

Approved January 22, 1992

Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

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

9:10 a.m. ~~xxxx~~ on TUESDAY, JANUARY 21, 1992 in room 529-S of the Capitol.

~~All~~ members ~~xxx~~ present ~~xxxxx~~:

Senators Kerr, McClure, Parrish, Reilly, Salisbury, Strick, and Yost.

Committee staff present:

Bill Wolff, Research Department  
Fred Carman, Revisors Office  
June Kossover, Secretary

Conferees appearing before the committee:

Ron Todd, Commissioner of Insurance, Kansas  
Bud Cornish, National Association of Independent Insurors  
Jim Maag, Kansas Banker's Association

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

Senator Bond welcomed the committee members back to the 1992 Session and acknowledged Senator Jim Ward as the newest member of the committee. Chairman Bond also introduced and welcomed this recorder, June Kossover, as secretary to the Financial Institutions and Insurance Committee.

Ron Todd, Commissioner of Insurance, appeared before the committee for the purpose of presenting the Insurance Department's legislative proposals to the committee. Mr. Todd also thanked the committee and the legislature for favorably considering and acting on last year's proposals. He advised that in December, 1991, after an NAIC audit, Kansas became one of only nine states that are accredited according to NAIC accreditation procedures. The Insurance Department's proposals for legislation are as follows:

-Proposal to impose certain limitations on investments in mortgage related securities by Kansas domiciled insurors. Following Mr. Todd's explanation of the proposal, Senator Reilly made a motion to allow this proposal to be introduced. Senator Kerr seconded the motion and the motion carried.

-A proposal to amend Kansas insurance investment statutes to include NAIC limitations on lower grade securities. After some discussion, Senator Salisbury made a motion to allow this proposal to be introduced. Senator Parrish seconded the motion and the motion carried.

-A proposed amendment to K.S.A. 40-1209 to provide for a variable rate of interest on surplus notes issued by a mutual company; to authorize issuance of surplus notes by Article 10 companies the same as Article 12. Following Mr. Todd's explanation, Senator Salisbury made a motion to allow this proposal to be introduced, Senator Yost seconded the motion, and the motion carried.

-A proposal pertaining to insurance; life insurance, purchase of policy benefits, notice to beneficiary, cancellation of transaction. The proposal addresses an emerging activity whereby a person or organization will pay a life insurance policyowner a percentage of the death benefit in return for being named a beneficiary of the policy. The proposal is aimed at preventing or minimizing abuses without prohibiting a practice that may be beneficial in some situations. Senator Strick made a motion that the proposal be introduced. Senator Reilly seconded the motion, and the motion carried.

-A proposal to update statutory reference to federal social security act in K.S.A. 40-2221. After explanation by Mr. Todd, Senator Reilly made a motion that the proposal be introduced; Senator Parrish seconded the motion, and the motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,  
room 529-S, Statehouse, at 9:10 a.m./~~p.m.~~ on TUESDAY, JANUARY 21, 1992

Mr. Todd advised the committee that the Insurance Commissioner's office is working with an ad hoc committee to develop legislation on health insurance which would supplement HB 2001. This should be ready to propose next week. Senator Bond explained that the proposal will be innovative regarding small group insurance. HB 2001 permits a carrier not to write a group at all and this proposal will address the "all or none" provisions in HB 2001.

Mr. Bud Cornish, National Association of Independent Insurors, requested the committee to introduce a bill to change the filing date on information that is furnished to the state. A motion was made by Senator Salisbury to allow the proposal to be introduced. Senator Parrish second the motion, and the motion carried.

Jim Maag, Kansas Banker's Association, requested a proposal to allow trust investment in mutual funds, based on model legislation promoted throughout the country. The proposal permits fiduciaries to invest in their own name in mutual funds. Senator Salisbury made a motion to allow the proposal to be introduced; Senator Strick seconded the motion, and the motion carried.

Senator Bond advised the committee that the bill that came from the Interim Budget Committee pertaining to the investment of idle funds has technical problems and that he has appointed Senator Moran as a subcommittee of one to work with Sally Thompson, State Treasurer, Jim Maag, KBA, Bruce Kinzie of the Revisor's Office, and Fred Carman of the Revisor's Office for the purpose of making technical corrections only.

The meeting adjourned at 9:50 a.m.

