

Approved February 3, 1987
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 January 29, 1987 in room 529-S of the Capitol.

All members were present except:

Sen. Warren - Excused

Committee staff present:

Bill Wolff, Legislative Research
Myrta Anderson, Legislative Research
Bill Edds, Revisor of Statutes

Conferees appearing before the committee:

Tom Slattery, Associated General Contractors of Kansas
Jerel Wright, Kansas Credit Union League

The minutes of January 27 were approved.

The chairman began the meeting with the request for a bill in behalf of Sen. Warren who was unable to attend the meeting. (See Attachment I.) The bill deals with notification of bond holders on municipal bonds when the bond is called before maturity.

Sen. Burke made a motion to introduce the bill and refer it back to committee, Sen. Gannon seconded, and the motion carried.

Tom Slattery, Associated General Contractors of Kansas, followed with a request for a bill dealing with workman's compensation insurance. This bill deals with a law passed by the legislature in 1983 concerning requirements for self insurance for certain associations. The bill would amend subsection (m). (See Attachment II.)

Sen. Burke made a motion to introduce the bill, Sen. Werts seconded, and the motion carried.

Jerel Wright, Kansas Credit Union League, requested the introduction of a bill that would amend the statute relating to group credit insurance by removing the \$25,000 ceiling. (See Attachment III.)

Sen. Burke made a motion to introduce the bill and refer it back to committee, Sen. Gannon seconded, and the motion carried.

The chairman began a discussion of SB 22 dealing with notice before increasing premiums for certain policies which had been previously heard. Copies of language from the Kansas Trial Lawyers which had been requested by the chairman had been distributed to committee members. (See Attachment IV.) The chairman expressed concern that there is very little difference between the amendments. Both still require dual notices (to the agent and to the insured). He asked the committee if it desired to adopt the concept of the original bill requiring notice before increasing premiums, and the committee was in agreement to adopt the concept. The chairman asked staff to prepare language to the effect that notice is to be given to the agent who is to notify the insured of the increase within five working days. Staff explained that the problem with this is that if notice is not given to the insured by the companies, the five working days notice does not relate to anything.

Sen. Gannon stated that one way to eliminate the double notice would be to give thirty days notice to the insured, and he could contact the agent. The chairman noted that this does not give the agent a chance to work with the insured. Sen. Kerr said that the agent relationship could be preserved if thirty days notice is given to the agent with the requirement that he notify the insured within five days after receiving the notice. Sen. Werts said that he does not think it is necessary to receive the news about the increase from the agent although he agrees that the agent should have knowledge

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
room 529-S, Statehouse, at 9:00 a.m./p.m. on January 29, 1987.

of it. The chairman reminded them that this deals with commercial lines which change drastically, and he feels that the agent needs to know about the increase to enable him to have information available if the insured wants to change companies. Further discussion clarified that the five days is for notificaiton of the insured, and the agent has twenty-five days to search for other coverage if the insured wants it.

Sen. Strick made a conceptual motion to adopt the thirty days notice to the agent with five days after which to notify the insured, Sen. Burke seconded, and the motion carried.

Sen. Harder made a motion to recommend SB 22 favorably as amended, Sen. Burke seconded, and the motion carried.

Attention was turned to SB 23 which had been previously heard. The chairman reminded the committee of the discussion as to if both property and casualty should be included.

Sen. Werts made a motion to report SB 23 adversely, Sen. Reilly seconded.

Committee discussion of the motion followed. The chairman informed the committee that the fiscal note for SB 23 is \$66,619 for two employees for the Insurance Department, not including computer hardware, and this has nothing to do with the cost to insurance companies.

Staff reminded the committee that SB 729 of last session is similar to SB 23. Sen. Gannon stated that if the Insurance Commissioner feels he needs this information as a possible source for dealing with rates, the committee should provide it for him. Dick Brock of the Insurance Department told the committee that SB 729 was more permissive than regulatory as in SB 23.

Sen. Burke noted the committee's discomfort with reporting the bill adversely. He said he feels the bill is not necessary, but he does not want to rush it through for those who want to explore the concept further. The chairman asked if the committee wished to report the bill adversely as in the motion and reintroduce SB 729. Sen. Karr said this would create a confusing trail and could result in leaving the Commissioner wihtout what he wants. Sen. Reilly suggested that the committee members read the interim report or minutes. The chairman said he had read the report, and there is little about it in the report and that the minutes would require a lot of time.

The chairman left the motion by Sen. Werts on the table and requested staff to have SB 729 available at next Thursday's meeting to give the committee time for careful consideration. Sen. Werts noted that this means that the next motion will have to be a substitute motion, therefore, he withdrew his motion. Sen. Reilly was in agreement.

The meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS
(Please print)

NAME

ADDRESS

REPRESENTING

NAME	ADDRESS	REPRESENTING
Tom Slattery	Topeka	ABC of Ks.
Dick Brock	"	Ins Dept
Lee WRIGHT	MISSION	Farmers Ins. Group
Richard Harmon	Topeka	Ks Domestic Ins Cos
Paul Wright	Topeka	Ks Credit Union League
Mary Vincent	Topeka	ABC of Ks.
Julie Zlotman	Topeka	FBA
WALTER DARLING	TOPEKA	DIVISION OF BUDGET
LARRY MAGILL	TOPEKA	I.I.A.K.
Bob Arbuthnot	Topeka	KTKA
Ron Todd	"	INS. Dept

SENATE BILL NO. _____

AN ACT concerning bonds; relating to notification of certain persons prior to the calling of bonds before maturity; amending K.S.A. 10-129 and repealing the existing section.

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

Section 1. K.S.A. 10-129 is hereby amended to read as follows: 10-129. (a) Whenever any municipality ~~shall--order~~ orders the call of any bonds issued by such municipality prior to the date of the maturity of such bonds, it shall be the duty of the clerk or secretary of such municipality to notify:

(1) The state treasurer of such call by mailing to him--er her the state treasurer, by registered certified mail, a copy of the order, resolution or ordinance calling such bonds; and

(2) (A) if the bonds are bearer bonds, each person who last received an interest payment on any such bonds prior to the date fixed for notification of the call of such bonds if the address of such person is known, by mailing to such person, by certified mail, at the last known address thereof, a copy of the order, resolution or ordinance calling such bonds; or

(B) if the bonds are registered, each registered owner of such bonds, or the duly authorized agent thereof, by mailing to such person or authorized agent, by certified mail, at the last known address of such owner or agent, a copy of the order, resolution or ordinance calling such bonds.

(b) Such notice shall be mailed ~~to-the-state-treasurer~~ at least ~~thirty~~ 30 days prior to the date fixed for the call of such bonds.

Sec. 2. K.S.A. 10-129 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

SENATE BILL NO. _____

By

AN ACT relating to workers' compensation; concerning applications for certificates of authority to operate group-funded workers' compensation pools; amending K.S.A. 44-582 and repealing the existing section.

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

Section 1. K.S.A. 44-582 is hereby amended to read as follows: 44-582. Application for a certificate of authority to operate a pool shall be made to the commissioner of insurance not less than 60 days prior to the proposed inception date of the pool. The application shall include the following:

(a) A copy of the bylaws of the proposed pool, a copy of the articles of incorporation, if any, and a copy of all agreements and rules of the proposed pool. If any of the bylaws, articles of incorporation, agreements or rules are changed, the pool shall notify the commissioner within 30 days after such change.

(b) A copy of the trust agreement securing the payment of workers' compensation benefits. If the trust agreement is changed, the pool shall notify the commissioner within 30 days after such change.

(c) Designation of the initial board of trustees and administrator. When there is a change in the membership of the board of trustees or change of administrator, the pool shall notify the commissioner within 30 days after such change.

(d) The address where the books and records of the pool will be maintained at all times. If this address is changed, the pool shall notify the commissioner within 30 days after such change.

(e) An individual application for each initial member of

Attachment II
Senate F I & I - January 29, 1987

AN ACT amending the insurance code; relating to maximum amounts group insurance; amending K.S.A. 1986 Supp. 40-433(2)(d) and repealing the existing section.

Be it enacted by the Legislature fothe State of Kansas:

Section 1. K.S.A. 1986 Supp. 40-433(2)(d) is hereby amended to read as follows: 40-433(2)(d) The amount of insurance on the life of any debtor shall at no time, ~~under one(1) or more policies, exceed the amount owed by him which is repayable in installments to the creditor, or Twenty Five Thousand (\$25,000), whichever is less~~ exceed the greater of the secheduled or actual amount of the debt.

Section 3. K.S.A. 1986 Supp. 40-433(2)(d) is hereby repealed.

Section 4. This act shall take effect and be in force from and after its publication in the statute book.

SENATE BILL No. 22

Section 1. The premium rates for any contract of property and casualty insurance continued or renewed following the effective date of this act shall be no greater than those charged for the immediately preceding policy period unless and until 30 days have elapsed from the date the insured was notified of any applicable increase. *Notice to the agent shall be given at least five (5) working days prior to notice to the insured.*