

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. ~~on~~ February 25, 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's Office

Conferees appearing before the committee:

None

The minutes of February 24 were approved.

The meeting began with committee discussion of SB 157 which had been continued from a previous meeting. The chairman called the committee's attention to the amendments from Mark Heitz. (See Attachment I).

Sen. Pomeroy made a motion to adopt the amendments offered by Mark Heitz. Sen. Harder seconded the motion. The motion carried.

The committee then proceeded to discuss the list of suggested amendments distributed by Ron Todd, Kansas Insurance Department. (See Attachment II).

Sen. Pomeroy made a motion to amend line 75 of SB 157 by changing 80% to 75%. Sen. Werts seconded the motion. The motion carried.

Sen. Pomeroy made a motion to amend line 201 by striking "mortgage" and inserting "mortgages". Sen. McCray seconded the motion. The motion carried.

Sen. Pomeroy made a motion to amend line 445 by changing 80% to 75%. Sen. Gannon seconded the motion. The motion carried.

The chairman said that the amendment on line 543 had already been changed by the amendments offered by Mr. Heitz earlier and adopted.

After a brief explanation by Mr. Todd concerning line 578, Sen. Pomeroy made a motion to adopt the amendment on line 578 as suggested. Sen. Karr seconded the motion. The motion carried.

Sen. Gordon made a motion to amend line 589 as suggested. Sen. McCray seconded the motion. The motion carried.

Sen. Pomeroy made a motion to adopt the amendments offered in lines 642-648. Sen. Werts seconded the motion. The motion carried.

Sen. Pomeroy made a motion to amend line 485 by striking "mortgage" and inserting "mortgages". Sen. McCray seconded the motion. The motion carried.

Sen. Pomeroy made a motion to amend lines 558 and 559 by striking "by loans or otherwise". Sen. Feleciano seconded the motion. Short committee discussion followed with Mr. Todd as to if the note would be carried as an asset or the airplane. Mr. Todd said that it would be the airplane. The motion carried.

Sen. Pomeroy made a motion to amend line 692 by striking "by loans or otherwise". Sen. McCray seconded the motion. The motion carried.

Sen. McCray asked if the bottom line of the bill is that it puts insurance companies in the same position as other financial institutions. Mr. Todd answered that this would be true only in certain areas.

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 25, 1983.

Sen. Werts had a question about subsection (b) on page five of the bill as to what would be an example of one of these securities of which 75% might be uninsured or unguaranteed. Mr. Todd could not think of an example and neither could anyone else present with any certainty.

Sen. Pomeroy made a motion to report SB 157 favorably as amended. Sen. Gordon seconded the motion. The motion carried.

The chairman referred to previous testimony by Ron Todd on SB 145 in which he had agreed to furnish Mr. Pomeroy and the committee with the specifics of a Supreme Court decision relating to lines 77-79 being stricken on page 5 of the bill. Mr. Todd had written a memo regarding this to Sen. Pomeroy, and Sen. Pomeroy had some question as to if the lines need to be removed because of their possible unconstitutionality. After a short discussion with Mr. Todd, Sen. Pomeroy said that he would accept the removal of these lines for better public policy but not because the Supreme Court says so as Mr. Todd had stated.

The next meeting will be held on March 1.

The meeting was adjourned.

SENATE COMMITTEE

ON

COMMERCIAL AND FINANCIAL INSTITUTIONS

OBSERVERS  
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
2/25/63	SUSAN SOMERS	Opelika	American Farmers Life
"	Mark Healy	"	SBL
	Pat Todd	"	Bus Dept
	Dick Brock	"	Ins Dept
	L M CORNISH	"	Ins Industry
	Michael Stone	"	AIA
	GARRY SMITH	FT SCOTT	WESTERN INS COS
	Homer Cowan	FT SCOTT	WESTERN Ins Cos
	Mervin Umbarger	Topeka	KUCL

To: Senator Neil Arasmith  
Chairman, Senate Commercial & Financial Institutions Committee

Copies: Bruce Kinzie, Ron Todd, Bud Cornish

From: Mark Heitz

Re: SB157

Pursuant to the conversation Ron Todd & I had with you this morning, the following additional amendments are proposed for SB157:

line 190- "... thereto. If..." should be replaced by "...thereto, if..."  
line 457- same changes as to line 190.

lines 203-205- should be rewritten to read: "insurer, if the mortgage is at an interest rate that is no less than the prevailing rate of the insurer's existing portfolio of mortgage loans. Mortgages or deeds of trust entered into pursuant"  
Lines 487-489- same as the changes to lines 203-205.

lines 309-315- should be changed to read: "therein, in an aggregate amount not more than five-percent (5%) 10% of its admitted assets as shown by the company's last annual report filed with the commissioner of insurance, except that investments shall not be permitted in insolvent organizations or organizations in default with respect to the payment of principle or interest."

lines 541-547 should be changed so that they are consistent with the changes to lines 309-315.

line 479- "should" is to be changed to "shall".

line 561- should be changed to read: "funds, or any part thereof in in the purchase of fixed wing or rotary-wing aircraft,"

lines 694 & 695- should be changed to read: "and of its funds, or any part thereof in the purchase of fixed wing or rotary-wing aircraft,..."

Respectfully submitted:

Attachment I

Amendments to Senate Bill No. 157

Section 3

Lines 177 and 178: Would suggest that this statute be amended back to the way it presently reads inasmuch as the suggestion for change was made in error.

Section 5

Inasmuch as K.S.A. 17-3004 has been repealed, the reference to it on lines 311 and 312 should be deleted.

Section 8

Lines 445: Would suggest that this statute be amended back to the way it presently reads inasmuch as the suggestion for change was made in error.

Section 10

Inasmuch as K.S.A. 17-3004 has been repealed, the reference to it on lines 543 and 544 should be deleted.

New Section 12

Line 578: Delete words, "under K.S.A. 40-404, and amendments thereto" inasmuch as there are other statutes requiring life companies to make deposits and we would not want personal property to be used in making the other required deposits.

New Section 13

Line 589: Change (c) to (e) as (c) is an incorrect reference.

New Section 14

Lines 642 to 644: Delete "in addition to any other investments permitted by this act, by laws or otherwise" as this language is not necessary and is potentially misleading.

New Section 15

Lines 667 and 668: Delete "in addition to any other investments permitted by this act, by laws or otherwise", as this language is not necessary and is potentially misleading.