

Approved _____

Date

Rex B. Hoy 4-12-85

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 Thursday, March 21, 1985 in room 521-S of the Capitol.

All members were present except:

Rep. Cribbs - Excused

Committee staff present:

Emalene Correll - Legislative Research
Melinda Hanson - Legislative Research
Gordon Self - Revisor's Office
Helen Carlson - Secretary

Conferees appearing before the committee:

Mr. Dick Brock - Insurance Department
Mr. Mike Germann - Kansas Railroad Association
Mr. Ed Schaub - Southwestern Bell

Ms. Hanson was asked to explain SB 286 and she said the bill amends the definition section of the Unfair Trade Practices Act by adding administrators to the category of persons under the Act's provisions. She further stated administrators are people or associations who administer insurance plans for insurance companies.

Mr. Brock said this was a clean-up bill and simply places third party administrators under the Unfair Trade Practice Act and brings everyone under the same rule.

Ms. Hanson was asked to explain SB 293 and she said it would amend two sections of the No-Fault Insurance Act as to vehicles that would be included under a certificate of self-insurance. Provisions would cover any vehicles leased by the company as well as those owned, if the lease required the lessee to insure the vehicles.

Mike Germann, Kansas Railroad Assn., spoke in support of SB 293 saying the bill would clarify that the certificate of self-insurance issued by the Insurance Commissioner will cover not only owned vehicles, but leased vehicles as well if the lease agreement requires that motor vehicle insurance be provided by Lessee. (Attachment I)

Mr. Ed Schaub, Southwestern Bell, spoke in support of SB 293.

Mr. Brock, Insurance Dept., said the Department worked with the Railroad Assn. and thinks this bill does the job without disturbing the intent of No-Fault.

Rep. Graeber moved that SB 286 be reported favorably for passage. Rep. DeBaun seconded the motion and it carried.

The Chairman called the Committee's attention to SB 293 concerning self-insurance of motor vehicles.

Rep. DeBaun made a motion, seconded by Rep. Patt Weaver, that SB 293 be reported favorably for passage. Motion carried.

The Chairman called the Committee's attention to Substitute for SB 121 - Risk Pools, and said the Insurance Commissioner had requested amendments to the bill as follows: On P. 2, line 75 after (2) insert the following "with regard to accident and sickness insurance"; in line 76 strike "1986" and insert "1987"; and in line 81 strike the period and insert a semi-colon and add the following: "and (4) approval of the legislature must be obtained."

Rep. Blumenthal made a motion, seconded by Rep. Patt Weaver, that the amendments be adopted. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Insurance,
room 521-S, Statehouse, at 3:30 ~~a.m.~~^{XX} p.m. on Thursday, March 21, 1985

Rep. Sprague made a motion, seconded by Rep. Graeber, that Substitute for SB 121, as amended, be reported favorably for passage. Motion carried.

The Chairman announced that HB 2324, uninsured and underinsured coverage, had been moved to Ways and Means Committee, and he would like to recommend an Interim Study on the bill.

HB 2290 - Relating to notice of premium due on an insurance policy.

The Chairman said he was waiting for more information on HB 2290 as to cost, plan for notification, etc., and that the Committee might meet one more time, possibly Tuesday, if the facts can be gathered.

Rep. Neufeld made a motion, seconded by Rep. Graeber, that the minutes of Wednesday, April 20, 1985, be approved. Motion carried.

Meeting adjourned at 4 PM.

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PATRICK R. HUBBELL
SPECIAL REPRESENTATIVE-PUBLIC AFFAIRS

March 21, 1985

MICHAEL C. GERMANN, J. D.
LEGISLATIVE REPRESENTATIVE

MR. CHAIRMAN AND MEMBERS OF THE HOUSE INSURANCE COMMITTEE:

My name is Mike Germann. I appear today on behalf of the Kansas Railroad Association in support of Senate Bill 293.

The Kansas Automobile Injury Reparations Act (the Act) places insuring responsibility on the owner of a motor vehicle. The term "owner," as defined by the Act, does not include a lessee under a lease which is not intended to create a security interest. Whether a lease is intended to create a security interest is not always clear. This can cause a problem in the area of self-insurance.

Senate Bill 293 would resolve the problem by treating all leases the same for self-insurance purposes. The new language in section 1 eliminates the problem for in-state self-insurers, and the new language in section 2 eliminates the problem for out-of-state self-insurers.

We urge the Committee to report Senate Bill 293 favorably. I will try to answer any questions which you may have.

Attachment I