

Approved March 26, 1992
Date

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Representative Turnquist at
Chairperson

3:30 ~~xxx~~ p.m. on March 25, 1992 in room 531 N of the Capitol.

All members were present except:

Representative Sebelius - Excused
Representative Helgerson - Excused

Committee staff present:

Mr. Fred Carman, Revisor
Mr. Chris Courtwright, Research
Mrs. Nikki Feuerborn, Secretary

Conferees appearing before the committee:

Mr. Dick Brock, Insurance Department
Mr. Bill Sneed, HIAA

Discussion and final action on SB 519 - Purchase of insurance benefits

The Kansas Department on Aging presented written testimony supporting the bill. It provides reasonable consumer protection to persons who may be approached about selling their life insurance benefits at a discount from face value. It also provides the Insurance Department with appropriate regulatory powers to carry out its responsibilities. (See Attachment 1).

Mr. Dick Brock of the Insurance Department presented the Committee with copies of a proposed balloon amendment to the bill. (See Attachment 2).

Representative Flower moved to accept the balloon amendment from the Insurance Department. Representative Welshimer seconded the motion. Motion carried.

Representative Campbell moved to amend the bill by striking "15 day" and inserting "30 day" on Line 21 of Page 2 and on Page 3. The motion was seconded by Representative Gilbert. Motion carried.

Representative Wells moved to pass the bill out favorably as amended. Motion seconded by Representative Neufeld. Motion carried.

Discussion and final action on SB 491 - Life insurance, declination of coverage

Representative Sprague moved for technical changes on Line 12 of Page 1 by adding "(a)" after Section 1 and on Line 27 of Page 1 by changing 2111 to 2112. Motion seconded by Representative Cozine. Motion carried.

Representative Campbell moved to add "shall" preceding provide on Line 39 of Page 1 of the bill. Motion seconded by Representative Cozine. Motion carried.

The Insurance Department supports this bill as it deals with individual policies only.

Representative Neufeld moved for the favorable passage of SB 491 as amended. Representative Wells seconded the motion. Motion carried.

Representative Welshimer moved to accept the minutes of the meeting of March 23, 1992. Representative Cozine seconded the motion. Motion carried.

The meeting adjourned at 4:30 p.m.

KANSAS DEPARTMENT ON AGING
TESTIMONY ON SB 519
TO THE HOUSE INSURANCE COMMITTEE
MARCH 19, 1992

The Kansas Department on Aging (KDOA) supports SB 519 as amended as it provides reasonable consumer protection to persons who may be approached about selling their life insurance benefits at a discount from face value. It also provides the Insurance Department with appropriate regulatory powers to carry out its responsibilities.

While the practice of purchasing life insurance policies of typically terminally ill persons is relatively new and reports of abuse are few, we believe it is important to take a preventive approach and implement consumer protection measures now. This was the approach taken by the Legislature two years ago when it passed HB 2723 (1990) regulating accelerated death benefits before such life insurance options were available in Kansas.

Persons facing terminal illnesses who have financial problems are subject to financial exploitation. SB 519 as amended will greatly reduce the possibility of such exploitation as it relates to the sale of life insurance benefits. We urge its passage. Thank you for the opportunity to present comments on this bill. I would be happy to answer any questions you may have.

GAD:ins519h.tst

House Insurance
3-25-92
Attachment 1



STATE OF KANSAS

KANSAS INSURANCE DEPARTMENT

420 S.W. 9th
Topeka 66612-1678 913-296-3071

1-800-432-2484
Consumer Assistance
Division calls only

RON TODD
Commissioner

M E M O R A N D U M

TO: The Honorable Larry Turnquist, Chair
House Committee on Insurance

FROM: Dick Brock, Administrative Assistant
Kansas Insurance Department

SUBJECT: Senate Bill No. 519

DATE: March 15, 1992

Although it is not essential, the quality of Senate Bill No. 519 would be improved by the attached amendment. I believe it is self-explanatory but if you or members of the committee have any questions, I will, of course, be happy to respond.

DB:mmk

Attachment

cc: Members of House Committee on Insurance

Fauer Insurance
3-25-92
Attachment 2

1 *Sec. 10. Any policyowner who enters into a contract with a per-*
2 *son shall have the absolute right to rescind the contract within 15*
3 *days of execution of the contract, and any waiver or contract lan-*
4 *guage contrary to this section shall be void.*

5 *Sec. 11. All medical information solicited or obtained by any*
6 *person shall be subject to the applicable provisions of Kansas law*
7 *relating to the confidentiality of medical information.*

8 *Sec. 12. The commissioner may adopt rules and regulations rea-*
9 *sonably necessary to administer the provisions of this act. This au-*
10 *thority includes, but is not limited to, regulation of discount rates*
11 *used to determine the amount paid in exchange for assignment,*
12 *transfer, sale, devise or bequest of a benefit under a life insurance*
13 *policy.*

14 *Sec. 3 13. This act shall not apply to an insurance company in*
15 *the course of exercising existing contractual provisions under a life*
16 *insurance policy which permit the acceleration of life or annuity*
17 *benefits in advance of the time they would otherwise be payable or*
18 *to any assignee of a life insurance policy that has been used to*
19 *collateralize a loan.*

20 *Sec. 4 14. This act shall take effect and be in force from and*
21 *after its publication in the Kansas register.*

_____ or annuity

_____ or annuity

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