

Approved February 18, 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 14, 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:

None

The minutes of February 13 were approved.

The meeting had been called for the purpose of the discussion and possible action on bills previously heard.

The first bill to be discussed was SB 457, introduced by the bank commissioner, and which would make four changes in the statutes. Sen. Kerr asked if the stiffer bonding requirements in the bill would result in the decrease in the number of businesses offering this service. Sen. Werts commented that the bill is designed to protect the holder in due course and works for both agents and issuers. Staff added that line 55 spells out this protection.

Sen. Werts made a motion to report SB 457 favorably, Sen. Warren seconded, and the motion carried.

Discussion began on SB 453, a repealer on debit cards.

Sen. Werts made a motion to amend SB 453 as suggested by Jim Turner of the Kansas League of Savings Institutions. Sen. Warren seconded, and the motion carried.

Sen. Gannon said that he does not see a real need for the bill and that the conferees had not had sufficient statistics on losses involved. The chairman said that this concerns a non-money making service, and, therefore, although the losses are small, it is a complete loss.

Sen. Harder made a motion to report SB 453 favorably as amended, Sen. Kerr seconded, and the motion carried.

Brief consideration of SB 502 began regarding exemption from filing under the UCC requested by Montgomery Ward.

Sen. Gordon made a motion to report SB 502 favorable for passage, Sen. Kerr seconded, and the motion carried.

Attention was called to SB 512 dealing with notice of cancellation or nonrenewal by insurance companies. The chairman recalled that two items, 1 (d) and the 90 day provision in Section II, had been the main concern during the hearing. He had found that the insurance commissioner's office had no objection to the 90 days being changed to 60 days as had been suggested during the hearing.

Sen. Kerr made a motion to amend SB 512 to change the 90 days on line 38 to 60 days. Sen. Gannon seconded, and the motion carried.

Sen. Gannon made a motion to strike Section I (d), saying that he feels it is unfair that insurance companies would be allowed to cancel in this manner. Sen. Kerr seconded the motion.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

room 529-S, Statehouse, at 9:00 a.m. ~~pm~~ on February 14, 1986.

Sen. Kerr said that it would add to an existing availability problem if this section is stricken from the bill. Ron Todd of the Insurance Department said that it would do no harm to leave this section in the bill. He noted that this bill is not making it more beneficial for insurance companies but is imposing new restrictions on them and that currently companies can cancel without notice.

Sen. Burke expressed his concern about striking the amendment saying that if there is not a competitive market and this language is removed, there could be unfavorable results. He opposes Sen. Gannon's motion because the amendment is a step in the right direction towards being better than existing conditions.

Sen. Werts asked Mr. Todd if he felt the department would be hearing companies say often that if they don't cancel, they will be in hazardous condition. Mr. Todd said that with the new restriction in the bill, most companies would not take a risk in the first place because they would have no escape without the provision in (d). He added that he does not think it will make the market worse.

Sen. Gannon reiterated his earlier statement to the committee to put themselves in the place of the businessman who is cancelled at midstream. Sen. Kerr maintained that the legislature should proceed cautiously or they will create a worse market.

On a call for a vote on Sen. Gannon's motion, the motion failed.

Sen. Werts made a motion to report SB 512 favorable for passage as amended, Sen. Kerr seconded, and the motion carried.

Short discussion followed on SB 529 dealing with the availability of insurance for blind persons.

Sen. Karr made a motion to report SB 529 for favorable for passage, Sen. Gannon seconded, and the motion carried.

Last to be considered was SB 528 dealing with premiums for property and casualty insurance for large commercial risks.

Sen. Werts made a motion to report SB 528 adversely for the purpose of discussion. Sen. Karr seconded.

After discussion as to the disadvantages involved, Sen. Karr suggested that the insurance subcommittee address the problem which the bill apparently does not address. The chairman reminded him that the subcommittee already has a study assigned to them that may take considerable time. Sen. Karr felt that this could be a part of the study.

Sen. Werts withdrew his motion.

The chairman suggested that the insurance commissioner's office provide clearer language.

Sen. Kerr said that the suggestion offered by a conferee that the insured be allowed to cancel at the old rate at the time he is informed of the new higher rate was a good idea.

There being no further time, the meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
2-14	<i>Arthur W. Stinson</i>	<i>Topeka</i>	<i>State Banking Dept.</i>
"	<i>Jim Mang</i>	"	KBA
"	<i>Ben Todd</i>	"	<i>Dept. of Bus.</i>