

MINUTES OF THE Senate COMMITTEE ON Commercial and Financial Institutions

The meeting was called to order by Sen. Neil H. Arasmith at
Chairperson

9:00 a.m./~~pm~~ on February 10, 1983 in room 529-S of the Capitol.

All members were present except:

Senators Hess and Reilly - Excused

Committee staff present:

Bill Wolff, Legislative Research
Bruce Kinzie, Revisor of Statutes

Conferees appearing before the committee:

Ron Todd, Kansas Insurance Department

The minutes of February 9 were approved.

The hearing on SB 122 began with the testimony of Ron Todd, Kansas Insurance Department, in support of the bill. Mr. Todd said that he had fully explained the bill when he appeared before the committee to request that the bill be introduced. He added that the three changes involved in the bill are relative to agents' licensing procedures. The first change is on line 32 involving certification fees and specifies the fees would not be refunded for any reason. The second change occurs in subsection (b) and would allow qualified agents who sell crop insurance to be determined to be certified by the commissioner if the agent is deemed qualified by any branch of the federal government. The third change is in new Section 2 which would allow the commissioner to establish reasonable fees for the cost of issuing duplicate agents' licenses, certifications, or credentials for the benefit of the agents or companies. After a few questions from the committee concerning how the bill would affect agents, the hearing on SB 122 was concluded.

The hearing on SB 124 began with Ron Todd, Kansas Insurance Department, giving his testimony in support of the bill. Mr. Todd stated that this bill is a complicated bill which deals with a real problem created when health care insurance is offered by a multiple-employer trust which operates under the presumption that it is exempt from state law because federal legislation forbids state regulation of it. This results in a lack of solvency control which often leads to a loss to the employee. Mr. Todd suggested amendments on lines 27, 30, 36, and 37, deleting "or another" on all of these lines. The chairman had questions regarding the commissioner's jurisdiction over a self-insurance program by a single employer. He also noted that Section 2 is confusing as to its intent. Mr. Todd said that Section 2 was presented this way because it is from a model bill. After further questions about the meaning of Section 2, it was the consensus of the committee that the bill should be redrafted. Further questions followed from the committee regarding federal cooperation in solving this problem. Also, questions about line 38 as to what type of exam is meant, to what code does line 41 and 45 refer, and what is meant by "administrator" on line 47.

Mr. Todd referred to a question from Sen. Pomeroy at a previous hearing as to what is meant by "stop loss" located on line 59 of the bill. He explained that stop loss is insurance that will stop loss of a self-insured trust at a certain point. The chairman asked if "coverage" could be used instead of stop loss. Mr. Todd said that "coverage" would not show what insurance was in force. Mr. Todd expressed a hope that this bill would offer a pattern for all states to adopt. The chairman instructed staff to draft a substitute bill and asked that Mr. Todd work with staff in redrafting it. The hearing on SB 124 was concluded awaiting the arrival of the substitute bill.

The chairman announced that there is a possibility that the next meeting scheduled for February 11 may be cancelled and that committee members will be notified if it is.

The meeting was adjourned.

