

Approved February 14, 1986  
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

The meeting was called to order by Sen. Neil H. Arasmith at  
Chairperson

9:00 a.m./~~p.m.~~ on February 13, 1986 in room 529-S of the Capitol.

All members were present except:

Committee staff present:

Bill Wolff, Legislative Research  
Myrta Anderson, Legislative Research  
Bruce Kinzie, Revisor of Statutes

Conferees appearing before the committee:

Ron Todd, Kansas Insurance Department  
Larry Magill, Kansas Independent Insurance Agents  
Richard Harmon, Kansas Association of Property and Casualty Insurance Companies  
Richard Schutz, Director, Services for the Blind, SRS  
Michael Byington, Kansas Association for the Blind and Visually Impaired, Inc.

The minutes of February 12 were approved.

The hearing began on SB 528 regarding notification of an increase in premiums on certain insurance policies. Ron Todd, Kansas Insurance Department, testified in support of the bill. The bill is needed to deal with the problem of the drastic increase in premiums for commercial insurance. At present, notice is given that the policy will be renewed, but the premium rate is not known at the time of the notice. In many cases, the rate has raised drastically after the renewal is effective. The bill addresses this problem by requiring that the premium in this type of situation shall be no greater than the previous premium until the insurer notifies the insured of the increase in rate.

The chairman asked if the bill is primarily directed towards the casualty field. Mr. Todd answered that this is not necessarily the case as many times the policy is a package policy. Sen. Gordon asked if this is a large problem, and Mr. Todd said that it is.

Larry Magill, Kansas Independent Insurance Agents, testified in support of the concept of SB 528 but expressed concern about how it will work on the marketplace. He asked the committee to keep in mind that there are several reasons for the late delivery of a renewal which could be the fault of the insured, the agency, or the company. The bill would require the calculation of premiums in two ways if the renewal is delivered late, and this is the problem he sees in the bill. He suggested an alternative solution to the problem which would allow the insured the right to cancel thirty days after the renewal was delivered to allow a time to check if a better rate is available. If the insured cannot find a better rate, he should be charged the new rate for the entire period of coverage.

Richard Harmon, Kansas Association of Property and Casualty Insurance Companies, appeared to express his problems with the bill. He said this situation occurs only on very large commercial risks. Many times, his companies do not get renewal information until after the renewal date and, therefore, it is impossible to give a rate before renewal. Sen. Karr asked how Mr. Harmon would suggest to solve the problem, and Mr. Harmon answered that he had no guidelines for a solution. This concluded the hearing.

The hearing began on SB 529 dealing with discrimination in the insurance industry against blind or partially blind persons. Ron Todd of the Kansas Insurance Department testified in support of the bill. He said that the bill is a model of a bill by the Association of Insurance Commissioners. It amends the unfair trade practices act, clarifying that there should be no unfair discrimination solely for the reason of blindness.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,  
room 529-S, Statehouse, at 9:00 a.m./~~p.m.~~ on February 13, 1986.

The chairman asked what kind of insurance is included, and Mr. Todd said that it includes all kinds, but the practical application would primarily be on accident, health, and life. It would also apply to auto insurance, but, obviously, the need for this would not occur often.

Richard Schutz, Director for the Services for the Blind, testified in support of SB 529. (See Attachment I).

Michael Byington, Kansas Association for the Blind and Visually Impaired, testified in support of the bill (See Attachment II). With this, the hearing on SB 529 was concluded.

At this time, Sen. Gannon introduced a visiting journalist from Germany, Leo Wieland, to the committee.

The chairman called the committee's attention to SB 455 heard yesterday. He said the conflict with the corporate farming statute had been corrected by staff who had prepared an amendment in the form of a new section. (See Attachment III).

Sen. Burke made a motion to so amend SB 455, Sen. Warren seconded, and the motion carried.

Sen. Burke made a motion to recommend SB 455 favorably as amended, Sen. Reilly seconded, and the motion carried.

The meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS  
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
2-13	Donald Shof	Topeka	TALK KOBVI Inc.
2-13	Michael J. Byington	Topeka	
2-13	Richard Schatz	Topeka	SRS
2-13	Tom Slattery	Topeka	AGC of Kansas
2-13	Jim Miller	"	KBA
2-13	George Barber	"	KS CONSULTING ENGRS
2-13	Richard Hampton	"	KS ASSN Prop/Casualty
2-13	Robert E. Wilber	McPherson	Alliance Ins Co
"	Don Todd	Topeka	Ins Syst
"	LARRY MAGILL	"	IIAK
2-13	Paul W. Goshkin	Topeka	State Banking Board
2-13	Donna Smith	Topeka	K. Bar Assoc.
"	Jewel Wright	Topeka	KS Credit Union League

State Department of Social and Rehabilitation Services

Testimony in Support of S.B. 529

Mr. Chairman and Members of the Committee:

I appear today in support of S.B. 529 which prohibits discrimination in the insurance industry against blind or partially blind persons solely on the basis of blindness or partial blindness. Without the bill, discrimination can occur through refusing to insure or continue to insure; limiting the amount, extent or kind of coverage available to an individual; or charging a different rate solely because of blindness or partial blindness. SRS supports any action which will prevent discrimination in the insurance industry or elsewhere against blind, partially blind, or other disabled individuals solely on the basis of respective disability. SRS urges passage of S.B. 529.

Richard A. Schutz, Director  
Services for the Blind  
Social and Rehabilitation Services  
296-4454  
2-13-86

for

2-13-86 S. FI+I  
Attachment 1

Robert C. Harder, Secretary  
Office of the Secretary  
Social and Rehabilitation Services  
296-3271  
2-13-86

State Department of Social and Rehabilitation Services

Statement Regarding S.B. 529

1. Title -- An Act relating to insurance; concerning unfair and deceptive acts; refusing to insure blind persons; amending K.S.A. 1985 Supp. 40-2404 and repealing the existing section.
2. Purpose -- The purpose of this bill is to prevent discrimination in the insurance industry against blind or partially blind persons solely because of blindness or partial blindness.
3. Background -- Discrimination can occur in the insurance industry against blind or partially blind persons solely on the basis of blindness or partial blindness. Discrimination includes refusal to insure or continue to insure; limiting the amount, extent or kind of coverage; or charging a different rate for the same coverage solely because of blindness or partial blindness.
4. Effect of Passage -- The effect of passage will be to prohibit discrimination by the insurance industry against blind or partially blind persons solely because of blindness or partial blindness.

Robert C. Harder, Secretary  
Office of the Secretary  
Social and Rehabilitation Services  
296-3271  
2-13-86

# Kansas Association for the Blind and Visually Impaired, Inc.

February 13, 1986

TO: Senate Committee on Financial Institutions and Insurance

FROM: Michael J. Byington, Registered Kansas Lobbyist

SUBJECT: Senate Bill 529

I rise in support of Senate Bill 529. Over the past year, and interim study committee looked at the issue of uninsurables. I testified before that committee and gave some examples of persons who were turned down for various types of insurance because of blindness or visual impairment. This Committee, in its wisdom, has chosen to introduce this bill.

My wife is totally blind and I am visually impaired. We include ourselves in the examples of those who have been turned down for certain types of insurance coverage. My mother is also blind. I can remember as a child how upset my parents were when our family was turned down for medical coverage, or when companies offered to insure us but placed riders on the policy stating that any illness or injury which was vision related would not be covered. This seems to suggest that if a blind person and a sighted person fall down over the same curb thus sustaining the same injuries, the sighted person fell because he/she is clumsy while the blind person fell because he/she is blind. This of course is not necessarily true. Among the membership of our organization, however, I have heard numerous examples of denied insurance coverage.

Before the interim committee, I was representing several organizations who have uninsurable memberships. The blind and visually impaired, however, have a rather unique case in as much as there is really no reason for the discrimination or uninsurable status. I have worked in rehabilitation for quite a number of years and have never seen conclusive proof that blind and visually impaired people live shorter lives or have more frequent hospitalizations. While a loss of vision may limit one's abilities to avoid certain hazardous situations, it usually also increases the chances that the person is not going to get into the hazardous situations in the first place.

Even very active blind people do not go to the hospital on the average more than their sighted counterparts. I will give an example which I will grant is not scientific, but I think is nonetheless representative. My wife and I play beep baseball. Now this is a crazy type of baseball where all players are either blind or blindfolded except the pitcher and catcher. The ball

beeps and the bases buzz. The sport is as fast and rough as regular baseball. Now this would certainly seem to be a high risk activity, and in fact there is indeed some risk involved. I compared, however, our injury statistics over the past few seasons with those of some sighted city league softball teams, and I found we do not get injured with any greater frequency or severity than they do. In fact, in some cases, we were injured less.

This is a good bill. It allows a certain group of citizens to live and work more independently without fear of a certain type of discrimination. Please pass it favorably from Committee.



## PROPOSED AMENDMENTS TO S.B. NO. 455

"AN ACT relating to banks and banking; concerning the holding of real estate; amending K.S.A. 9-1102 and repealing the existing section."

Be amended:

On page 2, after line 64, by inserting the following material to read as follows:

"Sec. 2. K.S.A. 17-5904 is hereby amended to read as follows: 17-5904. (a) No corporation, trust, limited corporate partnership or corporate partnership, other than a family farm corporation, authorized farm corporation, family trust, authorized trust or testamentary trust shall, either directly or indirectly, own, acquire or otherwise obtain or lease any agricultural land in this state. The restrictions provided in this section do not apply to the following:

(1) A bona fide encumbrance taken for purposes of security.

(2) Agricultural land when acquired as a gift, either by grant or devise, by a bona fide educational, religious or charitable nonprofit corporation.

(3) Agricultural land acquired by a corporation in such acreage as is necessary for the operation of a nonfarming business. Such land may not be used for farming except under lease to one or more natural persons, a family farm corporation, authorized farm corporation, family trust, authorized trust or testamentary trust. The corporation shall not engage, either directly or indirectly, in the farming operation and shall not receive any financial benefit, other than rent, from the farming operation.

(4) Agricultural land acquired by a corporation by process of law in the collection of debts, or pursuant to a contract for deed executed prior to the effective date of this act, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise, if such corporation divests itself of any such agricultural land within 10 years after such process of law, contract or procedure, except that provisions of K.S.A. 9-1102, and amendments thereto, shall apply to any bank

which acquires agricultural land.

(5) A municipal corporation.

(6) Agricultural land which is acquired by a trust company or bank in a fiduciary capacity or as a trustee for a nonprofit corporation.

(7) Agricultural land owned or leased by a corporation, corporate partnership, limited corporate partnership or trust on the effective date of this act if (A) any such entity owned or leased such agricultural land prior to July 1, 1965, provided such entity shall not own or lease any greater acreage of agricultural land than it owned or leased prior to the effective date of this act unless it is in compliance with the provisions of this act, or (B) any such entity was in compliance with the provisions of K.S.A. 17-5901 prior to its repeal by this act, provided such entity shall not own or lease any greater acreage of agricultural land than it owned or leased prior to the effective date of this act unless it is in compliance with the provisions of this act, or (C) any such entity was not in compliance with the provisions of K.S.A. 17-5901 prior to its repeal by this act, but is in compliance with the provisions of this act by July 1, 1991.

(8) Agricultural land held or leased by a corporation for use as a feedlot.

(9) Agricultural land held or leased by a corporation for the purpose of the production of timber, forest products, nursery products, or sod.

(10) Agricultural land used for bona fide educational research or scientific or experimental farming.

(11) Agricultural land used for the commercial production and conditioning of seed for sale or resale as seed or for the growing of alfalfa by an alfalfa processing entity if such land is located within 30 miles of such entity's plant site.

(12) Agricultural land owned or leased by a corporate partnership or limited corporate partnership in which the partners associated therein are either natural persons, family farm corporations, authorized farm corporations, family trusts, authorized trusts or testamentary trusts.

(13) Any corporation, either domestic or foreign, organized for coal mining purposes which engages in farming on any tract of land owned by it which has been strip mined for coal.

(b) Any corporation, trust, limited corporate partnership or corporate partnership, other than a family farm corporation, authorized farm corporation, family trust, authorized trust or testamentary trust, violating the provisions of this section shall be subject to a civil penalty of not more than \$50,000 and shall divest itself of any land acquired in violation of this section within one year after judgment is entered in the action. The district courts of this state may prevent and restrain violations of this section through the issuance of an injunction. The attorney general or district or county attorney shall institute suits on behalf of the state to enforce the provisions of this section.

(c) Civil penalties sued for and recovered by the attorney general shall be paid into the state general fund. Civil penalties sued for and recovered by the county attorney or district attorney shall be paid into the general fund of the county where the proceedings were instigated.";

And by renumbering sections accordingly;

Also on page 2, in line 65, by striking "is" and inserting "and 17-5904 are";

On page 1, in the title, in line 18, after "9-1102" by inserting "and 17-5904"; in line 19, by striking "section" and inserting "sections";

And the bill be passed as amended.