

Approved _____

2/14/89
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

The meeting was called to order by SENATOR RICHARD L. BOND at _____
Chairperson

9:00 a.m./p.m. on WEDNESDAY, FEBRUARY 8, 1989 in room 529 S of the Capitol.

All members ~~were present except~~ Senators Bond, Salisbury, Anderson, Karr, Kerr, McClure, Moran, Parrish, Reilly, Strick and Yost.

Committee staff present:

Bill Wolff, Legislative Research
Bill Edds, Revisor's Office
Myrta Anderson, Legislative Research
Louise Bobo, Committee Secretary

Conferees appearing before the committee:

Ron Todd, Assistant Commissioner of Insurance
Jim Hall, Security Benefit Life Insurance Company

The meeting was called to order by Chairman Bond at 9:10 a.m.

SB 107 - Ron Todd, Assistant Commissioner of Insurance, appeared in support of SB 107. Mr. Todd stated there is a need for this bill because some companies are slow in returning money to the applicant for insurance even though they have been refused coverage. This bill would require the company or the agent to return the money within a specified length of time--line 62 of SB 107 requires that the money be returned within fifteen business days from receipt of the application. Mr. Todd also emphasized that this bill was concerned solely with personal insurance and not commercial insurance. (attachment 1)

Jim Hall, Security Benefit Life Insurance Company, appeared in opposition to the section of the bill requiring the fifteen day deadline stating that from a life insurance perspective the deadline could only be met if the person applying for coverage were healthy; however, if there appears to be any health problem at all and there is need for further investigation then it usually takes an average of forty-five days before the results of tests can be received and a decision made. Mr. Hall said that the way the bill is now written, the company would have to make a decision within fifteen business days even though the company returned any down payment to the applicant.

Senator Salisbury made the motion that sub-section (d) of SB 107 not be applicable to life insurance. Senator Yost seconded the motion.

Discussion continued with Mr. Hall stating that his company would have no problem with the bill if the fifteen day requirement is lifted when any money is returned to the applicant. A committee member inquired if Staff could come up with wording which would clarify sub-section 2. Senator Salisbury withdrew her motion. Senator Kerr made a motion to have the language of the bill clarified to incorporate the intent that if the money is returned then the underwriting decision would not have to be made within the fifteen days. Senator Yost seconded the motion and the motion carried.

Senator Salisbury made a motion to amend the bill to clarify that "receipt of the application" in sub-section 2 refers to the date the agent receives the application. Senator Strick seconded the motion. The motion carried.

Senator Strick made a motion to pass SB 107 out of committee as amended. Senator McClure seconded the motion and the motion carried.

Senator Karr made a motion to amend the bill to add the consistent penalty provisions for the entire bill as amended. Senator Yost seconded the motion. The motion carried.

The meeting was adjourned at 10:00 a.m.

Explanatory Memorandum For
Legislative Proposal No. 9

S.B. 107

Legislative Proposal No. 9 would require a prompt refund of any deposit or other monies paid in connection with an application for insurance coverage if the insurer declines to insure the applicant. As indicated in the proposal, the suggested language attempts to place the responsibility for the return of any amounts due to the insurance entity involved in the transaction that is in possession of the money.

Attachment 1
Sen. Fin. Sub. & Ins.
2/8/89

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS
(Please print)

Wed. Feb. 8

DATE	NAME	ADDRESS	REPRESENTING
2-8	Donetta Robben	1916 Eisenhower - Hays	County Clerk
2-8	PEGGY McCullick	3203 Fort St., Hays, Ks.	Ellis County Clerk
2-8	LARRY MAGILL	TOPEKA	IIAIC
2-8	KATHY BRUNER	1321 BAINTREE LAWRENCE	PUBLIC AT LARGE
2-8	Jim Olin	Topeka	PIA of Ks
2-8	David Hanson	Topeka	Ks Life Assoc
2-8	Lee Wright	Overland Park	Farmers Ins. Group
2-8	Jim Lee	TOPEKA	Security Benefit
"	Ben Todd	"	Ins Dept