

Approved March 3, 1988

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. ~~xxx~~ on March 2, 19 88 in room 529-S of the Capitol.

All members were present except:

Committee staff present:

Bill Wolff, Legislative Research
Bill Edds, Revisor of Statutes

Conferees appearing before the committee: None

The minutes of March 1 were approved.

Attention was turned to SB 507 which would amend the uniform consumer credit code and which had been previously heard. The Chairman reviewed the suggested amendments and referred to a balloon of the bill. (See Attachment I.) Also, he passed out information prepared by Stan Lind which explains the amendments compared with existing law. (See Attachment II.) He then asked Sen. Werts to go through the amendments for the committee. Sen. Werts explained that on page 2, new Section 2 is inserted. It adds consumer credit sales pursuant to open end credit and provides a lower alternate rate of 18%. On page 5, new language is on line 176 which adds that it applies to loans not secured by real estate mortgages. On line 80, the 3% origination fee is limited to \$100 and a new subsection is added which is language stricken on the bottom of page 4. On page 6, a new maximum delinquency fee of \$25 is provided. The Chairman said there is another amendment on line 179 where "loan" is stricken and "consumer credit transaction" is inserted and also added on line 177 after "financed", and on line 80 "not secured by real estate mortgage" is inserted.

Sen. Werts made a motion to amend SB 507 in all the ways described. Sen. Reilly seconded.

Sen. Kerr began a discussion as to if all retailers and consumer credit transactions are covered by the bill. Staff said there is question as to if the origination fee is applicable to each transaction when a credit card is used. The Chairman said that this is not the intent of the bill. Sen. Werts said that he felt this should be dealt with separately and withdrew from his motion the amendment dealing with "consumer credit transaction".

The Chairman explained that Sen. Werts' removal from his motion means the bill is not including seller credit card sales. Also, staff explained to Sen. Karr that the interest rates for sellers are the only ones being changed.

Staff noted that in passing SB 552 the language was moved to 401, and this bill moves it to 501. Leaving it in 401 makes it clear that it would have to be disclosed as a finance charge. Putting it in 501 will require that it be blended together at some time. Sen. Werts confirmed with staff that 401 deals only with consumer loans, open end or closed end. Staff concluded that it is a question of where the committee wants to put it in or if they want to let it go until later. Sen. Werts felt that it is best that this be reconciled in a conference committee.

On a call for a vote on Sen. Werts' motion to amend, the motion carried.

Sen. Burke made a motion to amend SB 507 by incorporating the provisions repealing the Rule of 78s found in SB 443 into SB 507, Sen. Reilly seconded, and the motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,

room 529-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 2, 1988.

In response to Sen. Gannon's questions regarding the Chairman's comments earlier that if SB 443 is passed without SB 507, it is asking for a veto, the Chairman explained that the passage of SB 443 without SB 507 puts in two rate decreases in one year. Staff explained further that the Governor's veto of the two bills last year occurred because one bill was passed with 18%, and the other bill was passed with a 21% maximum interest rate, and the Governor was surprised at the House going both ways at the same time and that they had not held a hearing on one of the bills. On a call for a vote on SB 507, Sen. Werts made a motion to recommend it favorable for passage as amended, Sen. Reilly seconded, and the motion carried.

Discussion began on SB 624 concerning the liability of the health care stabilization fund which had been previously heard. Sen. Karr had a balloon which staff had prepared for him with amendments to clarify the confusion discussed at the hearing. (See Attachment III.) Staff explained that previously it applied before July 1, but now with the amendment it is restricted to persons who have commenced practice on or after July 1. There is a technical amendment as suggested by Sen. Parrish deleting subsection 12 reference and inserting subsection 5 reference. Finally, at the end of line 215, the concept of Sen. Kerr concerning physicians who are forced to leave practice is incorporated. With regard to the disablement amendment, Sen. Burke began a short discussion as to how it relates to impaired physicians.

Sen. Karr made a motion to adopt the amendments, Sen. Burke seconded, and the motion carried.

Sen. Gordon recalled that the Insurance Department had said that on line 210, reference is needed only to (3) and (4), and this amendment is not shown on the balloon. Staff said all five references were left in because it was felt it causes no harm. Mr. Todd of the Insurance Department said they are concerned about what would happen in court if all is left in. Staff said the two could be eliminated and do no harm to the bill. Sen. Gordon made a motion to remove (1), (2), and (5) from subsection (1).

There being no further time, the Chairman said since further research is needed on Sen. Gordon's motion, the committee will meet tomorrow to finish.

The meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS
(Please print)

DATE	NAME	ADDRESS	REPRESENTING
3-2-88	Jim May	Joplin	KBA
"	Tom Humphreys	"	KMAA
"	J. Stinger	"	CCC
"	Bill Wright	"	
"	Jim Olinix	" "	PIA of Ks
"	Joe A. Morris	"	KLSI
"	Ken Todd	"	Ins. Dept.
"	Jinica Maag	Marion, Ks.	Government
"	Christie Steward	Marion, Ks	Marion High School, GOVT.
"	Kathy Collett	Marion Ks	Marion High School, Government
"	Denise Sellers	Marion, Ks	Marion High School - Gov. Rep.
"	RUD GRANT	JOPOLINA	KCC
"	Pat Jackson	Marion Ks.	Marion H.S. -
3/2/88	Stephen W. Robertson	1350 E. Touhy Suite 380W Des Plaines, Illinois 60018	Health Insurance Association of America

SENATE BILL No. 507

By Committee on Financial Institutions and Insurance

1-22

0016 AN ACT amending the uniform consumer credit code; concern-
0017 ing charges and fees allowable on certain consumer credit
0018 transactions; amending K.S.A. 16a-2-502 and K.S.A. 1987
0019 Supp. 16a-2-201, 16a-2-401 and 16a-2-501 and repealing the
0020 existing sections. 16a-2-202

0021 *Be it enacted by the Legislature of the State of Kansas:*

0022 Section 1. K.S.A. 1987 Supp. 16a-2-201 is hereby amended to
0023 read as follows: 16a-2-201. (1) With respect to a consumer credit
0024 sale, other than a sale pursuant to open end credit, a seller may
0025 contract for and receive a finance charge not exceeding that
0026 permitted by this section.

0027 (2) The finance charge, calculated according to the actuarial
0028 method, may not exceed the equivalent of the following:

0029 The total of:

0030 (a) Twenty-one percent per year on that part of the unpaid
0031 balance of the amount financed which is ~~\$300~~ \$1,000 or less;

0032 (b) ~~eighteen percent per year on that part of the unpaid~~
0033 ~~balance of the amount financed which is more than \$300 but~~
0034 ~~does not exceed \$1,000; and~~

0035 (c) ~~fourteen and forty-five hundredths percent per year on~~
0036 ~~that part of the unpaid balance of the amount financed which is~~
0037 ~~more than \$1,000.~~

0038 (3) This section does not limit or restrict the manner of
0039 calculating the finance charge whether by way of add-on, dis-
0040 count, or otherwise, so long as the rate of the finance charge does
0041 not exceed that permitted by this section. If the sale is precom-
0042 puted:

0043 (a) The finance charge may be calculated on the assumption
0044 that all scheduled payments will be made when due; and

Attachment I

0045 (b) the effect of prepayment is governed by the provisions on
0046 rebate upon prepayment (16a-2-510).

0047 (4) For the purposes of this section, the term of a sale agree-
0048 ment commences with the date the credit is granted or, if goods
0049 are delivered or services performed 10 days or more after that
0050 date, with the date of commencement of delivery or perform-
0051 ance. Differences in the lengths of months are disregarded and a
0052 day may be counted as 1/30th of a month. Subject to classifications
0053 and differentiations the seller may reasonably establish, a part of
0054 a month in excess of 15 days may be treated as a full month if
0055 periods of 15 days or less are disregarded and that procedure is
0056 not consistently used to obtain a greater yield than would other-
0057 wise be permitted.

0058 (5) Subject to classifications and differentiations the seller
0059 may reasonably establish, the seller may make the same finance
0060 charge on all amounts financed within a specified range. A
0061 finance charge so made does not violate subsection (2) if:

0062 (a) When applied to the median amount within each range, it
0063 does not exceed the maximum permitted by subsection (2); and

0064 (b) when applied to the lowest amount within each range, it
0065 does not produce a rate of finance charge exceeding the rate
0066 calculated according to paragraph (a) by more than 8% of the rate
0067 calculated according to paragraph (a).

0068 (6) Notwithstanding subsection (2), the seller may contract
0069 for and receive a minimum finance charge of not more than \$5
0070 when the amount financed does not exceed \$75, or not more than
0071 \$7.50 when the amount financed exceeds \$75.

0072 (7) As an alternative to the rates set forth in subsection (2),
0073 during the period beginning on the effective date of this act and
0074 ending July 1, 1987, the seller may contract for and receive a
0075 finance charge not exceeding ~~21%~~ 18% per year on the unpaid
0076 balances of the amount financed.

Insert new Sec. 2

Sec. 3

0077 ~~Sec. 2.~~ K.S.A. 1987 Supp. 16a-2-401 is hereby amended to
0078 read as follows: 16a-2-401. (1) With respect to a consumer loan,
0079 including a loan pursuant to open end credit, a lender may
0080 contract for and receive a finance charge, calculated according to
0081 the actuarial method, not exceeding 18% per year on the unpaid

charge exceeding the charge resulting from applying that percentage to the lowest amount within the range by more than 8% of the charge on the median amount.

(3) If the billing cycle is monthly, the charge may not exceed 1.75% of that part of the amount pursuant to subsection (2) which is ~~\$300 or less and 1.5% on that part of this amount which is more than \$300 but not more than \$1,000~~ and 1.2% on that part of this amount which is more than \$1,000. If the billing cycle is not monthly, the maximum charge is that percentage which bears the same relation to the applicable monthly percentage as the number of days in the billing cycle bears to 30. For the purposes of this section, a variation of not more than four days from month to month is "the last day of the billing cycle."

(4) Notwithstanding subsection (3), if there is an unpaid balance on the date as of which the credit service charge is applied, the seller may contract for and receive a charge not exceeding \$.50 if the billing cycle is monthly or longer, or the pro rata part of \$.50 which bears the same relation to \$.50 as the number of days in the billing cycle bears to 30 if the billing cycle is shorter than monthly.

(5) As an alternative to the rates set forth in subsection (3), ~~during the period beginning on the effective date of this act and ending July 1, 1987~~, the parties to the sale may contract for and the seller may receive a finance charge not exceeding ~~21%~~ 18% per year on the amount determined pursuant to subsection (2).

History: L. 1973, ch. 85, § 17; L. 1980, ch. 77, § 2; L. 1981, ch. 94, § 2; L. 1982, ch. 93, § 2; L. 1983, ch. 79, § 2; L. 1985, ch. 82, § 2; July 1.

\$1,000

Sec. 2. K.S.A. 1987 Supp. 16a-2-202 is hereby amended to read as follows:

16a-2-202. (UCCC) Finance charge for consumer credit sales pursuant to open end credit. (1) With respect to a consumer credit sale made pursuant to open end credit, the parties to the sale may contract for the payment by the buyer of a finance charge not exceeding that permitted in this section.

(2) A charge may be made in each billing cycle which is a percentage of an amount no greater than:

(a) The average daily balance of the account, which is the sum of the actual amounts outstanding each day during the billing cycle divided by the number of days in the cycle;

(b) the unpaid balance of the account on the last day of the billing cycle; or

(c) the median amount within a specified range within which the average daily balance of the account or the unpaid balance of the account on the last day of the billing cycle is included. A charge may be made pursuant to this paragraph only if the seller, subject to classifications and differentiations the seller may reasonably establish, makes the same charge on all balances within the specified range and if the percentage when applied to the median amount within the range does not produce a

0082 balance of the amount financed not exceeding \$1,000 and 14.45%
0083 per year on that portion of the unpaid balance in excess of \$1,000.

0084 (2) As an alternative to the rates set forth in subsection (1),
0085 with respect to a supervised loan made under a license issued by
0086 the administrator, including a loan pursuant to open end credit, a
0087 supervised lender may contract for and receive a finance charge,
0088 calculated according to the actuarial method, not exceeding the
0089 equivalent of the greater of either of the following:

0090 The total of: (a) Thirty-six percent per year on that part of the
0091 unpaid balance of the amount financed which is \$300 or less; and

0092 (b) twenty-one percent per year on that part of the unpaid
0093 balance of the amount financed which is more than \$300, but
0094 does not exceed \$1,000; and

0095 (c) fourteen and forty-five hundredths percent per year on
0096 that portion of the unpaid balance of the amount financed which
0097 is more than \$1,000; or

0098 (d) eighteen percent per year on the unpaid balance of the
0099 amount financed.

0100 (3) This section does not limit or restrict the manner of
0101 calculating the finance charge, whether by way of add-on, dis-
0102 count, or otherwise, so long as the rate of the finance charge does
0103 not exceed that permitted by this section. The finance charge
0104 may be contracted for and earned at the single annual percentage
0105 rate that would earn the same finance charge as the graduated
0106 rates when the debt is paid according to the agreed terms and the
0107 calculations are made according to the actuarial method. If the
0108 loan is precomputed:

0109 (a) The finance charge may be calculated on the assumption
0110 that all scheduled payments will be made when due; and

0111 (b) the effect of prepayment is governed by the provisions on
0112 rebate upon prepayment (section 16a-2-510).

0113 (4) The term of a loan for the purposes of this section com-
0114 mences on the date the loan is made. Differences in the lengths
0115 of months are disregarded and a day may be counted as $\frac{1}{30}$ th of a
0116 month. Subject to classifications and differentiations the lender
0117 may reasonably establish, a part of a month in excess of 15 days
0118 may be treated as a full month if periods of 15 days or less are

0119 disregarded and that procedure is not consistently used to obtain
0120 a greater yield than would otherwise be permitted.

0121 (5) Subject to classifications and differentiations the lender
0122 may reasonably establish, the lender may make the same finance
0123 charge on all amounts financed within a specified range. A
0124 finance charge so made does not violate subsections (1) and (2) if:

0125 (a) When applied to the median amount within each range, it
0126 does not exceed the maximum amount permitted in subsections
0127 (1) and (2); and

0128 (b) when applied to the lowest amount within each range, it
0129 does not produce a rate of finance charge exceeding the rate
0130 calculated according to paragraph (a) by more than 8% of the rate
0131 calculated according to paragraph (a).

0132 (6) Notwithstanding subsections (1) and (2), a lender may
0133 contract for and receive a minimum finance charge of not more
0134 than \$5 when the amount financed does not exceed \$75, or not
0135 more than \$7.50 when the amount financed exceeds \$75.

0136 (7) This section shall not apply to a loan secured by an
0137 interest in land the interest rate of which is governed by sub-
0138 section (b) of K.S.A. 16-207, and amendments thereto, unless
0139 made subject hereto by agreement.

0140 (8) ~~Except for subsection (10),~~ This section shall not apply to
0141 a loan secured by an interest in land subordinate to a prior
0142 mortgage and held by a lender other than the lender of the first
0143 mortgage, the interest rate of which is governed by subsection
0144 (b) or (h) of K.S.A. 16-207, and amendments thereto, unless made
0145 subject hereto by agreement.

0146 (9) ~~As an alternative to the rates set forth in subsection (1) and~~
0147 ~~subsection (2)(d),~~ during the period beginning on the effective
0148 date of this act and ending July 1, 1987, a supervised lender may
0149 contract for and receive a finance charge not exceeding 21% per
0150 year on the unpaid balance of the amount financed.

0151 (10) Notwithstanding subsections (1), (2) and (3), a lender
0152 may contract for and receive a nonrefundable origination fee not
0153 to exceed 3% of the amount financed on any loan secured by a
0154 real estate mortgage.

Sec. 40155 ~~Sec. 3.~~ K.S.A. 1987 Supp. 16a-2-501 is hereby amended to

not secured by a real estate mortgage

or \$100, whichever is less

(b) In addition to the finance charge permitted by the parts of this article on maximum finance charges for consumer loans, a creditor may contract for and receive, in connection with a consumer loan secured by a real estate mortgage, a nonrefundable origination fee in an amount not to exceed 3% of the amount financed.

(c) For purposes of this subsection (2), the amount financed shall not include the dollar amount of the origination fees authorized by this subsection (2).

0156 read as follows: 16a-2-501. (1) In addition to the finance charge
0157 permitted by the parts of this article on maximum finance
0158 charges for consumer credit sales and consumer loans (parts 2
0159 and 4), a creditor may contract for and receive the following
0160 additional charges in connection with a consumer credit trans-
0161 action:

- 0162 (a) Official fees and taxes;
- 0163 (b) charges for insurance as described in subsection (2);
- 0164 (c) annual charges, payable in advance, for the privilege of
0165 using a lender credit card which entitles the user to purchase
0166 goods or services from at least 100 persons not related to the
0167 issuer of the lender credit card, under an arrangement pursuant
0168 to which the debts resulting from the purchases are payable to
0169 the issuer;
- 0170 (d) charges for other benefits, including insurance, conferred
0171 on the consumer, if the benefits are of value to the consumer and
0172 if the charges are reasonable in relation to the benefits, are of a
0173 type which is not for credit, and are excluded as permissible
0174 additional charges from the finance charge by rules and regula-
0175 tions adopted by the administrator.

0176 (2) ^(a)In addition to the finance charge permitted by the parts
0177 of this article on maximum finance charges for consumer loans,
0178 a creditor may contract for and receive, in connection with a
0179 consumer loan, a nonrefundable origination fee in an amount
0180 not to exceed 3% of the amount financed.

0181 (2) (3) An additional charge may be made for insurance writ-
0182 ten in connection with the transaction, including vendor's single
0183 interest insurance with respect to which the insurer has no right
0184 of subrogation against the consumer but excluding other insur-
0185 ance protecting the creditor against the consumer's default or
0186 other credit loss:

- 0187 (a) With respect to insurance against loss of or damage to
0188 property, or against liability, if the creditor furnishes a clear and
0189 specific statement in writing to the consumer setting forth the
0190 cost of the insurance if obtained from or through the creditor and
0191 stating that the consumer may choose the person through whom
0192 the insurance is to be obtained; and

0193 (b) with respect to consumer credit insurance providing life,
 0194 accident and health, or loss of employment coverage, if the
 0195 insurance coverage is not a factor in the approval by the creditor
 0196 of the extension of credit, and this fact is clearly disclosed in
 0197 writing to the consumer, and if, in order to obtain the insurance
 0198 in connection with the extension of credit, the consumer gives
 0199 specific affirmative written indication of the consumer's desire to
 0200 do so after written disclosure to the consumer of the cost thereof.

Sec. 5

0201 ~~Sec. 4~~ K.S.A. 16a-2-502 is hereby amended to read as fol-
 0202 lows: 16a-2-502. (1) ~~With respect to a precomputed consumer~~
 0203 ~~credit transaction,~~ The parties to a consumer credit transaction
 0204 may contract for a delinquency charge on any installment not
 0205 paid in full within ~~ten (10)~~ 10 days after its scheduled or deferred
 0206 due date in an amount not exceeding the greater of

or twenty-five dollars (\$25),
 whichever is less,

0207 (a) an amount, not exceeding ~~five percent (5%)~~ 5% of the
 0208 unpaid amount of the installment, ~~or two dollars and fifty cents~~
 0209 ~~(\$2.50), whichever is less, or~~

0210 (b) the deferral charge (section 16a-2-503) that would be
 0211 permitted to defer the unpaid amount of the installment for the
 0212 period that it is delinquent.

0213 (2) A delinquency charge under paragraph (a) of subsection
 0214 (1) may be collected only once on an installment however long it
 0215 remains in default. No delinquency charge may be collected
 0216 with respect to a deferred installment unless the installment is
 0217 not paid in full within ~~ten (10)~~ 10 days after its deferred due date.
 0218 A delinquency charge may be collected at the time it accrues or
 0219 at any time thereafter.

0220 (3) No delinquency charge may be collected on an install-
 0221 ment which is paid in full within ~~ten (10)~~ 10 days after its
 0222 scheduled or deferred installment due date even though an
 0223 earlier maturing installment or a delinquency charge on a
 0224 earlier installment may not have been paid in full.

0225 (4) If two installments or parts thereof of a precomputed
 0226 consumer loan are in default for ~~ten (10)~~ 10 days or more, the
 0227 lender may elect to convert the loan from a precomputed loan to
 0228 one in which the finance charge is based on unpaid balances. In
 0229 this event ~~he~~ the lender shall make a rebate pursuant to the

0230 provisions on rebate upon prepayment (section 16a-2-510) as of
0231 the maturity date of the first delinquent installment, and there-
0232 after may make a finance charge as authorized by the provisions
0233 on loan finance charge for consumer loans (subsection (1) of
0234 section 16a-2-401) or the provisions on finance charge for super-
0235 vised loans (subsection (2) of section 16a-2-401), whichever is
0236 appropriate. In any case, the terms of the converted loan shall be
0237 no less favorable to the debtor than the terms of the original loan.
0238 The amount of the rebate shall not be reduced by the amount of
0239 any permitted minimum charge (section 16a-2-510). If the credi-
0240 tor proceeds under this subsection, any delinquency or deferral
0241 charges made with respect to installments due at or after the
0242 maturity date of the first delinquent installment shall be rebated,
0243 and no further delinquency or deferral charges shall be made.

Sec. 6 0244 **Sec. 5:** K.S.A. 16a-2-502 and K.S.A. 1987 Supp. 16a-2-201,
0245 16a-2-401 and 16a-2-501 are hereby repealed.

16a-2-202

Sec. 7 0246 **Sec. 6:** This act shall take effect and be in force from and
0247 after its publication in the statute book.

AMENDMENTS TO U.C.C.C. BY SB 507

1. The present rate schedule for installment sales contracts under 16a-2-201 is as follows:
 - (a) 21% to \$300
 - (b) 18% over \$300 to \$1000
 - (c) 14.45% over \$1000 to \$25,000 with no alternative rate.

2. Section 1, subsection 2 (a) and (b):

Proposes to amend the present rate schedule so it would be as follows:

 - (a) 21% to \$1000
 - (b) 14.45% over \$1000 to \$25,000

Note: The amendment in subsection (2) of Section 1 of SB 507 eliminates the step from \$300 to \$1000 and increases the first bracket of \$300 to \$1000 at 21%.

3. Page 2, subsection 7:

This proposed amendment would provide for a permanent 18% alternative rate for installment sales where there is presently none.

4. Page 4, subsection (8), line 140:

Because subsection 9 on page 4 is proposed to be deleted, the reference to subsection 10 is not needed in subsection (8).

5. Page 4, subsection (9):

This subsection is proposed to be deleted since it was the temporary alternative rate for loans which sunsetted on 7-1-87. It is now excess verbiage.

6. Page 4, subsection (10):

This subsection which authorizes a 3% origination fee on loans secured by real estate is proposed to be deleted - and - replaced by a section which authorizes a 3% origination fee on all loans, regardless of collateral.

Another purpose - is - to remove it from the UCCC Loan Rate Section (16a-2-501). The purpose of the switch is to emphasize the fact that the origination fee is a charge in addition to the finance charge.

7. Page 5, subsection (2):

This is the re-enactment of the part of 16a-2-401 (10) pertaining to loans secured by real estate collateral - but - making the 3% origination fee to apply to all consumer loans.

Note: The 3% origination fee would not apply to installment sales contracts-- only to installment loan contracts.

8. Page 6, subsection (4):

°Subsection (1): Clean-up language.

°Subsection (1) (a): Would delete the dollar limitation of \$2.50 in delinquency fees. Presently, this section provides for a delinquency fee of 5% or \$2.50, whichever is smaller.

°This amendment would provide for a 5% delinquency charge without a dollar limitation.

9. Page 6, line 229:

°Clean-up language.

(OVER)

Attachment II

AMENDMENT TO SB 507 PROPOSED AT THE COMMITTEE HEARING
BY BUD GRANT OF THE STATE CHAMBER

That a New Section 2 pertaining to revolving credit rates be inserted to amend 16a-2-201 to read as follows:

- (1) 1.75% per month to \$1000
- (2) 1.20% per month over \$1000

Note: Presently 16a-2-201 reads as follows:

- (1) 1.75% per month to \$300
- (2) 1.50% per month over \$300 to \$1000
- (3) 1.20% per month over \$1000

The proposed amendment was inadvertantly omitted in the bill draft submitted to the FII Committee for introduction.

The purpose of the amendment is to make open-end credit sales rates equal to the proposed rates for installment closed-end rates--as they now are under present law.

0193 state general fund to the health care stabilization fund.
 0194 (2) Upon the payment of moneys from the health care stabi-
 0195 lization fund pursuant to subsection (c)(12), the commissioner
 0196 shall certify to the director of accounts and reports the amount of
 0197 such payment which is equal to the basic coverage liability of
 0198 self-insurers, and the director of accounts and reports shall
 0199 transfer an amount equal to the amount certified from the state
 0200 general fund to the health care stabilization fund.

0201 (k) Notwithstanding any other provision of the health care
 0202 provider insurance availability act, no psychiatric hospital li-
 0203 censed under K.S.A. 75-3307b and amendments thereto shall be
 0204 assessed a premium surcharge or be entitled to coverage under
 0205 the fund if such hospital has not paid any premium surcharge
 0206 pursuant to K.S.A. 40-3404 and amendments thereto prior to
 0207 January 1, 1988.

0208 (l) ~~Notwithstanding any other provision of this section, the~~
 0209 ~~fund shall not be liable to pay any amount prescribed in sub-~~
 0210 ~~sections (c), (1), (2), (3), (4) and (12) after any person or entity~~
 0211 ~~described therein has discontinued rendering professional ser-~~
 0212 ~~vices as a health care provider in this state and participating in~~
 0213 ~~such fund by payment of the applicable surcharge unless such~~
 0214 ~~person or entity has participated in such fund for 10 or more~~
 0215 ~~years at the time of such discontinuation.~~

0216 Sec. 2. K.S.A. 1987 Supp. 40-3403 is hereby repealed.

0217 Sec. 3. This act shall take effect and be in force from and
 0218 after its publication in the statute book.

, with respect to any person or entity that
 commenced rendering professional services as
 a health care provider in this state and
 participating in the fund on or after the
 effective date of this act,

(5)

such

The provisions of this subsection shall not
 be applicable with respect to any such dis-
 continuation occasioned by disablement of a
 person due to circumstances beyond such
 person's voluntary control.

Attachment III