary Jane Johnson seconded. The motion carried.

The meeting adjourned at 4:20 PM.

GUEST LIST

COMMITTEE: House Insurance

DATE: Feb. 3, 1983

NAME	ADDRESS	COMPANY/ORGANIZATION
DAVID ROSS	Mission, Ks.	FARMERS Ins. Co. of Mo.
Michael FRANCIS	Topeka	Am. Ins. Ass'n
Joe WEMPE	Topeka	Indep. Ins. Agents Ks.
John W. Smith	Topeka	Driver Control Dept Rev
John Morgan	S.O.B.	Dept of Rev.
Alice Kitcher	Mission	Elder Wom League
Linda Harriman	"	"
Jane Patterson	Indep	Misc.
Dick Brock	Topeka	Ks Ins. Dept
Ron Todd	"	" " "
Bud Cornish	"	

21-3907

CRIMES AND PUNISHMENTS

This section is similar to Wisconsin Criminal Code, 946.14.

CASE ANNOTATIONS

1. Appeal from conviction hereunder. State v. Moore, 226 K. 747, 602 P.2d 1359.

**21-3907. Unlawful interest in insurance contract.** (1) An unlawful interest in an insurance contract is the act of a public officer or employee who:

(a) Represents in any capacity or divides commissions with any surety company or other writer of a surety bond in the writing of any bond or contract subject to the approval of such public officer or employee; or

(b) Represents in any capacity or divides commissions with an insurance company or other insurer in the writing of any policy of fire, casualty, workmen's compensation or other insurance which is paid for from the public funds of the political unit served by such officer or employee.

(2) In addition to the other penalties provided by law, a person convicted of an unlawful interest in an insurance contract shall forfeit his office or public employment.

(3) Unlawful interest in an insurance contract is a class B misdemeanor.

History: L. 1969, ch. 180, § 21-3907; July 1, 1970.

Source or prior law: 21-826.

**21-3908. Unlawful procurement of insurance contract.** An unlawful procurement of an insurance contract is the act of any surety company or other writer of surety bonds or any insurance company or other insurer who employs or contracts with a public officer or employee to represent such writer of surety bonds or insurer in any capacity or to share commissions on any surety bond or contract subject to the approval of such public officer or employee, or any policy of fire, casualty, workmen's compensation or other insurance which is paid for from the public funds of the political unit served by such officer or employee.

Unlawful procurement of an insurance contract is a class B misdemeanor.

History: L. 1969, ch. 180, § 21-3908; July 1, 1970.

Source or prior law: 21-827.

**21-3909. Unlawful collection by a judicial officer.** Unlawful collection by a judicial officer is causing or permitting an action or proceeding upon a claim placed in his hands for collection to be brought in a court over which he presides.

Unlawful collection by a judicial officer is a class B misdemeanor. Upon conviction of violating this section a judicial officer shall forfeit his office.

History: L. 1969, ch. 180, § 21-3909; July 1, 1970.

Judicial Council, 1968: The collection of accounts by justices of the peace is not uncommon. The possibility of abuse is apparent when the judge before whom the issue is pending has a direct pecuniary interest in the outcome of the case.

The section is similar to Wisconsin Criminal Code, 946.16, in content.

**21-3910. Misuse of public funds.** (1) Misuse of public funds is using, lending or permitting another to use, public money in a manner not authorized by law, by a custodian or other person having control of public money by virtue of his official position.

(2) As used herein, "public money," means any money or negotiable instrument which belongs to the state of Kansas or any political subdivision thereof.

(3) Misuse of public funds is a class D felony.

History: L. 1969, ch. 180, § 21-3910; July 1, 1970.

Source or prior law: 19-529, 75-616.

Judicial Council, 1968: This section augments sections 21-3701 and 21-3705. It covers those situations of official misuse of public funds where the intent to deprive the owner permanently of his property may not be present.

**21-3911. Unlawful use of state postage.** (a) It shall be unlawful for any person to use for such person's personal use, or to allow any unauthorized person to use, any form of postage paid for with state funds.

(b) Violation of this section shall constitute an unclassified misdemeanor. Upon conviction, any person violating this section may be punished by a fine of not less than fifty dollars (\$50) nor more than five hundred dollars (\$500).

History: L. 1980, ch. 97, § 1; July 1.

**21-3912. Same; imprinting of warning on mail.** Each state agency, department, board, commission or state educational institution shall imprint by postage meter stamp on all state mail that is stamped by a

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75-4230 STATE DEPARTMENTS; PUBLIC OFFICERS, EMPLOYEES

History: L. 1973, ch. 361, § 3; L. 1975, ch. 453, § 11; L. 1976, ch. 386, § 5; April 12.

75-4260. Same; interest and income received from investments. Interest or income received from the investments of moneys in the trust fund shall be collected by the state treasurer and credited to the trust fund; and shall thereafter be subject to appropriation or investment the same as other moneys in such trust fund.

History: L. 1973, ch. 361, § 4; April 16.

Article 43.—PUBLIC OFFICERS AND EMPLOYEES

CONFLICT OF INTERESTS

Revisor's Note:

Former law, see L. 1967, ch. 464, §§ 1 to 7; Repealed, L. 1970, ch. 366, § 22.

75-4301. Public officers and employees; conflict of interests; definitions. The following words and terms, when used in this act and the acts of which this act is amendatory, shall have the meanings respectively ascribed to them herein:

Substantial interest. The ownership by an individual or his or her spouse, either individually or collectively of a legal or equitable interest exceeding five thousand dollars (\$5,000) or five percent (5%) of any business, whichever is less, and also including the receipt by an individual or his or her spouse directly or indirectly of any salary, gratuity, other compensation or remuneration or a contract for or promise or expectation of any such salary, gratuity, other compensation or remuneration having a dollar value of one thousand dollars (\$1,000) or more in the current or immediately preceding or succeeding calendar year from any business or combination of businesses, and also including the holding of the position of officer or director of any business, irrespective of the amount of compensation or remuneration received by the person holding any such position. If a person's salary, compensation or other remuneration is a portion or percentage of a fee paid to a business or combination of businesses, a person shall have a substantial interest in any client who pays a fee to such business or combination of businesses from which fee such person receives one thousand dollars (\$1,000) or

more in the current or immediately preceding calendar year.

Business. Any corporation, association, partnership, proprietorship, trust, joint venture, and every other business interest, including ownership or use of land for income.

Public office. A position of public trust or agency, created by the Kansas constitution, by statute, by executive decree or by an ordinance or resolution of a municipal or quasi-municipal corporation passed in pursuance of legislative authority.

Public officer. Any person who holds public office in the state of Kansas, except that an attorney-at-law, acting only in his or her professional capacity, who holds no other public office shall not be construed to be a public officer for the purposes of this act, nor shall such term include any notary public or any person who holds an office in any political party and who holds no other public office.

Public employee. Any employee of the state of Kansas or any municipal or quasi-municipal corporation, except that an attorney-at-law, acting only in his or her professional capacity, who holds no other public employment shall not be construed to be a public employee for the purposes of this act.

Municipal corporation. Any city incorporated under the laws of the state of Kansas.

Quasi-municipal corporation. Any county, township, school district, drainage district, or any other governmental subdivision in the state of Kansas having authority to receive or hold public moneys or funds.

Contracts. Agreements including but not limited to sales and conveyances of real and personal property and agreements for the performance of services.

Acts. The exercise of power or authority or performance of any duty incident to public office or employment.

History: L. 1970, ch. 366, § 1; April 1.

Source or prior law:

L. 1967, ch. 464, § 1.

Revisor's Note:

Former 75-4301 repealed, L. 1970, ch. 366, § 22.

CASE ANNOTATIONS

1. Statute controlling as to facts private citizen must prove in order to maintain an action. Linher v. Unified School District No. 259, Wichita, Kansas, 344 F. Supp. 1187, 1196.

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**75-4302.** Same; disclosure of substantial interest; supplemental disclosure; secretary of state to adopt rules and regulations prescribing manner and form of disclosure.

(a) Every candidate for elective public office, at the time and place of filing his or her declaration of candidacy or at the time of his or her appointment as a candidate, shall file a written report disclosing all of his or her substantial interests. On or before July 1, 1970, every candidate for elective public office who filed his or her declaration of candidacy prior to the effective date of this act, and every elected public officer who has not filed a disclosure of substantial interests shall file in the office of the election officer with whom such officer is required to file his or her declaration of candidacy for public office, a written report disclosing all of his or her substantial interests. Within thirty (30) days after he or she takes office, any person who is appointed to fill a vacancy in an elective public office shall file, in the office where his or her predecessor filed his or her declaration of candidacy, a written report disclosing all of his or her substantial interests.

(b) At the time of his or her taking office, every public officer or employee appointed or employed to serve as a board member of, or the head or executive officer of, any state agency, department, board, bureau, office, institution, council or commission in the executive, legislative or judicial branch of state government and every public officer or employee exercising supervisory authority over a primary division or subdivision thereof shall file in the office of the secretary of state a written report disclosing all of his or her substantial interests.

(c) On or before July 1, 1970, every appointive public officer or employee required to file a disclosure of interests at the time of his or her appointment, who has not filed such disclosure, shall file a written report disclosing his or her substantial interests in the manner prescribed by law.

(d) Whenever any change shall occur in the substantial interests of any person required by law to file a disclosure of such interests, he or she shall file a supplemental report disclosing this change within ten (10) days thereof.

(e) The secretary of state shall, by rules or regulations, prescribe the manner and

form for filing the disclosures of substantial interests required by law.

**History:** L. 1970, ch. 366, § 2; April 1.

**Source or prior law:**

L. 1967, ch. 464, §§ 2, 3.

**Revisor's Note:**

Former 75-4302 repealed, L. 1970, ch. 366, § 22.

**75-4303.**

**History:** L. 1970, ch. 366, § 3; L. 1972, ch. 339, § 1; L. 1973, ch. 157, § 14; L. 1974, ch. 395, § 1; Repealed, L. 1974, ch. 396, § 2; April 8.

**Revisor's Note:**

Former 75-4303 repealed, L. 1970, ch. 366, § 22.

**75-4303a.** Same; advisory opinions on interpretation or application of conflicts of interest law; requests to secretary of state; filing; open to public inspection; administration of act; rules and regulations; abolishment of committee on governmental ethics; opinions of committee, effect. The governmental ethics commission shall render advisory opinions on the interpretation or application of the general conflict of interests law, as contained in K.S.A. 75-4301 to 75-4306, inclusive, and amendments thereto. Such opinions shall be rendered after receipt of a written request therefor by a public officer or employee or by any person who has filed as a candidate for elective public office. Any person who requests and receives such advisory opinion, and who acts in accordance with the provisions thereof, shall be presumed to have complied with the provisions of the general conflict of interests law. A copy of any advisory opinion rendered by the commission shall be filed by it in the office of the secretary of state, and any opinion so filed shall be open to public inspection. All requests for advisory opinions shall be directed to the secretary of state who shall notify the commission thereof. The governmental ethics commission shall administer the act of which this section is a part and may adopt rules and regulations therefor. The committee on governmental ethics is hereby abolished on the effective date of this act and the powers and duties of said committee are hereby on said date transferred to and conferred upon said commission. Opinions of said committee issued prior to the effective date of this act shall continue to be effective until with-

**75-4304** STATE DEPARTMENTS; PUBLIC OFFICERS, EMPLOYEES

drawn or overruled by the commission to the extent that such opinions are not in conflict with 1974 Senate bills 656[°] and 689[°].

**History:** L. 1974, ch. 396, § 1; April 8.

° For location of statutory sections contained in SB's 656 and 689, see comparative table of sections under L. 1974, ch. 166, and L. 1974, ch. 353, respectively.

**Source or prior law:**

75-4303.

**Cross References to Related Sections:**

Establishment of governmental ethics commission, see, 25-4119.

**75-4304.** Public officers and employees prohibited from making certain contracts; abstaining from action, effect, exceptions. (a) No public officer or employee shall in his or her capacity as such officer or employee, make or participate in the making of a contract with any person or business by which he or she is employed or in whose business he or she has a substantial interest, and no such person or business shall enter into any contract where any public officer or employee, acting in such capacity, is a signatory to or a participant in the making of such contract and is employed by or has a substantial interest in such person or business. A public officer or employee does not make or participate in the making of a contract if he or she abstains from any action in regard to the contract.

This section shall not apply to the following:

(1) Contracts let after competitive bidding has been advertised for by published notice; and

(2) Contracts for property or services for which the price or rate is fixed by law.

(b) Any public officer or employee who is convicted of violating this section shall forfeit his or her office or employment.

**History:** L. 1970, ch. 366, § 4; L. 1974, ch. 397, § 1; March 22.

**Source or prior law:**

L. 1967, ch. 464, § 4.

**Revisor's Note:**

Former 75-4304 repealed, L. 1970, ch. 366, § 22.

**75-4305.** Public officers and employees to file report of interest in business affected by official acts; abstaining from action, effect. Any public officer or employee who has not filed a disclosure of substantial interests and who, while acting in his or her

official capacity, shall pass upon any matter which will affect any business in which such officer or employee shall hold a substantial interest, shall, before he or she acts upon such matter, file a written report of the nature of said interest with the office of the secretary of state, if such person is a state officer or employee, or if such person is an officer or employee of a municipal or quasi-municipal corporation, with the county clerk of the county in which all or the largest geographical part of such municipal or quasi-municipal corporation is located. A public officer or employee does not pass or act upon any matter if he or she abstains from any action in regard to the matter.

**History:** L. 1970, ch. 366, § 5; L. 1974, ch. 397, § 2; March 22.

**Source or prior law:**

L. 1967, ch. 464, § 5.

**Revisor's Note:**

Former 75-4305 repealed, L. 1970, ch. 366, § 22.

**CASE ANNOTATIONS**

Annotation to L. 1967, ch. 464, § 5:

1. Section held unconstitutional as a violation of equal protection of the law and because of vagueness. *State v. Bogert*, District Court of Shawnee County, Kansas, No. 27,121, filed Jan. 29, 1970.

**75-4306.** Penalty for violations and failure to disclose substantial interest; severability. (a) Any person who violates any provision of section 3 or 4 [°] of this act, and any person who fails to make any disclosure of substantial interest required by law shall be guilty of a class A misdemeanor.

(b) If any clause, paragraph, subsection or section of this act shall be held invalid or unconstitutional it shall be conclusively presumed that the legislature would have enacted the remainder of this act without such invalid or unconstitutional clause, paragraph, subsection or section.

**History:** L. 1970, ch. 366, § 6; April 1.

° Reference apparently should be to sections 4 or 5 [75-4304 and 75-4305].

**Source or prior law:**

L. 1967, ch. 464, § 7.

**Revisor's Note:**

Former 75-4306 repealed, L. 1970, ch. 366, § 22.

**75-4307.**

**History:** L. 1967, ch. 464, § 7; Repealed, L. 1970, ch. 366, § 7; April 1.

**OATH OF OFFICE**

**75-4308.** Oath required for public officers and employees. Before entering upon

House Bill No. 3190 pertains to all insurers issuing group sickness and accident insurance. The Bill amends K.S.A. 40-1905, K.S.A. 1977 Supp. 40-1805 and 40-2209. All previous subsections of the above sections remain unchanged with supplemental sections being added by the enactment of House Bill No. 3190.

Amendment to K.S.A. 1977 Supp. 40-2209

In accordance with House Bill No. 3190, a group policy providing hospital, surgical or major medical expense insurance, or any combination of these coverages, on an expense incurred basis, shall provide that an employee or member whose insurance under the group policy has been terminated for any reason, shall be entitled to have his or here coverage nonetheless continued under the group policy for a period of six months. At the end of the six months period of continuation, the employee or member shall be entitled to have an individual policy issued to him or her. The provisions of House Bill No. 3190 are applicable to those group policies referred to above which are delivered or issued for delivery, or renewed, on and after 120 days from the effective date of November 1, 1978. Following are exceptions to this requirement:

- 1) The requirement shall not apply to a group policy which provides benefits for specific diseases or accidental injury only.
- 2) An employee or member shall not be entitled either to continuation or a converted policy if termination occurred because:
  - a) he or she failed to pay any required contribution, or
  - b) the discontinued group was replaced by similar group coverage within 31 days.

To become eligible for the continuation and converted policy, the employee or member must have been continuously insured under the group policy, or under any group policy which it replaces, for at least three months immediately prior to termination.

The continued coverage and the issuance of the converted policy are covered by subsections (D)(1) through (D)(20) and are for the most part self-explanatory. We do wish to emphasize subsection (D)(16)(b) which requires that the conversion privilege shall also be available to a divorced spouse of an employee or member who remains insured under the group policy.

- from Ins. Dept.  
Bulletin #1978-9

Mutual nonprofit hospital service and medical service corporations must make available a policy which provides 80 percent of the benefits afforded under the group policy for basic benefits. In addition, coverage for certain major medical expenses is required.

found at K.S.A. 40-1805(e) - (Blue Cross) & 40-1905(5) - (Blue Shield).

Group Health Policies - Continuation  
of Coverage (enacted 1980)

H.B. 3039 amends K.S.A. 1979 Supp. 40-2209 regarding the continuation of commercial group health insurance policies for persons whose insurance has been terminated. The bill excludes from the continuation or conversion privileges those persons who are eligible for health coverage under any other arrangement; allows issuance of a converted policy immediately after termination; and requires that insurers redetermine the amounts of benefits which must be offered in converted policies.

Atch. 4

Proposed Remedies for Health Insurance Coverage for Former Dependents

1. Already covered in 40-2209(D)(6)(a), (b), & (c).
  2. Not in current law. Must meet minimums set in (D)(10), (11) & (12).
  3. Not in current law. (D)(3) allows for not less than quarterly payments, at insurer's option.
  4. Not in current law. (B)(4) & (D)(19) require that certificates be given to employers - & certs. must set forth conversion option.
  5. Not in current law. (D)(1) gives 31 days from date of termination of coverage.
  6. See #4, above.
  7. Not in current law.
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

Attachment 5

Atch. 5



The Kansas statutes are found at Kansas Statutes (Insurance) 40-2209 (group sickness and accident insurance) and at 40-1805 (mutual nonprofit hospital service corporations) and 40-1905 (nonprofit medical service corporations). The research for the following comparison was done using the 1979 cumulative pocket part to Kansas Statutes Annotated; any legislation enacted in 1980 will not be reflected in the comparison. Recent enactments can be checked at the time the model bill is considered for introduction.

Comparison of the Model Bill to Kansas Statutes

SECTION 1:

(a) 40-2209(D)(16)(a) provides conversion privileges to the surviving spouse and children of a covered member. 40-2209(D)(16)(b) provides conversion privileges to a spouse and children whose coverage under the employee's policy has ended "by reason of ceasing to be a qualified family member" (i.e. due to divorce). A child who has "ceased to be a qualified family member" also has conversion privileges (i.e. is no longer a dependent) under 40-2209(D)(16)(c).

Right to conversion on retirement is restricted: such a right exists only if under the group policy the employee would have been eligible to remain covered by the group policy after retirement. No conversion rights are extended to the spouse and children of a retiring employee. (40-2209(D)(14).)

Note: All group policies must extend to all covered workers the right to remain in the group for 6 months (at the employee's expense) after employment has terminated. (40-2209(D).) No specific mention of surviving spouses, divorced spouses, and dependent children is included in this section, so it is not clear whether they are entitled to 6 months coverage in the group before the conversion privilege comes into effect.

(b) The converted policy must be issued without evidence of insurability (40-2209(D)(2)).

(c) Coverage need not be identical in scope to the coverage under the group plan: 40-2209(D)(6) allows an insurer to refuse to issue a converted policy to a person who is or could be covered by medicare, another form of group accident and sickness benefits, or similar benefits provided by state or federal law, if such benefits plus the converted policy benefits would result in "over-insurance." (Over-insurance is to be judged by the insurer's standards.)

(d) 40-2209(D)(3) provides that premiums for converted policies shall be such as will produce an anticipated loss ratio of not less than 80% based upon conversion, morbidity, and expected changes in medical costs. If the entire group policy is terminated and not replaced, converted policy premiums may be on a self-sustaining basis that is not unreasonable in relation to the coverage provided, based on the same factors as above.

Extent of Coverage Under a Converted Policy

40-2209(D)(10) provides that if the employee was insured for basic hospital or surgical expenses under the group policy, the employee is entitled to obtain, at the employee's option, one of three policies based on a percentage of the average semi-private rate at a metropolitan hospital, with a flat maximum benefit for surgical operation expenses:

	<u>hospital room and board daily expense (70 day maximum)</u>	<u>surgical operation expenses</u>	<u>miscellaneous hospital expense benefits</u>
PLAN A	100% average semi-private rate	\$800	10X the hospital room and board daily expense (maximum)
PLAN B	75%	\$600	10X
PLAN C	50%	\$400	10X

The average semi-private rate is to be determined by the commissioner of insurance, with redeterminations made no more often than once every 3 years; the effects of inflation would thus not be adequately reflected in the amount to be paid by the insurance company.

40-2209(D)(11) provides that an employee who was insured for major medical expense under the group policy is entitled to obtain a converted policy providing major medical coverage:

(a) the smaller of either the maximum coverage as it was under the group policy or a maximum of \$250,00 for all covered expenses over the insured's life or a maximum of \$250,000 for each unrelated injury or illness.

(b) benefits equalling 80% of covered expenses over the deductible, until the covered expenses reach \$5,000, at which time benefits will be paid at the rate of 100% ((D)(11)(e) provides that surgical benefits must equal at least a maximum of \$1,200.)

40-2209(D)(12), while providing that a converted policy must make available the above benefit plans, gives the insurer the option of not offering the benefits in (10) and (11) if the insurer provides instead a policy of comprehensive medical expense benefits without first dollar coverage, which meets the requirements of (11), with three deductible options (one under \$100, one not over \$1,000, and one in between.)

(e) 40-2209(D)(19) provides that notice of the conversion privilege be included in each certificate of coverage; 40-2209(B)(4) provides the insurer shall provide that such certificates be given to the policyholder, for delivery to each employee (apparently at the time the original group policy is issued). Only one certificate per family need be supplied.

(f) There is no requirement that the employee notify either the insurer or the employer of any change in family status which might activate the conversion policy, nor is there any requirement that upon the death or retirement of the employee the employee's dependents must be notified of the conversion privilege.

(g) Persons applying for the conversion privilege must do so within 31 days after the termination of the 6 month period of extended coverage or the termination of the group policy if it has not been replaced. The only notice of this 31 days is that given in the original certificate of coverage (see (e) above).

(h) 40-2209(D) provides that extended coverage and the issuance of a converted policy may be terminated if:

(a) the employee or member fails to pay any required contributions or

(b) any discontinued group coverage was replaced by similar group coverage within 31 days.

(b) seems to indicate that there may be a 31 day period during which employees and their dependents may not be required to be covered.

(i) There is no comparable provision in the Kansas statutes.

#### Comparison of 40-1805 and 40-1905 to Model Bill

These sections provide the same conversion and extended coverage rights as does 40-2209. They differ as to the type of benefit plans which may be offered. See below for details.

#### Extent of Coverage Under a Converted Policy

40-2209(D)(10) provides that "Subject to the provisions and conditions of this act, if the group insurance policy from which conversion is made insures the employee or member for basic hospital or surgical expense insurance, the employee or member shall be entitled to obtain a converted policy providing at the insured's option, coverage on an expense incurred basis under any one of the plans meeting the following requirements:" and then continues on to list three possible plans based on 100, 75, and 50 percent of the average semi-private rate in a metropolitan hospital (see chart for complete details).

However, 40-2209(D)(13) states that: "The insurer may, at its option, also offer alternative plans for group health conversion in addition to those required by this act." This provision, taken with the "subject to the provisions and conditions of this act" of 40-2209(D)(10) may mean that the plans set out in (D)(10)