

Approved: January 30, 1995  
Date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 26, 1995 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Burke, Downey, Gooch, Harris, Kerr, Petty, Ranson, Reynolds, Steffes and Vidricksen.

Committee staff present: Lynne Holt, Legislative Research Department  
Jerry Donaldson, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Betty Bomar, Committee Secretary

Conferees appearing before the committee:  
Norman Wilks, Kansas Association of School Boards  
Larry Magill, Kansas Association of Insurance Agents  
Bill Wempe, Kansas Insurance Department

Others attending: See attached list

Upon motion by Senator Burke, seconded by Senator Reynolds, the Minutes of January 25, 1995, were unanimously approved.

**SB 30--Municipal group-funded premium contributions**

Norman Wilks, Kansas Association of School Boards, requested an amendment on Page 1, Line 21 by reinserting the word "rates"; and further on Line 23 following the "." by inserting the following: "Such rates shall either be the rates effective 6/1/94 or the prospective loss costs as defined in K.S.A. 40-1113c plus expenses necessary to administer the pool. For purposes of subsection (b) the prospective loss costs shall be presumed to be the 70% required to be deposited in the claims fund." Mr. Wilks explained this amendment is the same as the Committee adopted to SB 29.

**Senator Kerr moved and Senator Steffes seconded the proposed amendment to SB 30 be adopted. The amendment was unanimously adopted on a voice vote.**

**Senator Reynolds moved and Senator Kerr seconded to report SB 30 as amended favorable for passage. The motion passed unanimously on a recorded vote.**

**SB 93 --Group-funded workers compensation pools and municipal group-funded pools, optional deductibles and confidentiality of financial information.**

Larry Magill, Kansas Association of Insurance Agents, appeared before the committee and offered an amendment. The amendment is to insure that the pools are included in the deductibles option. Mr. Magill indicated that the Insurance Department had no objections to the proposed amendment. See attachment 1

**Senator Harris moved and Senator Burke seconded the proposed amendment to SB 93 be adopted. The amendment was unanimously adopted on a voice vote.**

**Senator Kerr moved and Senator Reynolds seconded to report SB 93 as amended favorable for passage. The motion passed unanimously on a recorded vote.**

The Committee adjourned at 8:20 a.m.

The next meet is scheduled for January 30, 1995.





1 compensation fund under K.S.A. 44-532a, and amendments thereto, or  
 2 any other statute. The insurer shall have the right to offset unpaid de-  
 3 ductible amounts against unearned premium, if any, in the event of can-  
 4 cellation.

5 (c) Such deductible shall provide premium credits as approved by the  
 6 commissioner of insurance, and losses paid by the employer under the  
 7 deductible shall not apply in calculating the employer's experience mod-  
 8 ification.

9 (d) The commissioner of insurance shall not approve any policy form  
 10 that permits, directly or indirectly, any part of the deductible to be  
 11 charged to or be passed on to the worker.

12 (e) The deductible amounts paid by an employer shall be subject to  
 13 reimbursement as provided for under K.S.A. 44-567, and amendments  
 14 thereto, when applicable. All compensation benefits paid by the insurer  
 15 including the deductible amounts shall be subject to assessments under  
 16 K.S.A. 40-586a 44-566a and 74-713, and amendments thereto. The Kan-  
 17 sas workers compensation plan under K.S.A. 40-2109, and amendments  
 18 thereto, shall not require deductibles under policies issued by the plan.

19 ~~(f) This section shall not apply to employers who self-insure against~~  
 20 ~~liability for workers compensation, group-funded workers compensation~~  
 21 ~~pools established pursuant to K.S.A. 44-581 et seq., and amendments~~  
 22 ~~thereto, or municipal group-funded pools established pursuant to K.S.A.~~  
 23 ~~12-2616 et seq., and amendments thereto.~~

24 (g) The provisions of this section shall be effective on or after July 1,  
 25 1991.

26 Sec. 3. K.S.A. 44-581 is hereby amended to read as follows: 44-581.

27 (a) Five or more employers, regardless of domicile, who are members of  
 28 the same bona fide trade, merchant or professional association, regardless  
 29 of domicile, which has been in existence for not less than five years and  
 30 who are engaged in the same, similar or closely related type of business  
 31 may enter into agreements to pool their liabilities for Kansas workers  
 32 compensation benefits and *employers' liability*.

33 (b) Five or more employers, regardless of domicile, who are members  
 34 of the same bona fide trade, merchant or professional association, re-  
 35 gardless of domicile, which has been in existence for not less than five  
 36 years and who are engaged in dissimilar types of businesses for which the  
 37 commissioner of insurance finds an accurate prediction of loss can be  
 38 made, may enter into agreements to pool their liabilities for Kansas work-  
 39 ers compensation benefits and employers' liability.

40 (c) All such arrangements shall be known as group-funded workers  
 41 compensation pools, which shall not be deemed to be insurance or in-  
 42 surance companies and shall not be subject to the provisions of chapter  
 43 40 of the Kansas Statutes Annotated, except as otherwise provided herein.

Group-funded workers compensation pools as defined in K.S.A. 44-581 and municipal group-funded pools as defined in 12-2616 may offer deductibles as defined herein using deductible rules and premium credits as promulgated by the National Council on Compensation Insurance and approved by the commissioner.

January 26, 1995  
 Commerce  
 Attachment 1