

Approved: 2/21/95 la
Date

MINUTES OF THE HOUSE COMMITTEE ON BUSINESS, COMMERCE & LABOR.

The meeting was called to order by Chairperson Al Lane at 9:00 a.m. on January 25, 1995 in Room 526-S of the Capitol.

All members were present except: All present

Committee staff present: Jerry Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Bev Adams, Committee Secretary

Conferees appearing before the committee: Kathleen Sebelius, Kansas Insurance Commissioner
Bob Kennedy, Asst. Insurance Commissioner

Others attending: See attached list

The minutes of January 18 and 19, 1995 were handed out. The committee will approve them at the next meeting.

Chairman Lane introduced our new Insurance Commissioner, Kathleen Sebelius.

Commissioner Sebelius described some of the functions of the Insurance Department. A written form will be sent to the committee at a later date. The Insurance Department is regulated solely at the state level. Insurance is exempt from federal regulations, and is the oldest regulatory agency in the state. People cannot drive cars, buy homes, or protect their health without insurance. There are 1550 agencies selling insurance in Kansas. Of these, 66 are domestics with their home office in Kansas, others are called foreign, with home offices located outside Kansas, the last kind are alien, with home offices outside the U.S. The Insurance Department has the control, regulation and supervision of corporations, associations, societies, exchanges and persons authorized to transact the business of insurance. They are also responsible for the licensing and seeing that other requirements are met by the 26,000 agents allowed to sell insurance in Kansas. Before a company is allowed to do business in Kansas it must pass tests to make sure they will remain solvent. The companies financial plans are scrutinized every three years for domestic companies and foreign companies every five years.

The Insurance Department share two roles with the Workers Comp division of KDHR. They set the rates for the Workers Comp Tax paid by employers and handle the Workers Comp Second Injury Fund. During 1994 the rate was decreased slightly and is expected to have an 8-15% reduction for 1995. This is good news for Kansas employers. The Second Injury Fund encourages employers to hire previously injured or disabled workers. The 1993 Legislature recommended that the fund be abolished and the Oversight Committee during the 1994 Interim recommendations were that the intent of the 1993 Legislature should be carried forth as prescribed by law.

Commissioner Sebelius continued by updating the committee with information about the Health Care Stabilization Fund and group funded pools. She ended her presentation by answering questions from the committee.

Bob Kennedy, Assistant Commissioner of Insurance handed out the schedule for the insurance people appearing before the committee today and tomorrow and a list of the key people in the Insurance Department and their titles (see Attachment 1). They are available to answer questions for the committee at any time. He gave the committee a quick overview of the Consumer Assistance Division. It is the division that answers complaints. If consumers have questions or complaints about an agent, a company, cancellation of their insurance, or a claim that is not being paid they can call the 800 number. There are specialists in all the different areas of insurance available to answer these questions. This division also is in charge of consumer education and conducts senior citizen forums, among other services.

He finished his presentation by briefly explaining to the committee what is involved in a market conduct exam or performance audit. Specialists from the Insurance Department go to the company and take a random sampling of files and look through them to see if they can find the problem. One of the first flags of trouble is a delay of payment of claims. He finished by answering a few questions from the committee.

The committee adjourned at 10:05 a.m.

The next meeting is scheduled for January 26, 1995.

**Appearances at House Business, Commerce and Labor
January 25 and 26**

Wednesday, 9 a.m.

Commissioner Sebelius	Overview of the Insurance Department
Bob Kennedy Asst. Commr	Consumer Assistance Division Market Conduct Examinations

Thursday, 9 a.m.

Bill Wempe Fire & Casualty Sup'r.	Approval of rates Workers' Compensation
Marlyn Burch Life Sup'r.	Approval of forms
Don Gaskill Chief Examiner	Financial surveillance NAIC Accreditation

*Business, Commerce
& Labor
1/25/95
Attachment 1*

Kansas Insurance Department

420 S. W. 9th Street
Topeka, Kansas 66612
(913) 296-3071
Consumer Hotline 1-800-432-2484

Key Department Staff

Robert L. Kennedy, Jr. 296-7804
Assistant Commissioner

Brian Moline 296-7806
General Counsel

Tom Wilder 296-7807
Director, Governmental Relations

Bruce McAlister 296-7827
Consumer Assistance Sup'r.

Bill Wempe 296-7845
Fire & Casualty Sup'r.

Rich Huncker 296-7850
Accident and Health Sup'r

Marlyn Burch 296-7856
Life Sup'r.