

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Rep. Rex B. Hoy at  
Chairperson

3:30 ~~am~~ p.m. on February 29, 1984 in room 521 S of the Capitol.

All members were present except:

Rep. L. Johnson and Rep. Peterson, who were excused.

Committee staff present:

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

Conferees appearing before the committee:

Rep. Sprague

Others present:

See List (Attachment 1)

HB 2885, by Rep. Spaniol--Reimbursement for services of certain health care providers, was up for final action. Rep. Spaniol moved to accept Substitute 2885 for the original bill. Rep. Sutter seconded. Chairman Hoy briefly explained the bill. The motion to substitute carried. Rep. Spaniol moved to report Substitute HB 2885 favorably. Rep. Sutter seconded. The motion carried.

HB 2876, by Rep. Vancrum--Insurance coverage for punitive damages, was up next for final action. Wayne Morris briefly explained the bill. There was discussion as to some of the testimony presented during the hearing on the bill. Chairman Hoy passed around Attachment 2, a proposed amendment to the bill, and explained the amendment. There was discussion, and Chairman Hoy withdrew the proposed amendment. Rep. Sprague moved to pass out HB 2876 favorably. Rep. Turnquist seconded. The motion carried.

HB 2932, by Rep. Vancrum and others--concerning wrongful death actions, was then up for final action. Chairman Hoy briefly explained the bill. Rep. Littlejohn moved to amend by striking the words "to prove mitigation of damages" in line 56. Rep. Fuller seconded. Rep. DeBaun moved to remove lines 55 and 56 concerning evidence of remarriage. Rep. Long seconded. There was discussion on the motions to amend. A vote was taken on the substitute motion and it failed. Back on the original motion to amend, a vote was taken, and the motion carried. Rep. Fuller moved to pass out HB 2932 favorably as amended. Rep. Cribbs seconded. The motion carried.

HB 2943, by Rep. Sprague,--Life Insurance policies subject to certain claims, was then up for hearing. Rep. Sprague briefly explained the bill and his reasons for introducing HB 2943. He passed around Attachment 3, which is a letter directed to him from James A. Pusateri, Bankruptcy Judge in Topeka. Lloyd Schwartz, Bankruptcy Trustee for Topeka and Kansas City, was introduced to the committee by Rep. Sprague but did not testify. There was no other testimony on the bill.

HB 3009, concerning minimum education requirements for certain insurance agents, was then up for hearing. Dan Molden, Executive Director of the Kansas Association of Life Underwriters, spoke in support of HB 3009. There were questions from the committee. Dick Brock, of the Insurance Department, said their department supported the bill and would have no problem making decisions on the courses required.

HB 3011, repealing education requirements of certain insurance agents, was passed over at this time, and the meeting adjourned at 4:35 PM.





**HOUSE BILL No. 2876**

By Representative Vancrum

2-7

0017 AN ACT relating to insurance; concerning coverage of liability  
0018 for certain punitive or exemplary damages.

0019 *Be it enacted by the Legislature of the State of Kansas:*

0020 Section 1. (a) It is not against the public policy of this state  
0021 for a person or entity to obtain insurance covering liability for  
0022 punitive or exemplary damages assessed against such insured as  
0023 the result of acts or omissions, intentional or otherwise, of such  
0024 insured's employees, agents or servants, or of any other person or  
0025 entity for whose acts such insured shall be vicariously liable,  
0026 without the actual prior knowledge of such insured.

0027 (b) The type of coverage specified in subsection (a) may be  
0028 provided by insurance companies doing business in this state.

0029 Sec. 2. This act shall take effect and be in force from and  
0030 after its publication in the Kansas register.

other than motor vehicle liability insurance

Attachment 2

Atch 2

Attachment 3

United States Bankruptcy Court

District of Kansas

495 N. S. Courthouse

444 SE Quincy Street

Topeka, Kansas 66683

February 28, 1984

Telephone

752-2786 JCS

(913) 295-2786 Comm.

James A. Pusateri  
Bankruptcy Judge

Honorable Dale M. Sprague  
House of Representatives  
Room 182 West  
State Capitol  
Topeka, Kansas 66612

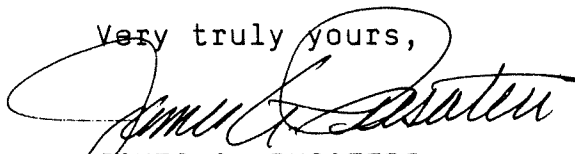
Dear Representative Sprague:

I am unable to accept your invitation to appear for questioning concerning hearings on amendment to K.S.A. §40-414. Unfortunately, I will be on the bench on the 29th and it appears unlikely that my schedule on that date will leave me free for such an appearance.

As you are aware, the present language of K.S.A. §40-414 allows for exemption of policies of insurance and the cash surrender value thereof without specific limit. Recently, in four cases of which I am aware, debtors in bankruptcy court on the eve of filing have invested sums of money ranging from a few thousand to approximately \$50,000 in purchase of new policies of insurance. Such investments generate cash surrender value nearly equal to the sum invested. These four cases were brought to my attention by creditors filing objections to the exemptions claimed. One of the objections was resolved by agreement of the parties. The other three objections remain to be heard and decided by me.

I thus act as merely a reporter of fact as to the use of §40-414 as it currently exists and express no opinion as to whether or not such use is proper, or whether the statute should be changed. The former can be expressed by me only after hearing all the evidence and consideration of legal arguments by counsel; the latter is appropriate for you to consider, as you are now doing.

Very truly yours,

  
JAMES A. PUSATERI  
Bankruptcy Judge

Atch. 3