

Approved: Robert Tomlinson
Date Feb. 4, 1999

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Rep. Bob Tomlinson at 3:30 p.m. on January 26, 1999 in Room 527-S of the Capitol.

All members were present except: Full Committee Present

Committee staff present: Bill Wolff, Researcher
Robert Nugent, Revisor
Mary Best, Secretary

Conferees appearing before the committee: None

Others attending: Attendance sheet not signed

The meeting was called to order at 3.30 p.m. by Chairman Robert Tomlinson. The minutes of January 12th and 14th were distributed and approved.

There was difficulty with a starting tape being bad. Had to replace tape at the beginning of the meeting. First comments on Minutes and such were not taped.

Chairman Tomlinson then brought forth **HB 2015**. Revisor Robert Nugent was asked to explain the balloons on the bill (Attachment #1). Lines 31 and 32 were reinserted regarding the 40 day time limit. Line 43 added ...the original *of the process* and two copies of the *process and the petition*. Line 1 of page 2, a typo error was corrected changing the word *sent* to *send*. Lines 3 & 5 changed *restricted mail* to *certified mail, return receipt requested*,.....and the last change, suggested by the Industry, was to line 7 changing *its* to *the secretary of the insurance company or fraternal benefit society sued at its*..

It was moved by Representative Empson to adopt balloons to HB 2015 and seconded by Representative Cox. There was no discussion. Motion Carried..

Representative Empson moved to pass the bill as amended and was seconded by Vice-Chair Myers. Motion Carried.

Chair next introduced **HB 2005** and again requested Revisor Nugent to explain the balloon, (Attachment #2). There were two changes in this balloon, one of which was suggested by Brad Smoot of BCBS, that sets the time in which the trial period sets the anniversary date at the beginning of the trial period. The second change isone year *and six months beginning with the first anniversary date of the state health care benefits program subsequent to approval of the mandate by the legislature*. The Chair then called for discussion. There was discussion between Representatives Kirk and Chair Tomlinson. Representative Burroughs then inquired as to whether or not any other states had entered into this kind of plan. Inquiries have been made by other Legislative bodies, but not other Insurance companies. .

Representative Cox moved to accept the balloon, Representative Showalter seconded the motion. Motion carried.

Disposition moved by Representative Cox for passage of the bill. Representative Dreher seconded. Passed.

The meeting ended at 4:00 p.m.

Next meeting is January 28, 1999

HOUSE BILL No. 2015

By Representative O'Neal

12-30

9 AN ACT concerning civil procedure; relating to service of process upon
10 insurance companies and fraternal benefit societies; amending K.S.A.
11 40-218 and repealing the existing section.

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

14 Section 1. K.S.A. 40-218 is hereby amended to read as follows: 40-
15 218. Every insurance company, or fraternal benefit society, on applying
16 for authority to transact business in this state, and as a condition prece-
17 dent to obtaining such authority, shall file in the insurance department
18 its written consent, irrevocable, that any action or garnishment proceed-
19 ing may be commenced against such company or fraternal benefit society
20 in the proper court of any county in this state in which the cause of action
21 shall arise or in which the plaintiff may reside by the service of process
22 on the commissioner of insurance of this state, and stipulating and agree-
23 ing that such service shall be taken and held in all courts to be as valid
24 and binding as if due service had been made upon the president or chief
25 officer of such corporation. Such consent shall be executed by the pres-
26 ident and secretary of the company, authenticated by the seal of the cor-
27 poration, and shall be accompanied by a duly certified copy of the order
28 or resolution of the board of directors, trustees or managers authorizing
29 the president and secretary to execute the same. The summons, accom-
30 panied by a fee of \$25, shall be directed to the commissioner of insur-
31 ~~ance; and shall require the defendant to answer by a certain day, not less~~
32 ~~than 40 days from its date.~~

33 Such summons, and a certified copy of the petition shall be forthwith
34 forwarded by the clerk of the court to the commissioner of insurance,
35 who shall immediately forward a copy of the summons and the certified
36 copy of the petition, to the secretary of the company or fraternal benefit
37 society sued, and a copy of the summons to the general agent of the
38 company or fraternal benefit society if any such agent resides in this state,
39 and thereupon the

40 *Service on the commissioner of insurance of any process, notice or de-*
41 *mand against an insurance company or fraternal benefit society shall be*
42 *made by delivering to and leaving with the commissioner or the commis-*
43 *sioner's designee, the original and two copies of the petition, notice of*

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a certain day, not less than 40 days from its
date

of the process

process and the

HOUSE COMM. ON INSURANCE
ATTACHMENT 1
1-26-99
1-1

send

certified mail, return receipt requested,

the secretary of the insurance company or fraternal benefit society sued at its

1441 demand, or the clerk of the court may ~~send~~ the original process and two
 2 copies of both the process and petition, notice or demand directly to the
 3 commissioner by ~~restricted mail~~. In the event that any process, notice or
 4 demand is served on the commissioner, the commissioner shall immedi-
 48 5 ately cause a copy thereof to be forwarded by ~~restricted mail~~ to the in-
 6 surance company or fraternal benefit society address to its general agent
 7 if such agent resides in this state or to ~~its~~ registered or principal office in
 8 any state in which it is domicated. The commissioner of insurance shall
 9 make return of the summons to the court from whence it issued, showing
 10 the date of its receipt by him, the date of forwarding such copies, and
 11 the name and address of each person to whom he forwarded a copy was
 12 forwarded. Such return shall be under his the hand and seal of office,
 13 and shall have the same force and effect as a due and sufficient return
 14 made by the on process directed to a sheriff on process directed to him.
 15 The said commissioner of insurance shall keep a suitable record in which
 16 he shall ~~docket~~ be docketed every action commenced against an insurance
 17 company, the time when commenced, the date and manner of service;
 18 also the date of the judgment, its amount and costs, and the date of
 19 payment thereof, which shall be certified from time to time by the clerk
 20 of the court.

21 Sec. 2. K.S.A. 40-218 is hereby repealed.
 22 Sec. 3. This act shall take effect and be in force from and after its
 23 publication in the statute book.

send

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23 publication in the statute book.

27

HOUSE BILL No. 2005

By Special Committee on Financial Institutions and Insurance

1-11

9 AN ACT relating to accident and health insurance; concerning mandated
10 coverages; requirements.

11

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

13 Section 1. (a) After July 1, 1999, in addition to the requirements of
14 K.S.A. 40-2248 and 40-2249, and amendments thereto, any new man-
15 dated health insurance coverage for specific health services, specific dis-
16 eases or for certain providers of health care services approved by the
17 legislature shall apply only to the state health care benefits program,
18 K.S.A. 75-6501, *et seq.*, and amendments thereto, for a period of at least
19 one year. At the end of such time period, the Kansas state employees
20 health care commission shall submit to the president of the senate and
21 to the speaker of the house of representatives, on the day the governor's
22 budget report is submitted to the legislature, a report indicating the im-
23 pact such mandated coverage has had on the state health care benefits
24 program, including data on the utilization and costs of such mandated
25 coverage. Such report shall also include a recommendation whether such
26 mandated coverage should be authorized by the legislature to apply to
27 the state health care benefits program and to all individual or group health
28 insurance policies, medical service plans, contracts, hospital service cor-
29 poration contracts, hospital and medical service corporation contracts,
30 fraternal benefit societies or health maintenance organizations which pro-
31 vide coverage for accident and health services.

32 (b) The legislature shall periodically review all current and any future
33 mandated health insurance coverages.

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

and six months beginning with
the first anniversary date of the
state health care benefits
program subsequent to
approval of the mandate by the
legislature.

1-26-99
ATTACHMENT # 2
House Comm on Ins.