

Approved February 26, 1990
Date

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Dale Sprague at
Chairperson

3:30 ~~x~~ a.m./p.m. on February 19, 19 in room 501-n of the Capitol.

All members were present except:

Representative Henry Helgerson, excused
Representative Tom Sawyer, absent

Committee staff present: Chris Courtwright, 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.

The Chairman reminded the Committee that today was the last day to request introduction of Committee bills.

Representative Artie Lucas requested the Committee to introduce a bill pertaining to health care which would amend present statutes to allow for more jurisdiction of our 3rd party administrators administering self-funded program. (Attachment 1)

Representative Turnquist made a motion to introduce the bill.
Representative Turnbaugh seconded. The motion carried.

Representative Bill Bryant requested the Committee introduce a bill, similar to SB 554 regarding the underground storage tank act. This bill dealing with insurance, would provide the ability to sell to 3rd party responsibilities and establish an insurance type of trust fund.

A motion was made by Representative Bryant, seconded by Representative Brown to introduce the bill. The motion carried.

Representative Larry Turnquist was asked by Rep. Bill Brady to request a bill regarding settlement of claims in automobile insurance policies. The bill would require companies to itemize out the settlement, setting up a fair trade practice.

Representative Turnquist made a motion to introduce the bill.
Representative Turnbaugh seconded. The motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Insurance,

room 531-N, Statehouse, at 3:30 ~~X~~m./p.m. on February 19, 199.

There were no other bill requests and the Committee began hearings on SB 416.

SB 416 -- relating to the health care stabilization fund (HCSF) oversight committee; concerning the confidentiality of certain information provided a consulting actuary; amending K.S.A. 1989 Supp. 40-3403b and repealing the existing section.

Bill Wolff, Legislative Research Department briefed the Committee on SB 416 and explained that it was suggested as a needed clarification by HCSF Oversight Committee. The Committee was created by 1989 law to conduct an independent actuarial review of the HCSF and advise the Legislature regarding any potential phase out of the fund. SB 416 would provide for confidentiality of information that the Insurance Commissioner might present to the actuary. It would direct the Commissioner to provide information and material deemed necessary by the actuarial firm and would at the same time, give the Legislatures actuary access to the same information. The bill would require the actuary and his employees to be subject to the same degree of confidentiality regarding the information received, as any other person required in Kansas Statutes to maintain.

There were no others wishing to testify on SB 416.

Representative Bryant made a motion to recommend SB 416 favorable for passage. Representative Wells seconded. The motion carried.

Hearings began on SB 462.

SB 462 -- concerning property insurance purchase by state agencies; amending K.S.A. 1989 Supp. 74-4702 and repealing the existing section.

Chris Courtwright, Legislative Research Department gave a brief overview of SB 462 and explained that the bill would allow Kansas State University to purchase comprehensive, collision and other appropriate insurance for their technical uplink truck which has a variety of attached telecommunications equipment to it.

Keith Ratzloff, Controller for Kansas State University testified in support of SB 462 stating the the mobile television unit and the unlink truck were purchased on behalf of the Regents Educational Communication Center to provide satellite services linked between educational institutions with in the State and outside the State. At present, the liability insurance that the state has covers the vehicle, but that is the extent of the coverage. SB 462 would modify language in K.S.A. 74-4702 to allow the purchase of comprehensive and collision insurance.

There were no others wishing to testify on SB 462.

Bill Edds, Revisor of Statutes pointed out that the Committee may wish to amend SB 462 in line 28, 76-748 to site the appropriate section. This is not longer a correct citation to the section due to the fact that last year that section was transferred to another position in the Statute Book.

The change would in no way would change the impact of the bill.

Representative Allen move to amend SB 462 to site the appropriate section. Representative Turnquist seconded. The motion carried.

A motion was made by Representative Allen, seconded by Representative Wells to recommend SB 462 as amended favorable for passage. The motion carried.

The meeting was adjourned at 4:10 p.m.

AN ACT relating to insurance, concerning the jurisdiction of the commissioner of insurance and regulation and registration of administrators, amending K.S.A. 40-2222, K.S.A. 40-3802 and K.S.A. 1989 Supp. 40-3810 and repealing the existing sections.

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

Section 1. K.S.A. 40-2222 is hereby amended to read as follows: 40-2222. Any person or other entity which provides coverage in this state for medical, surgical, chiropractic, physical therapy, speech pathology, audiology, professional mental health, dental, hospital, or optometric expenses, whether such coverage is by direct payment, reimbursement, or otherwise, shall be presumed to be subject to the jurisdiction of the commissioner of insurance unless the person or other entity conclusively shows by submission of an appropriate certificate, license or other document issued by a governmental agency that it is subject to the jurisdiction of an agency of this state or the federal government. Any entity that has obtained recognition of its exempt status under Section 501(c)(9) of the Internal Revenue Code shall be considered to be subject to the jurisdiction of an agency of the federal government and shall not be subject to the provisions of Chapter 40 of the Kansas Statutes Annotated or of the jurisdiction of the commissioner of insurance provided that such entity files satisfactory proof with the commissioner that it is covered by stop loss or excess insurance issued by an insurer subject to the jurisdiction of the commissioner for claims expense substantially in excess of anticipated contributions by or on behalf of individuals covered by the entity.

Sec. 2. K.S.A. 40-3802 is hereby amended to read as follows:. 40-3802. No administrator shall act as such without a written agreement between the administrator and the insurer, and such written agreement shall be retained as part of the official records of both the insurer and the administrator for the duration of the agreement and five (5) years thereafter. Such written agreement shall contain provisions which include the requirement of K.S.A. 40-3803, 40-3805 to 40-3809, inclusive, except insofar as those requirements do not apply to the functions performed by the administrator.

(b) The administrator shall, within forty-five (45) days of execution of any such written agreement with an insurer, register such agreement with the commissioner by providing notice to the commissioner of the name and address of the insurer and by payment of a registration fee, as applicable, pursuant to this section. Such registration fee shall be payable at the time of registration and annually thereafter and shall be collected from each insurer subject to the requirements of this provision. An insurer shall be subject to the requirements of this provision if it is not subject to taxation pursuant to K.S.A. 40-246c or K.S.A. 40-252, and any amendments thereto. The initial registration fee shall be \$100.00 and the fee collected

annually thereafter shall be one% of all premiums paid through the administrator for coverage upon individual residents in the state of Kansas.

(c) Where a policy is issued to a trustee or trustees, a copy of the trust agreement and any amendments thereto shall be furnished to the insurer by the administrator and shall be retained as part of the official records of both the insurer and the administrator for the duration of the policy and five (5) years thereafter.

Sec. 3. K.S.A.1989 Supp. 40-3810 is hereby amended to read as follows: 40-3810. No person shall act as or hold oneself out to be an administrator in this state, unless such person holds a certificate of registration as an administrator issued by the commissioner of insurance. Application for such certificate shall be made to the commissioner on a form prescribed by such commissioner and shall be accompanied by a filing fee of \$100. Such certificate may be continued for successive annual periods by notifying the commissioner of such intent and payment of a \$50 continuation fee. Such certificate shall be issued or continued by the commissioner to an administrator unless the commissioner after due notice and hearing shall have determined that the administrator is not competent, trustworthy, financially responsible or of good personal and business reputation, or has had a previous application for an insurance license denied for cause within five years, does not maintain a fidelity bond in an amount not less than ten-percent (10%) of the amount of funds handled subject to a maximum of \$500,000, or does not maintain a policy of liability insurance in an amount not less than \$200,000 per occurrence subject to not less than a \$600,000 annual aggregate for all claims made during the policy period for loss claimed to have been caused by error, omission, or negligence in the performance of such administrator's professional services.

Sec. 4. K.S.A. 40-2222, K.S.A. 40-3402, and K.S.A. 1989 Supp. 40-3810 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.