

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 March 12, 1984 in room 529-S of the Capitol.

All members were present except:

Senators Gannon and Hess - Excused

Committee staff present:

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

Conferees appearing before the committee:

None

The minutes of March 1 were approved.

The chairman called on staff for a review of House bills in committee.

During the review, special notice was given to HB 2255 dealing with the problem of insurance coverage for newborns brought to the committee's attention by Rep. Heinemann last session. The chairman noted that the problem had been resolved. Dick Brock, Kansas Insurance Department, explained further that the problem as related by Rep. Heinemann involved the State of Nebraska. Since that time, the problem was rectified, and claims have been paid. Also, special note was made regarding HB 2861 that the bill now deals only with the family exclusion provision in auto insurance policies.

With the bill review completed, the chairman called the committee's attention to HB 2485 which had been previously heard. Larry Magill, Independent Insurance Agents of Kansas, distributed copies of an amendment he wished to offer. (See Attachment I.) The chairman explained that it provides authorization for agents to request cancellation of a policy in those cases where they have paid the premium for the insured and subsequently not been able to collect. Staff explained the amendments.

Sen. Feleciano made a motion to adopt the proposed amendments. Sen. Reilly seconded, and the motion carried.

Sen. Feleciano made a motion to report HB 2485 favorably as amended. Sen. Reilly seconded, and the motion carried.

The chairman called attention to SB 413 which had been previously heard. After the hearing, the chairman had been asked to contact Mr. Schnacke about his request for something in the bill to prohibit the use of banks of telephones for solicitation. Mr. Schnacke had told the chairman that even though there is a statute that addresses this, there are still situations where such solicitation exists. Staff explained that 17-1262a addresses this problem, but it deals only with oil and gas leases and, also, that perhaps the problem is not that the law is inadequate but with enforcement of the law. The chairman noted that unless a complaint is filed in the Commissioner's office, it cannot be enforced.

Sen. Pomeroy suggested that perhaps the statute could be strengthened by striking "general" from the phrase "general telephone". Larry Christ of the Kansas Securities Commissioner's office informed the committee that SB 413 would not apply to oil and gas leases. If "general" were stricken as suggested by Sen. Pomeroy, it would not permit calls which are needed to associates. What is needed is language which would forbid calls to the general public. Mr. Christ stated that he feels enforcement is not the problem because the Commissioner is able to discover fraudulent offerings in newspaper advertisements and from other sources. In response to the chairman's comment that SB 413 does not specifically include telephone solicitations, Mr. Christ said that he feels that the present language would be understood as including telephones. The chairman suggested that perhaps the phrase "including general telephone solicitation" could be added on line 166 to clarify that telephones are included. Staff explained that telephones should be dealt with in a separate place.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCIAL AND FINANCIAL INSTITUTIONS,  
room 529-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 12, 1984

After further committee discussion, staff was instructed to draft an amendment dealing with general telephone solicitation to be inspected by the committee.

At this time, Sen. Feleciano told the committee that he felt that there is a need to address the subject of points on adjustable interest rate mortgages in light of the fact that SB 472 dealing with the subject was killed last week. He asked the chairman to have a bill introduced by Ways and Means after referring to a letter written by the Attorney General dealing with the subject. The chairman said that he felt the Attorney General's letter was not clear but that he would consider having a bill introduced.

The committee's attention was turned to SB 547. Sen. Werts moved that SB 547 be reported adversely. Sen. Harder seconded, and the motion carried.

The chairman asked for the committee to act on SB 2255 in view of the information from the Insurance Department that the problem had been resolved, and there is no longer a need for the bill.

Sen. Pomeroy moved that HB 2255 be reported adversely. Sen. Reilly seconded, and the motion carried.

The meeting was adjourned.



request the company to

and except for policies paid by an escrow agent, or paid direct by an insured to an insurance company, or where the insured specified that payment apply to a specific policy and all premiums due on that policy have been paid, or where the unearned premium is collateral for a loan under K.S.A. 40-2601 et req.

Such insurance agent shall notify the policyholder of the requested cancellation in writing at the time the request is made to the insurance company.

0045 (b) Any insurance agent ~~or broker~~ extending credit to poli-  
0046 cyholders as provided in subsection (a) (1) or (2) of this section  
0047 may cancel such insurance according to the terms of the policies  
0048 ~~on a pro rata basis~~ for nonpayment of the policyholders' ac-  
0049 counts, except as provided in K.S.A. 40-277 and amendments  
0050 thereto. ~~Any such cancellation shall be construed as cancellation~~  
0051 ~~by the insurance company such agent represents.~~  
0052 Such insurance agent ~~or broker~~ shall have a lien on any return  
0053 premium for ~~the~~ all policies of the same policyholder to the  
0054 extent of ~~the amount~~ amounts owed by the policyholder.  
0055 Sec. 2. K.S.A. 40-282 is hereby repealed.  
0056 Sec. 3. This act shall take effect and be in force from and  
0057 after its publication in the statute book.

Attachment I

Atch. I