

MINUTES OF THE Senate Committee on Financial Institutions and Insurance.

The meeting was called to order by Chairperson Dick Bond at 9:08 a.m. on February 22, 1995 in Room 529-S of the Capitol.

All members were present.

Committee staff present: Dr. William Wolff, Legislative Research Department  
Fred Carman, Revisor of Statutes  
June Kossover, Committee Secretary

Conferees appearing before the committee: John Smith, Administrator, Credit Union Department  
Kathy Taylor, Kansas Bankers Association

Others attending: See attached list

Senator Clark made a motion, seconded by Senator Lee, to approve the minutes of the meeting of February 21 as submitted. The motion carried.

The chairman opened the confirmation hearing on Gilbert E. Benton, Gubernatorial Appointee to the Credit Union Council. (Attachment #1) Since Mr. Benton resides some distance from Topeka and is highly recommended, John Smith, Administrator of the Credit Union Department, spoke in his behalf and gave a brief history of Mr. Benton's qualifications and involvement with credit unions. Senator Lee made a motion to recommend Mr. Benton for confirmation. Senator Clark seconded the motion; the motion carried.

The hearing was reopened on SB 33, regarding payments to credit union share accounts by non-members. John Smith, Credit Union Administrator, offered additional testimony on this bill, which was originally heard on January 25. Senator Bond explained that the bill would allow credit unions in low income areas to receive assistance from outside sources; i.e., if a bank wishes to assist a low income area credit union, money could be placed into a "share account." The problem the committee experienced with the bill in its original hearing was that, although they were in agreement with enabling low income area credit unions to accept deposits, there was concern that the bill, as written, would open the door to destroying the "common bond" that exists among a credit union's depositors. Mr. Smith presented an amendment (Attachment #2) to clarify the areas in which the administrator can adopt rules and regulations for low income area credit unions to accept payments to share accounts from non-members.

Senator Steffes asked how often this would be likely to occur and Danielle Noe, Credit Union Association, who was in the audience, replied that there were fewer than 200 such instances across the United States and that, presently, there is only one known case in Kansas. Also in response to Senator Steffes, Ms. Noe advised that income for a particular area is established by using U. S. Census Bureau information.

There were no further questions and no other conferees. The hearing on SB 33 was closed. Senator Clark made a motion to amend the bill as requested. Senator Steffes seconded the motion. The motion carried.

Senator Steffes moved to pass SB 33 favorably as amended. Senator Clark seconded the motion. The motion carried. Senator Clark will carry the bill on the Senate floor.

The chairman opened the hearing on SB 287, concerning limitations on bank loans. Kathy Taylor, Kansas Bankers Association, appeared as a proponent of this legislation and explained that this bill amends the statute that sets forth the limitations on the amount of debt that one borrower can owe to any one bank. (Attachment #3) Ms. Taylor stated that the bill would not eliminate the option of cross-collateralization, only the requirement to do so.

Judi Stork, State Banking Department, who was a member of the audience, provided further clarification and examples of situations where this bill would have an impact, and stated that the Bank Commissioner's Office is in favor of SB 287. William Grant, also of the State Banking Department, explained to the committee that the bill refers to loans on grain, seed, feed, livestock and real estate because it was originally written with small, agriculturally oriented banks in mind, that these commodities have easily established market values, and that this is also in conformity with OCC regulations.

There being no other conferees, the hearing on SB 287 was closed. Senator Steffes made a motion, seconded by Senator Emert, to pass the bill favorably. The motion carried. Senator Steffes will carry this bill on the Senate floor.

CONTINUATION SHEET

MINUTES OF THE Senate Committee on Financial Institutions & Insurance, Room 529-S Statehouse, on February 22, 1995.

The chairman reopened the hearing on **SB 261**, which was originally heard in the committee meeting of February 21. Senator Emert provided an amendment to protect insurance companies when they are not given adequate notice of divorce of the policyholder. Senator Emert stated that the language in the amendment was taken from HB 2179, which also deals in part with this subject. Senator Emert also requested that the bill be conceptually amended to add, on line 28, "...and the owner's spouse, *or former spouse* or a court order..." Senator Emert made a motion to amend the bill as requested. Senator Corbin seconded the motion; the motion carried. \*(Attachment 4)

Senator Emert moved to pass the bill favorably as amended; Senator Corbin seconded the motion. The motion carried. Senator Emert will carry **SB 261** on the Senate floor.

The committee adjourned at 9:40 a.m. The next meeting is scheduled for February 23, 1995.



# KANSAS CREDIT UNION COUNCIL

## MEMBERSHIP NOMINEE RESUME

### INSTRUCTIONS

The information on this form will help evaluate your eligibility to serve on the Kansas State Credit Union Council plus will provide for uniform standards of comparison with other potential Credit Union Council Members. The requested information is similar to that requested by the Governor's office and the Senate Financial Institutions and Insurance Committee. Please complete and return to:

Kansas State Department of Credit Unions  
400 Kansas Avenue, Suite B  
Topeka, Kansas 66603

### PERSONAL INFORMATION

1. Name: Benton Gilbert E.  
(Last) (First) (Middle/Maiden)
2. Business Address: 113 N. Main/ P.O. Box 243  
(Street/P.O. Box)  
Cimarron, KS 67835 (316) 855-2143  
(City) (State) (Zip) (Telephone Number)
3. Residence Address: 804 N. 1st  
(Street/P.O. Box)  
Cimarron, KS 67835 (316) 855-2124  
(City) (State) (Zip) (Telephone Number)
4. Date of Birth: 8/16/50 Place of Birth: Dodge City, KS
5. Are you a registered voter in Kansas? Yes  No
6. Political Party Affiliation: (circle one) Democrat Republican Independent Other
7. Education:
  - A. High School: Cimarron Year Graduated: 1968
  - B. List all post secondary educational institutions attended:

Name & Location	Date of Attendance	Date or Degrees, Certificates, etc.
<u>Dodge City Community College</u>	<u>1968-1970</u>	<u>Associate Arts</u>
<u>St. Mary of the Plains</u>	<u>1970-1972</u>	<u>Bachelor</u>
8. Are you or have you ever been a member of the U.S. Armed Forces? Yes  No   
If "Yes", please list:  
Date of Service: \_\_\_\_\_ Branch of Service: \_\_\_\_\_  
Date & Type of Discharge: \_\_\_\_\_

Senate 7/41  
2/22/95  
Attachment #1

MEMBERSHIP NOMINEE RESUME

Page 2

9. Have you ever been arrested, charged or held by federal, state or other law enforcement authorities for violations of any federal law, state law, county or municipal law, regulations or ordinance? (Exclude traffic violations for which a fine of \$100.00 or less was imposed.)

Yes \_\_\_ No x If "Yes", please give details:

Date	Place	Nature	Disposition

Credit Union Organizations

10. Please list the credit union with which you are affiliated:  
United West Community Credit Union Dodge City Kansas.

11. How long have you been with this credit union? 1 years.  
How long have you been a member of any credit union? 41 years.

12. Please list your credit union experience.

A. Present credit union position(s)	Length of term
<u>Board Chairman</u>	<u>Unknown</u>

B. Past credit union position(s)	Length of term
<u>Board of Director Montezuma Credit Union</u>	<u>9 Years</u>
<u>Credit Committee Montezuma Credit Union</u>	<u>9 Years</u>
<u>Board of Directors Cimarron Credit Union</u>	<u>6 Years</u>

C. Kansas Credit Union Chapter offices held	Length of term

**MEMBERSHIP NOMINEE RESUME**

Page 3

D. Kansas Credit Union Association Offices held (include directorship, KCCU, etc.) Length of term

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E. National offices held (include CUNA, ACULE, etc.) Length of term

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**CIVIC EXPERIENCE**

12. List any additional business, trade or professional organization(s) of which you are now a member or of which you have been a member during the past ten years, their address(es) and date(s) of your membership(s).

Name	Address	Date
Chamber of Commerce	Cimarron, KS	1979 to Present
KS. Realtors Association	Topeka, KS	1985 to Present

13. Please list any additional civic or community organizations of which you are now a member or of which you have been a member during the past ten years.

Name	Address	Date
Board of Directors Methodist Church	Cimarron, KS	1988-1991
Board of Directors Shepherd of the Plains Foundation	Cimarron, KS	1990 to Present
Board of Directors Coop General Store Inc.	Cimarron, KS	1993 to Present

14. Have you ever been employed by or held a position or office with any federal, foreign, state, or local governmental agency or entity? Yes  No

If "yes", please name the position(s), the employer/agency and the date(s) of employment.

City Council	City of Cimarron	1983 to Present
Fair Board	Gray Co.	1989 to Present
Cimarron Recreation Commission	City of Cimarron	1985 to Present

**MEMBERSHIP NOMINEE RESUME**

Page 4

15. Have you ever been elected or appointed to any public office in this state? Yes \_\_\_\_\_ No x  
If "yes", please state the office, date of election or appointment, and the length of service.

\_\_\_\_\_  
\_\_\_\_\_

16. Summarize your business or professional experience:  
Selfemployed accountant and realtor since 1978. From 1972 to 1978 I was  
manager of a sand & gravel business. I was born and raised on a farm.  
We continue to operate this farm specializing in cow-calf operations.

\_\_\_\_\_

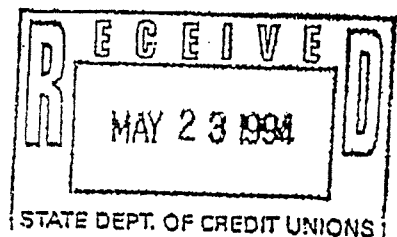
17. Any additional comments?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

18. Why are you requesting consideration for appointment as a member of the Credit Union Council?  
I think Western Kansas needs representaton. I do not have any complaints  
but do believe I have experiences that would be an asset to the council.

\_\_\_\_\_  
\_\_\_\_\_

Thank You!



1-4



FILE

NOV 21 1994

BILL GRAVES  
SECRETARY OF STATE

**KANSAS COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT**

**STATEMENT OF SUBSTANTIAL INTERESTS FOR INDIVIDUALS WHOSE**

**APPOINTMENT TO STATE OFFICE IS SUBJECT TO SENATE CONFIRMATION**

**INSTRUCTIONS.** This statement (pages 1 through 4) must be completed by each person whose appointment to a state position is subject to Senate confirmation (K.S.A. 46-247 and 46-248). Failure to complete and return this statement may result in a fine of \$10 per day for each day it remains unfiled. Also, any individual who intentionally fails to file as required by law, or intentionally files a false statement, is subject to prosecution for a class B misdemeanor.

Please read the "Guide" and "Definition" section provided with this form for additional assistance in completing sections "C" through "G". If you have questions or wish assistance, please contact the Commission office at 109 West 9th, Topeka, KS or call 913-296-4219.

**A. IDENTIFICATION:**

**PLEASE TYPE OR PRINT**

B e n t o n                      G i l b e r t                      E.

**Last Name**

**First Name**

**MI**

B e n t o n                      B e v e r l y                      A.

**Spouse's Name**

P O                      B o x                      2 4 3

**Number & Street Name, Apartment Number, Rural Route, or P.O. Box Number**

C i m a r r o n                      K s                      6 7 8 3 5

**City, State, Zip Code**

3 1 6 \*\* 8 5 5 \*\* 2 1 2 8

**Home Phone Number**

3 1 6 \*\* 8 5 5 \*\* 2 1 4 3

**Business Phone Number**

**B. APPOINTED POSITION SUBJECT TO SENATE CONFIRMATION:**

C r e d i t                      U n i o n                      C o u n c i l

**List Name of Agency, Commission or Board**

D i r e c t o r

**Position**

\* The last four digits of your social security number will aid in identifying you from others with the same name on the computer list. This information is optional.

\* 

5	3	1	5
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C. **OWNERSHIP INTERESTS:** List any corporation, partnership, proprietorship, trust, joint venture and every other business interest, including land used for income in, which either you or your spouse has owned within the preceding 12 months a legal or equitable interest exceeding \$5,000 or 5%, whichever is less. If you or your spouse own more than 5% of a business, you must disclose the percentage held. Please insert additional page if necessary to complete this section.  
 If you have nothing to report in Section "C", check here \_\_\_\_.

BUSINESS NAME AND ADDRESS	TYPE OF BUSINESS	DESCRIPTION OF INTERESTS HELD	HELD BY WHOM	PERCENT OF OWNERSHIP INTERESTS
1. Benton Accounting, Inc. P.O. Box 243-Cimarron, KS 67835	Corperation	SEock	___ 50 You	___ 50 Spouse
			___ ___ Jointly	
2. Benton Land & Cattle L.C. 16906 M Road-Cimarron, KS 67835	Partnership		___ 50 You	___ ___ Spouse
			___ ___ Jointly	
3.			___ ___ You	___ ___ Spouse
			___ ___ Jointly	
4.			___ ___ You	___ ___ Spouse
			___ ___ Jointly	
5.			___ ___ You	___ ___ Spouse
			___ ___ Jointly	
6.			___ ___ You	___ ___ Spouse
			___ ___ Jointly	
7.			___ ___ You	___ ___ Spouse
			___ ___ Jointly	

D. **GIFTS OR HONORARIA:** List any person or business from whom you or your spouse either individually or collectively, have received gifts or honoraria having an aggregate value of \$500 or more in the preceding 12 months.  
 If you have nothing to report in Section "D", check here   x  .

NAME OF PERSON OR BUSINESS FROM WHOM GIFT RECEIVED	ADDRESS	RECEIVED BY:
1.		
2.		
3.		

BUSINESS NAME AND ADDRESS	POSTION HELD	HELD BY WHOM
City of Cimarron 119 S. Main Cimarron, Ks 67835	Councilman	Gilbert
Benton Land & Cattle L.C. 16906 M. Road Cimarron, Ks 67835	Member/Partner	Gilbert
Shepherd of the Plains Found. P.O. Box 843 Cimarron, Ks 67835	Director/Treasurer	Gilbert
Benton Accounting, Inc. P.O. Box 243 Cimarron, Ks 67835	Director/Chairman	Gilbert
United West Community C.U. 802 W. Trail Dodge City, Ks 67801	Director/Chairman	Gilbert
Santa Fe Crossing General Store 122 S. Main Cimarron, Ks 67835	Director	Gilbert
USD 102 314 N. 1st Cimarron, Ks 67835	Board Member	Beverly
Benton Accounting, Inc. P.O. Box 243 Cimarron, Ks 67835	Director/Secretary	Beverly
Cimarron Township P.O. Box 1001 Cimarron, Ks 67835	Director/Treasurer	Beverly

**RECEIPT OF COMPENSATION:** List all places of employment in the last calendar year, and any other businesses from which you or your spouse received \$2,000 or more in compensation (salary, thing of value, or economic benefit conferred on in return for services rendered, or to be rendered), which was reportable as taxable income on your federal income tax returns.

1. YOUR PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR. IF SAME AS SECTION "B", CHECK HERE \_\_\_\_.  
If you have nothing to report in Section "E"1, check here \_\_\_\_.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	Benton Accounting, Inc;	P.O. Box 243-Cinarron, KS	Accounting
2.			

2. SPOUSE'S PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR.  
If you have nothing to report in Section "E"2, check here \_\_\_\_.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	U.S.D 443	1601 1st Ave-Dodge City, KS	School
2.			

**OFFICER OR DIRECTOR OF AN ORGANIZATION OR BUSINESS:** List any organization or business in which you or your spouse hold a position of officer, director, associate, partner or proprietor at the time of filing, irrespective of the amount of compensation received for holding such position. Please insert additional page if necessary to complete this section. If you have nothing to report in Section "F", check here \_\_\_\_.

	BUSINESS NAME AND ADDRESS	POSITION HELD	HELD BY WHOM
1.			
2.	SEE ATTACHED FORM		
3.			
4.			
5.			

**RECEIPT OF FEES AND COMMISSIONS:** List each client or customer who pays fees or commissions to a business or combination of businesses from which fees or commissions you or your spouse received an aggregate of \$2,000 or more in the preceding calendar year. The phrase "client or customer" relates only to businesses or combination of businesses. In the case of a partnership, it is the partner's proportionate share of the business, and hence of the fee, which is significant, without regard to expenses of the partnership. An individual who receives a salary as opposed to portions of fees or commissions is generally not required to report under this provision. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "G", check here .

	NAME OF CLIENT / CUSTOMER	ADDRESS	RECEIVED BY
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			

**DECLARATION:**

I, Gilbert Benton, declare that this statement of substantial interests (including any accompanying pages and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement of all of my substantial interests and other matters required by law. I understand that the intentional failure to file this statement as required by law or intentionally filing a false statement is a class B misdemeanor.

11-16-94

Date

Gilbert Benton

Signature of Person Making Statement

NUMBER OF ADDITIONAL PAGES 1.

Return your completed statement to the Secretary of State, State House, Topeka, Kansas 66612.



# Kansas State Department of Credit Unions

400 Kansas Avenue, Suite B  
Topeka, KS 66603  
Phone (913) 296-3021  
FAX (913) 296-6830

February 22, 1995

**Statement submitted by John P. Smith, Administrator, Kansas State Department of Credit Unions, to the Senate Financial Institutions and Insurance Committee in support of Senate Bill 33.**

The amendment will add section (o) to K.S.A. 17-2204(6) to provide authority for the administrator to promulgate rules and regulations to allow credit unions that have been designated as low income credit unions to accept payments to share accounts by non-members. The revised language incorporates specific wording defining the areas in which the administrator may adopt rules and regulations for low-income credit unions accepting payments to shares from non-members. These are:

- the maximum level of non-member shares,
- the use of such shares, and
- the term of such accounts and other requirements to address safety and soundness issues.

The revised language also includes a provision that "non-member account holders do not have the same rights and privileges as members."

The amendment to K.S.A. 17-2231 adds a definition of low income credit union.

"Low-income credit union means a credit union with a field of membership in which more than one-half earn less than 80% of the national median household income; or the credit union may document that more than 50% of its members make less than 80% of the national average wage."

February 22, 1995

**Statement submitted by John P. Smith, Administrator, Kansas State Department of Credit Unions, to the Senate Financial Institutions and Insurance Committee in support of Senate Bill 33.**

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Existing state statutes does not allow for payment to shares by non-members or provide authority for the administrator to promulgate rules and regulations governing low income credit unions. Providing for non-member payment to shares and adoption of specific rules and regulations for this type of activity is basic to the success of establishing and maintaining low income credit unions in low wealth and under served communities. A non-member share would allow an entity not within the defined field of membership (i.e. banks, non-profit organizations, etc.) to make payments to shares. Non-member shares would be allowed to only those credit unions that receive low income designation.

## REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Financial Institutions and Insurance

Recommends that Senate Bill No. 33

"AN ACT concerning credit unions; relating to payments to share accounts by nonmembers; when; amending K.S.A. 1994 Supp. 17-2204 and repealing the existing section."

Be amended:

On page 3, in line 21, after the period, by inserting the following: "Such rules and regulations shall specify the maximum level of non-member shares, the use of such shares, the term of such accounts and other requirements to address safety and soundness issues. Non-member account holders do not have the same rights and privileges as members."; following line 21, by inserting a section as follows:

"Sec. 2. K.S.A. 1994 Supp. 17-2231 is hereby amended to read as follows: 17-2231. The following words and terms used in chapter 17, article 22 of the Kansas Statutes Annotated, shall have the meanings respectively ascribed to them in this section.

(a) "Council" means the credit union council created by this act.

(b) "Administrator" means the credit union administrator provided for in K.S.A. 17-2233, and amendments thereto.

(c) "Credit union" means a cooperative, nonprofit association, incorporated for the purpose of creating a source of credit at a fair and reasonable rate of interest, of encouraging habits of thrift among its members, and of providing the opportunity for people to use and control their money for their mutual benefit.

(d) "Department" or "credit union department" means the state department of credit unions established by K.S.A. 17-2234, and amendments thereto.

(e) "Corporate credit union" means a credit union in which

no individual may purchase more than \$5 share and from which no individual may borrow money. "Individual" as used in this subsection shall mean natural persons only.

(f) "Nonprofit association" means, for purposes of this act, an association whose individual operations are not intended to generate, in the aggregate, an excess of revenues over the sum of expenses, distribution returns to members, appropriate reserves and capital that are consistent with the credit union's purposes and measured on an ongoing basis of the credit union as a whole.

(g) "Low-income credit union" means a credit union with a field of membership in which more than one-half earn less than 80% of the national median household income; or the credit union may document that more than 50% of its members make less than 80% of the national average wage."

Also on page 3, in line 22, by striking "is" and inserting "and 17-2231 are";

By renumbering sections 2 and 3 as sections 3 and 4;

In the title, in line 10, before "re-" by inserting "17-2231 and";

And the bill be passed as amended.

\_\_\_\_\_  
Chairperson





The KANSAS BANKERS ASSOCIATION  
A Full Service Banking Association

February 22, 1995

To: Senate Committee on Financial Institutions and Insurance

From: Kathy Taylor, Kansas Bankers Association

Re: **SB 287: Lending Limits and Cross Collateralization**

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before the Committee in support of SB 287. This bill amends KSA 9-1104, which is the statute that sets forth the limitations on the amount of debt that one borrower can have to one bank (lending limits). This limitation is expressed as a percentage of "capital". (Defined as capital stock paid in and unimpaired, and the unimpaired surplus fund of the bank.)

The statute sets forth the general rule that a borrower's total liability may not exceed 15% of "capital". There are also several exceptions to this general rule, i.e., limited circumstances where the borrower's liability could exceed the general 15% rule.

The amendments which we have proposed deal with two of these lending limit exceptions. There is an exception where the loan is secured by grain, seed or livestock (KSA 9-1104 (a)(3)), and there is an exception where the loan is secured by a first lien on real estate (KSA 9-1104 (a)(5)).

Before a bank is allowed to exceed the general 15% limitation, that bank must meet certain requirements regarding (a) the value of the collateral and (b) the documentation of the loan.

For example, if a bank had loaned up to 15% of its "capital" on a customer, according to current law, the customer could obtain up to 10% additional borrowings if the loan was secured by grain, seed, or livestock. But before the bank would be allowed to loan any additional amounts, it would have to make certain (a) that the value of the grain, seed, and livestock had a market value of at least 115% of the excess liability, and (b) that the excess collateral secured the total liability of the borrower as evidenced by the loan documentation. This last requirement is what we refer to as "cross-collateralization".

*Senate 7141  
2/22/95  
Attachment #3*



SB 287, cont.  
Page Two

The same is true if the bank wanted to exceed the 15% limitation on a customer by securing the excess liability with real estate. In that case, before the bank would be allowed to loan any additional amounts, it would have to make certain (a) that the appraised value of the real estate was at least twice the amount of the excess liability, and (b) that the real estate secured the total liability of the borrower as evidenced by the loan documentation.

The amendments which have been proposed address only the second requirement - the "cross collateralization" requirement. We have attempted to eliminate the requirement that the "excess" collateral secure the total amount of the liability to that borrower. The new language would specify that the collateral would only have to secure the excess liability, and not the entire amount of debt to that borrower. These amendments are found on page 2, lines 17-20, and on page 3, lines 12-14.

Bankers are very frustrated by the potential for being caught out of compliance with this technicality of the law, especially when there is seemingly no benefit to the borrower in requiring the collateral to secure the entire debt.

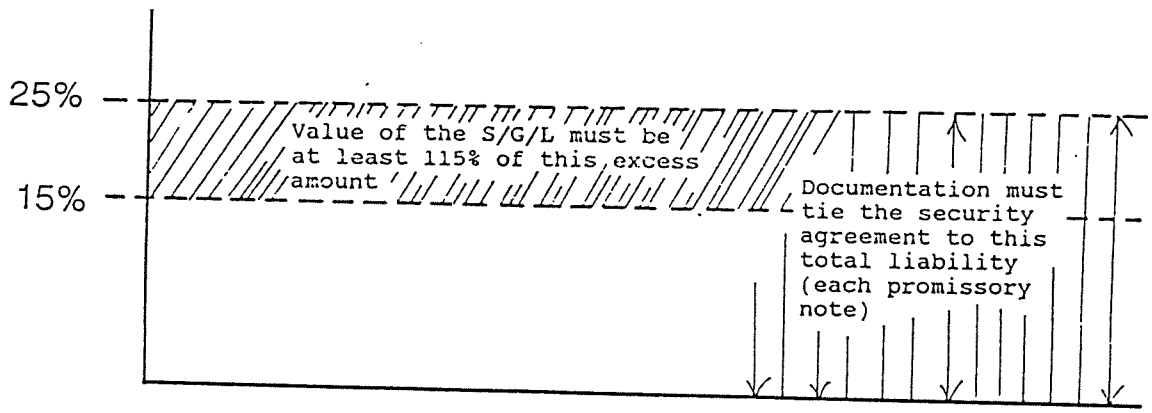
In fact, in the case of real estate, the borrower is required to pay mortgage registration fees on the *amount that is secured by the mortgage*. Because of the cross collateralization requirement, that amount is the total liability of the borrower. By eliminating this requirement, it will be clear that the borrower will only have to pay mortgage registration fees on the amount of the loan in excess of the general limitation.

This collateralization requirement brings no advantage to the borrower, and is unnecessarily burdensome on the banks. Therefore it should not be a required practice.

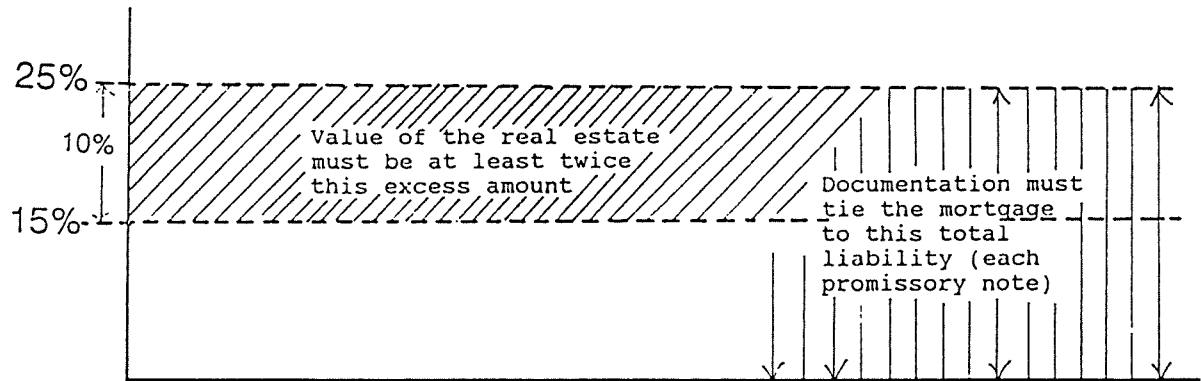
The other amendments found on page 2, lines 25-29 and on page 3, lines 16-21 are clarifying amendments. This subject matter is currently covered by one long sentence, and these amendments break it up into two sentences that read much easier.

Thank you for your consideration of this matter and I urge your favorable action on SB 287.

A. Grain, Seed and Livestock



B. Real Estate



# SENATE BILL No. 261

By Committee on Financial Institutions and Insurance

2-9

9 AN ACT concerning transfer on death; designation of former spouse as  
10 beneficiary; marriage dissolution, effect.  
11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. (a) If, after an owner makes a beneficiary designation in  
14 favor of a person who is the owner's spouse, the marriage is dissolved and  
15 the owner and that beneficiary are not married to each other at the ow-  
16 ner's death, the beneficiary designation in favor of the owner's former  
17 spouse is revoked on the date the marriage is dissolved, whether or not  
18 the beneficiary designation refers to marital status, and the share of the  
19 former spouse shall belong to the owner's surviving spouse and children  
20 or their descendant substitutes in equal parts and, if none, to the owner's  
21 estate.

22 (b) Subsection (a) does not apply to a beneficiary designation in favor  
23 of a spouse that has been made irrevocable or revocable only with the  
24 spouse's consent, or that is made after the marriage was dissolved, or that  
25 expressly states that marriage dissolution shall not affect the designation  
26 of a spouse as beneficiary; nor does subsection (a) apply to a beneficiary  
27 designation that is made pursuant to a written agreement between the  
28 owner and the owner's spouse or a court order with respect to a property  
29 settlement on dissolution of their marriage.

30 Sec. 2. This act shall take effect and be in force from and after its  
31 publication in the statute book.

(c) A payor is not liable for having made a payment to a beneficiary designated in an insurance or annuity policy affected by divorce, annulment or remarriage or for having taken any other action in good faith reliance on the validity of the governing instrument, before the payor received written notice of the divorce, annulment or remarriage.

(d) Provisions revoked solely by this section are revived by the divorced individual's remarriage to the former spouse or by nullification of the divorce or annulment.

Senate Floor  
2/22/95  
Attachment # 4