

Approved 2/27/92  
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

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

9:13 a.m./~~PM~~ on Wednesday, February 26, 1992 in room 529-S of the Capitol.

~~XX~~ members ~~XXXX~~ were present ~~XXXXX~~ except: Senators Bond, Francisco, Kerr, McClure, Parrish, Salisbury, Strick, Ward, and Yost.

Committee staff present:

Fred Carman, Revisor  
Bill Wolff, Research  
June Kossover, Secretary

Conferees appearing before the committee:

Terry Tiede, State Insurance Department

The meeting was called to order by Chairman Bond at 9:13 a.m.

Senator Yost made a motion to approve the minutes of the meeting of February 25, 1992, as submitted. The motion was seconded by Senator Strick. The motion carried.

Chairman Bond announced that the hearing on SB 701 will be deferred to a later date at the conferee's request.

The Chairman opened the hearing on HB 2754. Terry Tiede, State Insurance Department, appeared before the committee to testify in favor of HB 2754. (Attachment #1.) Mr. Tiede advised that this bill is an Insurance Department proposal which started in the House and would add three additional reasons for removing an insurer from the "approved list" of insurance companies writing excess coverage. However, Mr. Tiede advised that there are potential problems with the language in section (f), page 2, line 13 of the bill and requested the committee to hold the bill until a decision can be made regarding the language. In response to Senator Strick's question, Mr. Tiede advised that this bill applies to insurance that cannot be obtained through normal channels, such as insurance covering a circus coming to a town. The Chairman requested that the amendment be brought back to the committee for possible action next week. There being no further conferees, the Chairman declared the hearing on HB 2754 closed.

Chairman Bond reminded the committee that SB 480, SB 482 and part of SB 481 are scheduled for possible action at tomorrow's committee meeting.

The meeting adjourned at 9:22 a.m.



Testimony by  
Terry Tiede, Kansas Insurance Department  
Before the Senate Committee on Financial Institutions and Insurance  
House Bill No. 2754

House Bill No. 2754 suggests amendments to the statutes governing the transaction of excess coverage business in Kansas. Excess coverage is insurance written through specially licensed agents in insurers that are not admitted to do business in Kansas. As a result, the performance of these products is basically regulated through the selling agent and reliance on the fact that excess lines coverage is generally purchased by sophisticated buyers. However, there is also some consumer protection which flows from provisions in these statutes that permit such insurers to be included on an "approved list" if they meet certain standards. There are also provisions which permit the removal of such insurers from the "approved list" for certain reasons.

House Bill No. 2754 recommends three additional reasons an insurer may be removed from the "approved list". Specifically, if House Bill No. 2754 is enacted, the Commissioner would be able to remove a non-admitted insurer from the "approved list" if: (1) its authority to transact business has been restricted by any other state; (2) it has failed to promptly and equitably settle claims; and (3) it has refused to cooperate or comply with reasonable regulatory requirements in addition to the reasons already contained in the law.

FI&I 2/26/92  
Attachment #1