

Approved February 21, 1990
Date

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Dale Sprague at
Chairperson

3:30 ~~xx~~ a.m./p.m. on February 15, 89 in room 531-n of the Capitol.

All members were present except:

Representative Barbara Allen, excused
Representative Theo Cribbs, absent

Committee staff present: Chris Courtwright, Research Department
Emalene Correll, Research Department
Bill Edds, Revisor of Statutes
Patti Kruggel, Committee Secretary

Conferees appearing before the committee:

see attached list

The meeting was called to order at 3:40 p.m.

Representative Littlejohn made a motion to approve the minutes of February 13 and February 14, 1990. Representative Bryant seconded. The motion carried.

Representative Jim Braden, Speaker of the House requested the Committee to introduce a bill (Attachment 1) which would allow that group accident and sickness insurance policies and rates be approved by the Insurance Commissioner before they can be presented to a policyholder.

A motion was made by Representative Gross, seconded by Representative Flower to introduce the bill. The motion carried.

Jim Oliver, Professional Insurance Agents provided a balloon amendment (Attachment 2) to HB 2722. HB 2722 is an act concerning continuing education requirements for agents. I was explained the balloon amendment would: 1) delete the carryover provision which allowed agents to carryover the hours spent in one year in continuing education, over to the next year; 2) allows CEC education value to be based upon rules and regulations of the Commissioner and not specifically based solely on time, and; 3) make this bill effective as of April 1, 1991.

A motion was made by Representative Bryant to accept the balloon amendments to HB 2722. Representative Hoy seconded. The motion carried.

Representative Gross moved to recommend HB 2722 as amended by the balloon, favorable for passage. Representative Bryant seconded. The motion carried.

The Chairman called attention to health care legislation currently assigned to the Committee and asked that Emalene Correll, Research Department give an overview of the bills.

HB 2045 -- relating to health insurance; requiring certain policies to offer certain family coverage options; amending K.S.A. 1988 Supp. 40-19c09 and repealing the existing section; also repealing K.S.A. 1988 Supp. 40-19c09a.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Insurance,

room 531-N, Statehouse, at 3:30 ~~xx~~ a.m./p.m. on February 15, 89.

Ms. Correll explained that HB 2045 is a carryover bill which would create a mandated coverage option that would allow coverage of less than the entire family when in a group in which an individual chooses to take the dependent coverage in addition to the coverage the group may provide to the individual.

HB 2074 -- relating to insurance; extending coverage requirements for services performed by licensed specialist clinical social workers to all health and accident policies or contracts delivered within or outside of the state or used within the state by or for an individual residing or employed in the state; amending K.S.A. 40-2,103 and 40-2,114 and repealing the existing sections.

Ms. Correll stated that HB 2074 is a carryover bill that would mandate coverage of clinical social work services. She stated that this was accomplished through action on a 1989 Senate Bill.

HB 2391 -- relating to insurance; providing that certain accident and sickness coverage include maternity benefits with respect to adopted children; amending K.S.A. 1988 Supp. 40-19c09 and repealing the existing section; also repealing K.S.A. 1988 Supp 40-19c09a.

Ms. Correll explained that HB 2391 is a carryover bill that would apply to new mandates to accident and health insurance, HMOs and Blue Cross/Blue Shield and to independent and group policies. The bill would apply to any policy covering maternity benefits, that it must also cover maternity costs for the birth mother and the birth of an adopted child.

HB 2392 -- relating to insurance; providing that certain health policies and contracts contain coverage with respect to adopted children; amending K.S.A. 40-2,102 and repealing the existing section.

Ms. Correll stated that HB 2392 is a carryover bill and is a mandated coverage bill that would allow that if family coverage is included, then that coverage must also provide that any benefits applicable to children would be payable from the moment of birth, either to the natural child, or a child adopted within 90 days of the birth, or from the moment of placement.

HB 2610 -- concerning health insurance; establishing a program encouraging certain employers to offer health benefit plans to eligible employees; providing income tax credits for employer contributions to such health benefit plans.

Ms. Correll explained that this is a carryover bill and that the purpose of HB 2610 is to encourage small employers, with 25 or fewer employees, to help offer health benefits to their employees by allowing small employers to establish a small employers health benefit plan for the purpose of providing health benefits to the employees and their dependents. The bill particularly mandates catastrophic coverage.

HB 2768 -- concerning insurance; relating to certain policies, contracts or certificates issued, renewed or delivered within or outside this state; amending K.S.A. 1989 Supp. 40-2,103 and repealing the existing section.

Ms. Correll stated that HB 2768 would extra territorialize the mandated benefits for nervous and mental conditions, drug abuse and alcoholism applying to insurance sold outside the state but delivered to residents within the state.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Insurance

room 531-N, Statehouse, at 3:30 ~~XX~~m./p.m. on February 15, ~~89~~

HB 2888 -- relating to insurance; requiring certain persons or organizations to provide impact reports of legislation proposing mandated health care benefits.

Ms. Correll explained that HB 2888 would require that before any mandated coverage could be enacted, that those persons who are proponents of the mandate must submit legislation to the legislature accessing the social and financial impact of the mandate.

HB 2889 -- relating to insurance; requiring certain benefits to be offered on an optional basis under policies of health and accident insurance; amending K.S.A. 40-2,102, 40-2,1404 and 40-2,105 and K.S.A. 1989 Supp. 40-2,114 and 40-2230 and repealing the existing sections.

Ms. Correll explained that HB 2889 goes through statutes that currently mandate that certain benefits be provided and terms the mandate to cover those mandates into a mandate to offer the coverage. The carrier would be required to offer the coverage but the purchaser would have the option to refuse the coverage.

There was Committee discussion.

The Chairman asked the Committee to look at some bills which could work towards stabilizing the Health Care Delivery System. He suggested the Committee particularly consider recommending for introduction: 1) the Insurance Commissioners bill draft, similar to HB 2889, and; 2) the Commissioners conceptual bill draft regarding the rating organization concept.

Representative Helgerson moved to introduce the Insurance Commissioners draft and the Insurance Commissioners rating concept as Committee bills. Representative Brown seconded. The motion carried.

The meeting was adjourned at 4:50 p.m.

HOUSE BILL NO. _____

By Representative

AN ACT relating to insurance; concerning accident and sickness insurance and the regulation of the rates thereof by the commissioner of insurance; amending K.S.A. 1989 Supp. 40-2215 and repealing the existing section.

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

Section 1. K.S.A. 1989 Supp. 40-2215 is hereby amended to read as follows: 40-2215. (a) No individual policy of accident and sickness insurance as defined in K.S.A. 40-2201 and amendments thereto shall be issued or delivered to any person in this state nor shall any application, rider or endorsement be used in connection therewith, until a copy of the form thereof and of the classification of risks and the premium rates pertaining thereto, have been filed with the commissioner of insurance.

(b) No group policy of accident and sickness insurance providing medical, surgical or hospital expense coverage shall be issued or delivered to any person in this state, nor shall any application, rider or endorsement be used in connection therewith, until a copy of the form thereof and of the classification of risks and the premium rates pertaining thereto have been filed with the commissioner of insurance. This section shall not apply to disability income, hospital confinement indemnity, specified disease or accident only coverage.

~~(b)~~ (c) No such policy shall be issued, nor shall any application, rider or endorsement be used in connection therewith, until the expiration of 30 days after it has been filed unless the commissioner gives written approval thereof.

~~(c)~~ (d) The commissioner may, within 30 days after the filing of any such form, disapprove such form:--~~(1)~~-~~if~~-the

~~benefits provided therein are unreasonable--in--relation--to--the premium--charged;--or--(2)~~ if it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of such policy. If the commissioner notifies the insurer which has filed any such form that it does not comply with the provisions of this section or K.S.A. 40-2202 and 40-2203, and amendments thereto, it shall be unlawful thereafter for such insurer to issue such form or use it in connection with any policy. In such notice the commissioner shall specify the reasons for disapproval and state that a hearing will be granted within 20 days after request in writing by the insurer.

(e) (1) Any filing of risk classifications, premium rates or rating formulae shall be approved by the commissioner unless the commissioner finds that such filing does not meet the requirements of this act or establishes an unreasonable, excessive or unfairly discriminatory rate. As soon as reasonably possible after the filing has been made, the commissioner shall in writing approve or disapprove the filing. Any filing shall be deemed approved unless disapproved within 30 days after receipt of such filing or supporting information in connection therewith. In the event the commissioner disapproves a filing, the commissioner shall specify in what respect such filing does not meet the requirements of this section or other provisions of article 22 of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, and shall state that a hearing will be granted within 20 days after receipt of such request in writing by such corporation.

(2) All rates, filed pursuant to this section, shall be made in accordance with the following provisions: (A) Due consideration shall be given to: (i) Past and prospective loss experience; (ii) past and prospective expenses; (iii) adequate contingency reserves; and (iv) all other relevant factors within and without the state;

(B) risks may be grouped by classifications for the

establishment of rates for individual, group or blanket policies;
and

(C) rates shall be reasonable, not excessive and not
unfairly discriminatory.

(3) Nothing in this act is intended to prohibit or
discourage reasonable competition or discourage or prohibit
uniformity of rates except to the extent necessary to accomplish
the aforementioned purpose. The commissioner is hereby
authorized to issue such rules and regulations as are necessary
and not inconsistent with this act.

~~(d)~~ (f) The commissioner may at any time, after a hearing of which not less than 20 days' written notice shall be given to the insurer, withdraw approval of any such form ~~on-any-of-the-grounds stated--in--this--section~~ or rate in the event the commissioner finds such filing no longer meets the requirements of this section or of article 22 of chapter 40 of the Kansas Statute Annotated, and amendments thereto. It shall be unlawful for the insurer to issue such form or use it or any rate in connection with any policy after the effective date of such withdrawal of approval.

~~(e)~~ (g) Hearings under this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act.

Sec. 2. K.S.A. 1989 Supp. 40-2215 is hereby repealed.

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

HOUSE BILL No. 2722

By Committee on Insurance

1-26

9 AN ACT relating to insurance; concerning continuing education
10 requirements for agents; amending K.S.A. 1989 Supp. 40-240f
11 and repealing the existing section.
12

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

14 Section 1. K.S.A. 1989 Supp. 40-240f is hereby amended to read
15 as follows: 40-240f. (a) For purposes of this section:

16 (1) "Biennial due date" means March 31, 1991, and March 31 of
17 each odd-numbered year thereafter.

18 (2) "Approved subject" or "approved course" means any
19 educational presentation involving insurance fundamentals, insurance
20 law, insurance policies and coverage, insurance needs, insurance risk
21 management, or other areas, which is offered in a class, seminar or
22 other similar form of instruction, and which has been approved by
23 the commissioner under this section as expanding skills and
24 knowledge obtained prior to initial licensure or developing new and
25 relevant skills and knowledge.

26 (3) "C.E.C." means continuing education credit. One C.E.C. is
27 50 to 60 minutes of each clock hour of instruction or the C.E.C.
28 value assigned by the commissioner. The C.E.C. values shall be
29 assigned in whole units. The commissioner shall assign a C.E.C.
30 value to each approved subject on a case-by-case basis.

31 (4) "Biennium" means the period beginning on the effective date
32 of this section and ending on March 31, 1991, and each two-year
33 period thereafter.

34 (5) "Inactive agent" means a licensed agent who presents
35 evidence satisfactory to the commissioner which demonstrates that
36 such agent will not do any act toward transacting the business of
37 insurance for not less than two but not more than six years from
38 the date such evidence is received by the commissioner. Such
39 additional periods may be granted by the commissioner upon further
presentation of evidence satisfactory to the commissioner.

42 (b) (1) Every licensed agent who is an individual and holds a
43 property or casualty qualification, or both, shall biennially obtain a
minimum of twelve C.E.C.'s in courses certified as property and

casualty.

(2) Every licensed agent who is an individual and holds a life, accident and health, or variable contracts qualification, or any combination thereof, shall biennially complete twelve C.E.C.'s in courses certified as life, accident and health, or variable contracts.

(3) Every licensed agent who is an individual and holds a crop only qualification shall biennially obtain a minimum of two C.E.C.'s in courses certified as crop under the property and casualty category.

(4) Every licensed agent who is an individual and is licensed only for title insurance shall biennially obtain a minimum of four C.E.C.'s in courses certified by the board of abstract examiners as title under the property and casualty category.

(5) Every licensed agent who is an individual and holds a life insurance license solely for the purpose of selling life insurance or annuity products used to fund a pre-arranged funeral program and whose report of compliance required by subsection (f) of this section is accompanied by a certification from an officer of each insurance company represented that the agent transacted no other insurance business during the period covered by the report shall biennially obtain a minimum of two C.E.C.'s in courses certified as life or variable contracts under the life, accident and health, or variable contracts category.

(c) Individual agents who hold licenses with both a property or casualty qualification, or both, and a life, accident and health, or variable contracts qualification, or any combination thereof, and who earn C.E.C.'s from courses certified by the commissioner as qualifying for credit in any class, may apply those C.E.C.'s toward either the property or casualty continuing education requirement or to the life, accident and health, or variable contracts continuing education requirement. However, a C.E.C. shall not be applied to satisfy both the biennial property or casualty requirement, or both, and the biennial requirement for life, accident and health, or variable contracts, or any combination thereof.

(d) An instructor of an approved subject shall be entitled to the same credit as a student completing the study.

~~(e) If an individual agent completes more than the biennial requirement of accredited continuing education courses in a biennium by passing an examination part leading to a recognized professional designation, the agent may accumulate and carry over to the next biennium up to the equivalent of the biennial requirement for the type of license qualification held.~~

(f) (1) An individual agent who has been licensed for more than one year shall, on or before the biennial due date, file a report with

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the commissioner that such agent has met the continuing education requirements for the previous biennium ending on such biennial due date. Every individual agent shall maintain a record of all courses attended together with a certificate of attendance for three years after the date of attendance.

(2) A newly licensed individual agent shall have the remainder of the biennium in which such agent is initially licensed plus the next biennium to comply with the C.E.C. requirements.

(3) If the required report showing proof of continuing education completion is not furnished by the biennial due date, the individual agent's qualification and corresponding license or licenses shall not be renewed by the commissioner.

(4) An applicant for an individual agent's license who previously held a license which terminated on or after May 1, 1989, because of failure to meet continuing education requirements and who seeks to be relicensed shall pass the examination required for issuance of the new qualification and license and provide evidence that appropriate C.E.C.'s have been completed for the prior biennium.

(5) An applicant for an individual agent's license who previously held a license which was terminated on or before April 30, 1989, for failure to meet the minimum educational requirements contained in K.S.A. 40-240b as it existed prior to the passage of this act and who seeks to be relicensed shall pass the examination required for issuance of the new license.

(6) Upon written application by an individual agent, the commissioner may, in cases involving medical hardship or military service, extend the time within which to fulfill the minimum continuing educational requirements for a period of not to exceed 180 days.

(7) This section shall not apply to inactive agents as herein defined during the period of such inactivity. Upon return to active status or expiration of the maximum inactive period, the agent shall have the remainder of the current calendar year plus the next calendar year to comply with the continuing education requirement.

~~(g)~~ (1) A course, program of study, or subject shall be submitted to and certified by the commissioner in order to qualify for purposes of continuing education.

(2) The following information shall be furnished with each request for certification:

- (A) Name of provider or sponsoring organization;
- (B) course title;
- (C) date course will be offered;
- (D) location where course will be offered;

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1 (E) outline of the course including a schedule of times when
2 subjects will be presented;

3 (F) names and qualifications of instructors;

4 (G) number of C.E.C.'s requested; and

5 (H) a nonrefundable fee in the amount of \$50 per course or a
6 nonrefundable fee in the amount of \$250 per year for all courses.

7 (3) Upon receipt of such information, the commissioner shall
8 grant or deny certification as an approved subject and indicate the
9 number of C.E.C.'s that will be recognized for the subject. Each
0 approved subject or course shall be assigned by the commissioner
11 to one or both of the following classes:

12 (A) Property and casualty insurance contracts or

13 (B) life insurance contracts (including annuity and variable
14 contracts) and accident and health insurance contracts.

15 (4) A course or subject shall have a value of at least one C.E.C.

16 (5) A provider seeking approval of a course for continuing
17 education credit shall provide for the issuance of a certificate of
18 attendance to each person who attends a course offered by it. The
19 certificate shall be signed by either the course instructor or the
20 provider's authorized representative. Providers shall also maintain a
21 list of all persons who attend courses offered by them for continuing
22 education credit for at least seven years from the date the courses
23 are offered.

24 (6) A course may be approved after a program of study has been
25 held if the required material is furnished within 60 days after the
26 program was completed and prior to the biennial due date.

27 (7) The commissioner may grant approval to specific programs of
28 study that have appropriate merit, such as programs with broad
29 national or regional recognition, notwithstanding the lack of a request
30 for certification. The fee prescribed by subsection (g)(2)(H) of this
31 section shall not apply to approvals granted hereunder.

32 (8) *The C.E.C. value assigned to any course, program of study
33 or subject, other than a correspondence course or other course
34 pursued by independent study, shall be based solely on time spent
35 in attendance and shall in no way be contingent upon passage or
36 satisfactory completion of any examination given in connection with
37 such course, program of study or subject.*

38 (tr) The commissioner shall provide, upon request, a list of all
39 approved continuing education courses currently available to the
40 public.

41 (tr) An individual agent who studies independently for an
42 insurance examination, other than an agent's examination, approved
43 by the commissioner, and who passes an independently monitored

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examination, shall receive credit for the C.E.C.'s assigned by the commissioner as recognition for the approved subject. No other credit shall be given for independent study.

~~(j)~~ The commissioner may waive the continuing education requirements imposed by this act for nonresident agents who have complied with continuing education requirements imposed by their state of domicile. (i)

~~(k) This section shall take effect and be in force from and after May 1, 1989.~~

Sec. 2. K.S.A. 1989 Supp. 40-240f is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after April 1, 1991 and its publication in the statute book.