

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./~~p.m.~~ on February 15, 1983 in room 529-S of the Capitol.

All members were present except:

Sen. Hess - Excused

Committee staff present:

Bill Wolff, Legislative Research
Bruce Kinzie, Revisor's Office

Conferees appearing before the committee:

Jan Vacek, Kansas Society of CPA's
Ed Johnson, Kansas Assn. of Property & Casualty Insurance Companies
Ron Todd, Kansas Insurance Department
Marvin Umholtz, Kansas Credit Union League

The minutes of February 10 were approved.

The hearing on SCR 1612 began with the chairman asking Sen. Werts to give a brief explanation of it. Sen. Werts explained that SCR 1612 would modify two and revoke two regulations adopted by the Board of Accountancy. K.A.R. 74-4-1 would be modified by deleting language repetition of K.S.A. 1-301, other changes are clean-up; K.A.R. 75-5-403 by deleting the nonregulatory language following the nonregulatory phrase "which includes, but is not limited to"; K.A.R. 74-5-1 would be revoked because it is nonregulatory language; and K.A.R. 74-8-3 which would set a fee for which there is no statutory authority.

Jan Vacek, Kansas Society of C.P.A.'s, appeared in support of SCR 1612.

Sen. Werts made a motion to report SCR 1612 favorably for adoption and that it be put on the consent calendar. Sen. Pomeroy seconded the motion. The motion carried.

The chairman began the hearing on SB 123 by saying that the author of the bill, Sen. Mulich, was out of town but that staff would briefly explain the bill. Staff explained that the bill authorizes the Commissioner of Insurance to adopt rules and regulations to set an outline for premiums charged on automobile insurance policies to those over the age of 55 who have completed an approved drivers' training program.

Ed Johnson, Kansas Association of Property and Casualty Insurance Companies, appeared in opposition to SB 123 explaining that HB 2435 deals with the same subject and would be the better of the two bills if either one of them has to be passed. He added that the trending toward rate writing is to fixed rates so if there is a reduction for some, there will have to be an increase for others.

Ron Todd, Kansas Insurance Department, added that HB 2435 is similar to a bill introduced by the insurance commissioner last year and is a result of meetings of the insurance department with the A.A.R.P. which offers a defensive drivers course. The A.A.R.P. feels that a reduced rate would offer an incentive for those over the age of 55 to take the drivers' course. Mr. Todd said that the bill does not demand a flat rate reduction but would just require the companies to make an appropriate premium deduction based on their own judgment. Mr. Todd noted that HB 2435 is a little more workable than SB 123 because it has a defensive driving course to be approved by the Department of Education which does not object to this stipulation. HB 2435 proposes that after the age of 60, a person would have to complete the drivers' course every two years to continue to get the discount.

The chairman said that SB 123 is not specific as to how much the discount will be or from where it will come. Mr. Todd said that this ought to be left to the companies to decide. Sen. Pomeroy asked if the supporters of the bill had ever thought that this program might result in a mandatory program being established where you have to have a test in order to get a license. Mr. Todd replied that this had not come up

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Commercial and Financial Institutions,
room 529-S, Statehouse, at 9:00 a.m. ~~p.m.~~ on February 15, 1983

in their discussions. Committee discussion followed concerning the correlation between those over 55 and claims filed and if large companies would be able to get a discount. Mr. Todd answered that he has statistical data showing that those over 65 have fewer claims and that the discount would be for individuals because there is not a group auto insurance plan. The hearing on SB 123 was concluded until such time when the author of the bill can appear before the committee.

The chairman asked the committee if it would like to act on SB 122 which was previously heard. Sen. Pomeroy asked to what "otherwise specifically provided for" in line 40 refers, staff answered that it is probably in the insurance code, and Sen. Pomeroy reasoned that if it is specific authority, this section is not needed.

Sen. Pomeroy made a motion to strike on lines 39 and 40 "except as otherwise specifically provided for herein". Sen. Feleciano seconded the motion. The motion carried.

Sen. Pomeroy made a motion to recommend SB 122 favorably as amended. Sen. Harder seconded the motion. The motion carried.

Discussion began on SB 124 which was previously heard. The chairman said that since the hearing, it was decided by staff that an amended bill would be better than a substitute bill. Staff had worked with Ron Todd and had prepared a balloon bill. (See Attachment I). Staff explained that this is a more compact bill and does not change the original intent.

Sen. Pomeroy made a motion that the proposed balloon amendments be adopted. Sen. Karr seconded the motion. After committee discussion concerning the intent of the bill, it was asked if it would include mail solicitations, and Mr. Todd said that it would. It was also asked if it would apply to a unit of government, and Mr. Todd answered that it would not. The motion carried.

Sen. Pomeroy made a motion to report SB 124 favorably as amended. Sen. Reilly seconded the motion. The motion carried.

The chairman asked Marvin Umholtz, Kansas Credit Union League, if he would speak on SB 74 which had been previously heard. Mr. Umholtz offered an amendment on line 57 to strike all after "corporation" and on line 58 all before the comma and inserting "required in K.S.A. 17-22-46".

Sen. Pomeroy made a motion to amend lines 57 and 58 as suggested. Sen. Karr seconded the motion. The motion carried.

Sen. Pomeroy made a motion to amend line 55 by adding "any person," after the word "receiver". Sen. Feleciano seconded the motion. The motion carried.

Sen. Pomeroy made a motion to amend line 96 by adding "in the following order" after the word "pay". Sen. Feleciano seconded the motion. The motion carried.

Sen. Pomeroy made a motion to recommend SB 74 favorably as amended. Sen. Gordon seconded the motion. The motion carried.

The chairman explained that the hearing on SB 95 that was to be held on February 11 was cancelled because of lack of support for the bill. It was decided that the committee will hold the bill for the time being.

The next meeting will be held on February 16.

The meeting was adjourned.

SENATE COMMITTEE

ON

COMMERCIAL AND FINANCIAL INSTITUTIONS

OBSERVERS
(Please print)

DATE NAME ADDRESS REPRESENTING

2-15

M.C. Unholtz

Topeka

KUMC

Michael P. ...

Topeka

AIA

Ed ...

"

Kans. Assoc of P+C
Ins Co.

Jan Vacek

"

KSCPA

SENATE BILL No. 124

By Committee on Commercial and Financial Institutions

1-31

0015 AN ACT relating to insurance; concerning coverage of health care
0016 benefits; concerning the jurisdiction of the commissioner.

0017 *Be it enacted by the Legislature of the State of Kansas:*

0018 Section 1. ~~Notwithstanding any other provision of law, and~~
0019 ~~except as provided herein,~~ Any person or other entity which
0020 provides coverage in this state for medical, surgical, chiropractic,
0021 physical therapy, speech pathology, audiology, professional
0022 mental health, dental, hospital, or optometric expenses, whether
0023 such coverage is by direct payment, reimbursement, or otherwise,
0024 shall be presumed to be subject to the jurisdiction of the com-
0025 missioner of insurance unless the person or other entity conclu-
0026 sively shows ~~that while providing such services~~ it is subject to the
0027 jurisdiction of ~~another~~ agency of this ~~or another~~ state, ~~any sub-~~
0028 ~~divisions thereof~~ or the federal government.

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by submission of an appropriate certificate, license or other document issued by a governmental agency that

0029 ~~Sec. 2. A person or entity may show that it is subject to the~~
0030 ~~jurisdiction of another agency of this or another state, any sub-~~
0031 ~~division thereof or the federal government by providing to the~~
0032 ~~commissioner the appropriate certificate, license or other docu-~~
0033 ~~ment issued by the other governmental agency which permits or~~
0034 ~~qualifies it to provide those services.~~

2.

0035 ~~Sec. 3. Any person or entity unable to show under section 2~~
0036 ~~that it is subject to the jurisdiction of another agency of this or~~
0037 ~~another state, any subdivision thereof or the federal government~~
0038 shall submit to an examination by the insurance commissioner to
0039 determine the organization and solvency of the person or the
0040 entity ~~and to determine whether or not such person or entity~~
0041 ~~complies with the applicable provisions of this code.~~

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state

: (a)

0042 ~~Sec. 4. Any person or entity unable to show that it is subject~~
0043 ~~to the jurisdiction of another agency of this or another state, any~~

; (b) be subject to all applicable provisions of chapter 40 of the Kansas Statutes Annotated. Any examination conducted under this section shall be performed in accordance with K.S.A. 40-222 and 40-223, and amendments thereto

Attachment I

0044 ~~subdivision thereof or the federal government, shall be subject to~~
0045 ~~all appropriate provisions of this code regarding the conduct of~~
0046 ~~its business.~~

0047 ~~Sec. 5. (a) Any production agency or administrator which~~
0048 ~~advertises, sells, transacts or administers coverage in this state~~
0049 ~~described in section 1, which is provided by any person or entity~~
0050 ~~described in section 3 shall, if that coverage is not fully insured or~~
0051 ~~otherwise fully covered by an admitted insurer or other entity~~
0052 ~~licensed to transact an insurance business in this state, advise any~~
0053 ~~purchaser, prospective purchaser and covered person of such lack~~
0054 ~~of insurance or other coverage.~~

Sec. 3. Any person who

0055 ~~(b) Any administrator which advertises or administers cover~~
0056 ~~age in this state, described in section 1, which is provided by any~~
0057 ~~person or entity described in section 3, shall advise any produc~~
0058 ~~tion agency of the elements of the coverage including the amount~~
0059 ~~of "stop-loss" insurance in effect.~~

authorized

0060
0061 ~~Sec. 6.~~ This act shall take effect and be in force from and after
0062 its publication in the statute book.

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