

MINUTES OF THE Senate Committee on Financial Institutions and Insurance.

The meeting was called to order by Chairperson Don Steffes at 9:00 a.m. on March 11, 1997 in Room 529-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee: Tom Wilder, Kansas Insurance Department
Bill Sneed, Health Insurance Associations of America
Kathy Peterson, Coalition for Immunization

Others attending: See attached list

Hearing on HB 2329 - Changing domicile of foreign insurance company

Tom Wilder, Kansas Insurance Department, explained the bill which will simplify the process for insurance companies to transfer their home offices to this state--redomesticate (Attachment 1). Two-thirds of the states have adopted the suggested NAIC model which will shorten the time and amount of paperwork required at this point.

Written testimony prepared by Curt Starnes, Vice President, General Counsel and Corporate Secretary of Universal Underwriters Group, was distributed (Attachment 2). This company plans to relocate its two largest corporations to Kansas in 1997. This bill would facilitate the process.

Senator Feleciano moved to report the bill favorably. The motion was seconded by Senator Praeger. Motion carried.

Continued Hearing on HB 2137 - Expanded first dollar coverage for immunizations

Committee discussion included the proposed amendment which would provide immunization for adopted children from the time of placement rather than from the time of filing for adoption. This mandate will apply to individual and group insurance policies. If multiple placements for the child would occur, would the first insurer move with the child?

Bill Sneed, Health Insurance Associations of America, requested removal of the amendment regarding providing immunization coverage of prospective adoptive children beginning at the time of placement. He requested that the Committee continue to work with the original HB 2137 (Attachment 3). He also reminded the Committee of the statutory requirement of an impact statement which has not been made. Mr. Sneed suggested that the proposed amendment which would offer an option for coverage of not only delivery expenses for the birth mother in cases of adoption but also "obstetrical expenses," should be coupled with other amendments for coverage of prospective adoptive children and be placed in a separate bill and not in the one being heard at this time.

Committee members expressed concern regarding mandates which usually raise health insurance costs. The need for extended immunization is very important and the bill should be kept simple and general in order to facilitate passage.

Senator Feleciano moved to strike Subsection D of Section 1, Page #2 Lines 9 and 10; 13 and 14. The motion was seconded by Senator Biggs. Motion carried.

Senator Feleciano moved that the bill be passed out as amended. The motion was seconded by Senator Praeger. Motion carried.

Mr. Wilder reminded the Committee that the bill is not about when immunizations are covered but that they are covered. Insurance companies are required to provide coverage for routine immunizations.

The meeting was adjourned at 9:45 a.m. The next meeting will be held on March 12.



Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

MEMORANDUM

To: Senate Financial Institutions
and Insurance Committee

From: Tom Wilder

Re: House Bill 2329 ("Domestication" of Insurance Companies)

Date: March 11, 1997

I am appearing today in support of H.B. 2329 which will simplify the rules for insurance companies to transfer to this state. This legislation was originally requested by a Missouri insurer that wants to "redomesticate" to Kansas. The bill adopts the National Association of Insurance Commissioners Model Act for the Redomestication of Insurers. House Bill 2329 was approved by the House on a vote of 121-1.

Under current law, an insurer that wants to move to Kansas must set up a separate corporation and then merge their existing business into that company. If this new law is adopted, it will shorten the time and cut down on the amount of paperwork it would take for insurers to redomesticate to Kansas.

I would ask the Committee to approve H.B. 2329.

*Senate F.I.A.
Attachment 1
3/11/97*

**SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE
THE KANSAS LEGISLATURE
HEARING ON HOUSE BILL NO. 2329
MARCH 11, 1997**

**TESTIMONY OF
CURT STARNES
VICE PRESIDENT, GENERAL COUNSEL AND CORPORATE SECRETARY
UNIVERSAL UNDERWRITERS GROUP**

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

My name is Curt Starnes. I am Vice President, General Counsel and Corporate Secretary of Universal Underwriters Group. Thank you for the opportunity to appear before you in support of House Bill No. 2329, which would greatly facilitate the process and reduce the cost of a foreign insurance company's decision to change its domicile to the state of Kansas.

Universal Underwriters Group is a 75 year old financial services company currently located in Overland Park, Kansas. The Group consists of seven (soon to be eight) financial services corporations engaged variously in the business of commercial and personal property and casualty insurance, life insurance, credit insurance, reinsurance, vehicle service contracts and subprime financing on a nationwide basis. Three of our companies are Missouri corporations, one is a Massachusetts corporation, one is a Kansas corporation, two are Texas corporations and incorporation of the eighth company is pending in the British Virgin Islands. The Group has combined total assets of \$1.5 billion and gross annual revenues of approximately \$690 million.

*Senate F.D.D.
Attachment 2
3/11/97*

There are approximately 800 individuals employed at our Overland Park corporate headquarters facility.

Universal came to Kansas City from Chicago in 1922. In 1962, Universal moved its headquarters from downtown Kansas City to the Plaza area in Kansas City. Ten years ago Universal moved from the Plaza area to Overland Park. During this ten year period, we have found ourselves becoming more and more involved in the state of Kansas as a corporate citizen. We find the community to be superlative in every fashion, capable of providing us with a safe, secure surrounding and a productive work force. We have learned that the state and local governments are supportive of both business and the individuals who make that business successful, and now we have decided to become a full member of the Kansas family.

With the passage of House Bill No. 2329, Universal will be one step closer to beginning the process of redomesticating its two largest corporations, Universal Underwriters Insurance Company and Universal Underwriters Life Insurance Company, to the state of Kansas in the later half of 1997. Universal could be domiciled anywhere in the United States, but we choose to be here in Kansas because of the values of this community, the leadership of this community and the sense of honesty and integrity which predominates the state.

Universal asks for your support of House Bill No. 2329 which will not only facilitate Universal's redomestication to the state of Kansas, but should also encourage other foreign insurance companies to consider redomesticating to the state of Kansas.

Thank you again for your consideration of House Bill No. 2329.

Curt Starnes, Vice President, General Counsel and Corporate Secretary

MEMORANDUM

TO: The Honorable Don Steffes, Chairman
Senate Financial Institutions and Insurance Committee

FROM: William W. Sneed
The Health Insurance Association of America

DATE: March 11, 1997

RE: HB 2137

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I appear today on behalf of the Health Insurance Association of America (HIAA), an association of more than 250 health insurance companies doing business nationwide. We appreciate this opportunity to testify concerning the House amendment to HB 2137, and the proposed amendments offered in this committee.

HB 2137, as introduced, amends current law which requires individual and group insurance policies to provide first-dollar coverage for certain childhood immunizations. HB 2137 amends current requirements to lengthen the time period for first-dollar coverage from 36 to 72 months, and raises the number of doses of certain immunizations required to be covered. We have no position on these portions of the bill as introduced.

HIAA does, however, have some concerns about an amendment to the bill added in the House committee. This amendment, suggested by Representative Gilmore, would further amend current law to provide immunization coverage of prospective adoptive children beginning at the time of the child's placement in the prospective adoptive home. We also have concerns about the amendment offered in this committee, which would allow an insurer to offer an option for coverage of not only delivery expenses in the case of an adopted newborn, but "obstetrical expenses" as well.

These amendments are broad, open-ended changes to current law. We are unaware of any

Senate Floor
Attachment 3

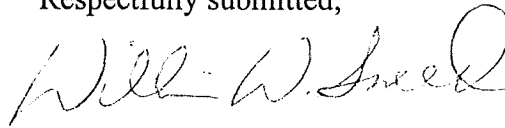
3/11/97

such options or coverage being offered by companies in the current health insurance market. We are concerned about the possible ramifications of the amendment as it relates to portions of the Kassebaum-Kennedy federal legislation, which is being implemented in Kansas via SB 204. In sum, we are uncertain of the effects that these amendments would have on the health insurance marketplace in Kansas.

The issue of coverage of certain items under a health insurance policy in adoption situations may be one which needs further study. However, we believe that its inclusion in this bill is inappropriate. We urge the committee to strike the House amendment and reject the amendment offered in this committee, both involving coverage related to adoptions.

Please don't hesitate to contact me if you have questions or need further information.

Respectfully submitted,

A handwritten signature in cursive script that reads "William W. Sneed". The signature is written in black ink and is positioned above the printed name.

William W. Sneed