

Approved March 31, 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

8:30 a.m./~~p.m.~~ on March 29, 1988 in room 529-S of the Capitol.

All members were present except:

Senators Gannon and Harder - Excused

Committee staff present:

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

Conferees appearing before the committee: None

The minutes of March 28 were approved.

The meeting began with the Chairman passing out a balloon with amendments suggested by Sen. Werts at the hearing on HB 2723 concerning insurance company examination fees. (See Attachment I.) Sen. Warren had questions regarding the cost of software which were answered by Dick Brock of the Kansas Insurance Department.

Sen. Werts made a motion to adopt the amendments, Sen. Kerr seconded, and the motion carried.

Sen. Werts made a motion to report HB 2723 favorable for passage as amended, Sen. Kerr seconded, and the motion carried.

The Chairman informed the committee that he had requested two interim studies. One request is from the Bank Commissioner on an update of statutes relative to trust laws for banks, and the other one is for a study on HB 2971 concerning information for the Insurance Commissioner on rate filings.

The Chairman said there will be a meeting on two or three exempt bills yet this week or next week.

The meeting was adjourned.

HOUSE BILL No. 2723

By Committee on Insurance

.1-29

0017 AN ACT relating to insurance; concerning fees for examination
0018 of companies; amending K.S.A. 40-223 and repealing the
0019 existing section.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. K.S.A. 40-223 is hereby amended to read as fol-
0022 lows: 40-223. Any person who makes any examination under the
0023 provisions of this act, except as provided in K.S.A. 40-110 and
0024 40-253 and amendments thereto, may receive, as full compensa-
0025 tion for such person's services, on a per diem basis an amount
0026 fixed by the commissioner, which shall not exceed the amount
0027 recommended by the national association of insurance commis-
0028 sioners, for such time necessarily and actually occupied in going
0029 to and returning from the place of such examination and for such
0030 time the examiner is necessarily and actually engaged in making
0031 such examination including any day within the regular work-
0032 week when the examiner would have been so engaged had the
0033 company or society been open for business, together with such
0034 necessary and actual expenses for traveling and subsistence as
0035 the examiner shall incur because of the performance of such
0036 services. For the purposes of this act, "necessary and actual
0037 expenses" shall be limited, whether for travel within the state or
0038 travel outside the state, to those limitations expressed in K.S.A.
0039 75-3207 and amendments thereto which pertain to official travel
0040 outside the state. The daily charge shall be calculated by divid-
0041 ing the amount the examiner is authorized by the commissioner
0042 of insurance to charge per week by the number of days in the
0043 regular workweek of the company or society being examined.
0044 All of such compensation, expenses, the employer's share of
0045 the federal insurance contributions act taxes, the employer's

Attachment I

0046 contribution to the Kansas public employees retirement system
 0047 as provided in K.S.A. 74-4920 and amendments thereto, the
 0048 self-insurance assessment for the workmen's compensation act as
 0049 provided in K.S.A. 44-576 and amendments thereto, the em-
 0050 ployer's cost of the state health care benefits program under
 0051 K.S.A. 75-6507, ~~and a pro rata amount determined by the com-~~
 0052 ~~missioner to provide annual leave for the examiner not to exceed~~
 0053 ~~the number of days allowed state officers and employees in the~~
 0054 ~~classified service pursuant to regulations promulgated in ac-~~
 0055 ~~cordance with the Kansas civil service act, all outside consulting~~
 0056 ~~and data processing fees necessary to perform any examination,~~
 0057 ~~and a sum equal to the amount charged for annual leave to fund~~
 0058 ~~the purchase, maintenance and enhancement of examination~~
 0059 ~~equipment and computer software shall be paid to the commis-~~
 0060 ~~sioner of insurance by the insurance company or society so~~
 0061 ~~examined, on demand of the commissioner. The amount paid for~~
 0062 ~~all outside consulting and data processing fees necessary to~~
 0063 ~~perform any examination, and the sum equal to the amount~~
 0064 ~~charged for annual leave to fund the purchase of examination~~
 0065 ~~equipment and computer software shall not collectively total~~
 0066 ~~more than \$25,000 at any one company examination including~~
 0067 ~~examination of its subsidiaries or combination thereof. Such~~
 0068 ~~demand shall be accompanied by the sworn statement of the~~
 0069 ~~person making such examination, setting forth in separate items~~
 0070 ~~the number of days necessarily and actually occupied in going to~~
 0071 ~~and returning from the place of such examination, the number of~~
 0072 ~~days the examiners were necessarily and actually engaged in~~
 0073 ~~making such examination including those days within the regu-~~
 0074 ~~lar workweek while the examination was in progress and the~~
 0075 ~~company or society had closed for business, and the necessary~~
 0076 ~~and actual expenses for traveling and subsistence, incurred in~~
 0077 ~~and on account of such services. A duplicate of every such sworn~~
 0078 ~~statement shall be kept on file in the office of the commissioner~~
 0079 ~~of insurance. All moneys so paid to the commissioner of insur-~~
 0080 ~~ance shall be remitted to the state treasurer and the state trea-~~
 0081 ~~surer shall issue duplicate receipts therefor, one to be delivered~~
 0082 ~~to the commissioner of insurance and the other to be filed with~~

— Delete.
 — pro rata
 — determined by the commissioner not to exceed an annual aggregate of \$18,000

Explanation: This amended language is offered pursuant to the discussion that was had during the Committee's hearing on this bill.

0083 the director of accounts and reports.

0084 Sec. 2. K.S.A. 40-223 is hereby repealed.

0085 Sec. 3. This act shall take effect and be in force from and

0086 after its publication in the statute book.