

Approved: January 20, 1999  
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE .

The meeting was called to order by Chairperson Senator Don Steffes at 9:00 a.m. on January 14 in Room 529 S of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Research  
Ken Wilke, Office of Revisor  
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Insurance Commissioner Kathleen Sebelius  
Mike Huftles, SRS, Public Affairs

Others attending: See Attached

Kansas Insurance Commissioner Kathleen Sebelius appeared before the Committee to present her legislative agenda for the 1999 Session (Attachment 1). Included in her presentation was the Final Report of the Task Force on the Kansas Insurance Industry (Attachment 2). Commissioner Sebelius introduced the members of her department who will be working on legislative issues: Linda DeCoursey, Director of Government Relations, Maggie Keaton, Legislative Coordinator, and Paul Davis, Government Affairs. She reported on the thriving insurance industry in Kansas with more than \$7 billion spent by the population on insurance products. More than 2,000 companies currently write insurance in Kansas. This is the fifth year there has been a rate decrease in workers compensation insurance premiums. The cumulative 40% decrease is due to more competition in the marketplace and fewer companies being placed in assigned risk plans.

Commissioner Sebelius reported on her activities in the National Association of Insurance Commissioners and the importance of using this as a tool to keep Kansas insurance legislation coordinated with other states. There is no federal regulator for insurance and it is all handled at the state level.

Negotiations on the TIAA-CREF situation continue between the insurance companies, the Insurance Department, and TIAA-CREF. Hopefully there will be a final report on this in a few months.

Commissioner Sebelius explained the Children's Health Wave Program which began on January 1. There are currently 4,000 children enrolled. Though the initial enrollment is somewhat disappointing, she felt that with publicity and outreach through local politicians this number can be greatly increased. Maximus is the private company which was selected to implement the Wave Program.

Problems with opening up the state employees health plan to school district employees were discussed. Many school districts are struggling to provide health benefits for their employees due to high risk persons being in very small pools. Teachers make an average of \$10,000 less than state employees and usually cannot afford to have their portion of health premiums raised. By allowing them to enroll in the state health plan, it would:

- Lower the level of contribution by school districts
- Address gateway issues
- Increase affordability of health care rather than negotiating district by district

Other issues discussed by Commissioner Sebelius were file and use, territorial ratings which are now used by 40% of the insurance companies, demutualization, the premium tax (a final report on the impact of the reduced premium tax will be presented to the Committee at a later date), and the difficulty of enforcing the proposed patients rights issue in ERISA plans.

Mike Huftles, Special Assistant for Public Affairs in SRS, responded to Committee questions regarding the progress on the report being prepared on the fiscal impact of including school district employees under the state employees health plan. Health Wave enrollees would become ineligible if their parents are state or federal employees who are part of either a state or federal health insurance plan. SRS is investing the number

CONTINUATION SHEET

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

of school districts who would be affected by this. A survey will be conducted in February and March. Forty children of state employees were in the now defunct Caring program and they were ineligible for Health Wave.

In response to Commissioner Sebelius's request for introduction of proposed legislation, Senator Praeger moved for such an introduction, seconded by Senator Becker. Motion carried.

The meeting was adjourned at 10:00 a.m. The next meeting is scheduled for January 19 , 1999.

SENATE FINANCIAL INSTITUTIONS AND INSURANCE  
COMMITTEE GUEST LIST

DATE: Jan 14

NAME	REPRESENTING
Tish Hein	SBG
Bill Mitchell	Alliance / KS
Bill Curtis	Ks Assoc of School Bds
Tim Wood	VIA CHRISTI Health System
Richard Wilkerson	Alliance / KS Co's
Larrie Ann Brown	KS Assoc of Health Plans
Mary Ellen O'Brien Wright	assis. technology for Kansas
Pat Morris	K.A.I.A.
Paul Davis	Kansas Insurance Dept.
Maggie Keating	" "
Linda DeCoursey	" "
Teresa Sollenauer	HCAA
Linda DeCoursey	KS Insurance Dept.
Danielle Nee	Governors Office
Brad Smoot	AIA
Lori Callahan	Kammco
Jee Wright	Farmers Ins.
David Hanson	Ks Insur Assns



**Kathleen Sebelius**  
Commissioner of Insurance  
**Kansas Insurance Department**

January 14, 1999

To: Senate Financial Institutions and Insurance Committee  
From: Kathleen Sebelius, Insurance Commissioner  
Re: Bill Introductions

Mr. Chairman and members of the Committee:

I am appearing today to request the introduction of bills by this committee on behalf of the Kansas Insurance Department. The proposed legislation deals with an external grievance procedure, medical records privacy, the viatical settlements act, flood insurance, group-funded municipal and workers comp pools, agents licensing bill, technical changes to the Kansas Health Insurance Association statutes, technical changes to risk base capital statutes, and rate filings. Some of the copies of the bills are attached to my testimony, and others I will ask you to introduce on a conceptual basis, because the language is not yet completed.

**External Grievance** – One of the most valuable services that the Kansas Insurance Department performs is the handling of consumer complaints. The Consumer Assistance Division staff is dedicated to the fair resolution of questions and complaints from consumers about insurance. In real life, resolution may not happen, and may require expertise beyond the insurance department. The proposed language allows the an insured who has exhausted all available internal review procedures provided by the benefit plan or has not received a final decision within 90 days, has the right to an independent external review of an adverse decision. Commissioner may make a determination whether or not to refer those cases to independent review organization.

**Privacy of Medical Records** – The proposed legislation is based on the NAIC Health Information Privacy Model Act. The purpose of the act is to set standards to protect health

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Date 1/14

Attachment # 1



information from unauthorized collection, use and disclosure by requiring carriers to establish procedures for the treatment of all health information.

**Viatical Settlements Act** – Viatical settlements are transactions in which insureds with AIDS, cancer patients and other terminally ill persons sell their life insurance policy for a certain percentage of its face value to provide immediate cash. However, these products are now being used for investment purposes. The proposed legislation is based on the NAIC Viatical Settlements Model, and sets out definitions, license requirements, approval of contracts, reporting requirements, and general rules.

**Flood Insurance** - Because of the recent flooding issues in Kansas, I became aware of various problems arising with insureds and insurance coverage as a result of flooding. The bill requires insurers to provide notice on the front page of each new or renewal policy issued that the policy does not cover losses due to floods, requires the applicant to acknowledge in writing they are familiar with the water damage exclusions, and the applicants must be informed that flood insurance may be available through the National Flood Insurance Program.

**Group-funded Municipal And Work Comp Pools** – The bill would add to the authority of the Commissioner concerning group-funded municipal pools through approval of reinsurance, rates being actuarially sound, rehabilitation or corrective action, types of investments by the pools, premiums being charged, experience of administrator, reserves maintained by pools, and collection of assessments. Group funded work comp pools would be given greater authority to invest idle funds, and work comp pools in existence of more than five years (with approval of the Commissioner) may vary from statutory requirements or claim/expense funds.

**Agents Licensing Bill** – The proposed language of the bill addresses licensing of agents, continuing education, auto rental agencies, limited insurance representative license; brokers; post-license education.

**KHIA Changes** - K.S.A. 40-2122 The proposed bill will correct language in Kansas Health Insurance Association (KHIA) statutes regarding eligibility. Current language: “any person who is eligible for Medicare or a *recipient of Medicaid* benefits”. The change would replace

“recipient of” with “eligible”. The reason for change is that one can be eligible for Medicaid benefits and not be a recipient.

**Risk Based Capital** - Annual bill to update the RBC instructions used by carriers to file data with the agency, reflecting that companies should use the RBC instruction effective on December 31, 1998.

**Rate Filings** – This is the second phase of file and use for commercial filings. It eliminates waiting period for commercial filings. The bill adds exclusion language for policy or contract forms for large risk and sets out that criteria. The bill does not apply to certain categories of commercial lines risks. The bill sets out the first phase of establishing file and use for personal lines. The bill establishes a file and use system with a 30 day waiting period for personal lines. It follows the same phase in system used in commercial filings.

Proposed Bill No. \_\_\_\_\_

AN ACT relating to accident and health insurance; concerning an external review process; providing certain requirements.

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

Section 1. (a) For purposes of this section,

- (1) "Adverse decision" means a utilization review determination by a third party administrator, an insurer, or a health care provider acting on behalf of an insured that a proposed or delivered health care service which would otherwise be covered under insured's contract is not or was not medically necessary or the health care treatment has been determined to be experimental or investigational.
- (2) "Health insurance plan" means any hospital or medical expense policy, health, hospital or medical service corporation contract, and a plan provided by a municipal group-funded pool, or a health maintenance organization contract offered by an employer or any certificate issued under any such policies, contracts or plans. "Health benefit plan" does not include policies or certificates covering only accident, credit, dental, disability income, long-term care, hospital indemnity, Medicare supplement, vision care, coverage issued as a supplement to liability insurance, insurance arising out of a workers compensation or similar law, automobile medical-payment insurance, or insurance under which benefits are payable with or without regard to fault and which is statutorily required to be contained in any liability insurance policy or equivalent self-insurance.

(3) "Insured" means the beneficiary of any insurance company, fraternal benefit society, health maintenance organization and nonprofit hospital and medical service corporation authorized to transact health insurance business in this state.

(b) The right to review under this section shall not be construed to change the terms of coverage under a health benefit plan.

(c) The insurer shall provide written notice to the insured of a final adverse decision and the opportunity and time period for requesting the commissioner's review.

(d) An insured who has exhausted all available internal review procedures provided by the health benefit plan or has not received a final decision from the insurer within 90 days shall have the right to an independent external review of an adverse decision under a health benefit plan. The independent review shall be available when the affected person, provider acting on behalf of the insured or legally authorized designee of the insured files a written request with the commissioner of insurance within 60 days from receiving a final written determination from their health benefit plan.

(e) An insured shall provide all information required by the commissioner to make a preliminary determination including the appeal form, a copy of the final decision of denial and a fully-executed release to obtain any necessary medical records from the insurer and any other relevant provider.

(f) The insurer, in responding to the commissioner, shall provide a complete explanation as to the basis of their adverse decision.

(g) External reviews shall be conducted by an independent review organization, pursuant to a contract negotiated with the insurance department.

(A) The reviewers shall include health care providers credentialed with respect to the health care service under review and have no conflict of interest relating to the performance of their duties under this section.

(B) The reviews shall be done in accordance with standards of decision-making based on objective clinical evidence and shall resolve all issues in a timely manner and provide expedited resolution when the decision relates to emergency or urgent health care services.

(h) The Commissioner of Insurance shall:

(A) notify the insured or health care provider in writing as to whether the complaint will be sent for an external review.

(B) allow an insurer, an insured, a health care provider filing a complaint on behalf of a insured or legally authorized designee of the insured to provide additional written information as may be relevant for the Commissioner to make a final decision on the complaint.

(C) make a decision on a complaint within 30 days after receiving all necessary information.

(D) design an expedited procedure for use in an emergency case for purposes of rendering a decision.

(i) The decision of the independent reviewer shall be binding on the health benefit plan, the insurer, and the insured. Judicial review shall be available to all parties.

(j) The Commissioner of Insurance shall adopt rules necessary to carry out the purposes of this section. The rules shall ensure that the insurance department is able to provide an effective and efficient external review of health care services.

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



Proposed Bill No. \_\_\_\_\_

AN ACT concerning insurance companies; viatical settlements; repealing K.S.A. 40-2, 140, K.S.A. 40-2, 141, K.S.A. 40-2, 142, K.S.A. 40-2, 143, K.S.A. 40-2, 144, K.S.A. 40-2, 145, K.S.A. 40-2, 146, K.S.A. 40-2, 147, K.S.A. 40-2, 148, K.S.A. 40-2, 149, K.S.A. 40-2, 150, K.S.A. 40-2, 151 and K.S.A. 40-2, 152

*Be it enacted by the Legislature of the State of Kansas.*

Section 1. This act shall be known as the Viatical Settlements Act:

Sec. 2. As used in this act the following terms shall apply:

- (a) Financing entity means an underwriter, placement agent, lender, purchaser of securities, purchaser of a policy or certificate from a viatical settlement provider, credit enhancer, or any person that may be a party to a viatical settlement contract and that has a direct ownership in a policy or certificate that is the subject of a viatical settlement contract but whose sole activity related to the transaction is providing funds to effect the viatical settlement and who has an agreement in writing with a licensed viatical settlement provider to act as a participant in a financing transaction.
- (b) Financing transaction means a transaction in which a licensed viatical settlement provider or a financing entity obtains financing for viatical settlement contracts, viaticated policies or interests therein including, without limitation, any secured or unsecured financing, any securization transaction or any securities offering either registered or exempt from registration under federal and state securities law, or any direct purchase of interests in a policy or certificate, if the financing transaction complies with federal and state securities law.

- (c) Person means a legal entity, including but not limited to, an individual, partnership, limited liability company, association, trust, corporation or other legal entity.
- (d) (1) Viatical settlement representative means a person who is an authorized agent of a licensed viatical settlement provider or viatical settlement broker, as applicable, who acts or aids in any manner in the solicitation of a viatical settlement. Viatical settlement representative shall not include:
- (A) An attorney, an accountant, a financial planner or any person exercising a power of attorney granted by a viator; or
  - (B) Any person who is retained to represent a viator and whose compensation is paid by or at the direction of the viator regardless of whether the viatical settlement is consummated.
- (2) A viatical settlement representative is deemed to represent only the viatical settlement provider or viatical settlement broker.
- (e) Viatical settlement broker means a person that on behalf of a viator and for a fee, commission or other valuable consideration, offers, or attempts to negotiate viatical settlements between a viator and one or more viatical settlement providers. Irrespective of the manner in which the viatical settlement broker is compensated, a viatical settlement broker is deemed to represent only the viator and owes a fiduciary duty to the viator to act according to the viator's instructions and in the best interest of the viator. The term does not include an attorney, accountant or financial planner retained to represent the viator whose compensation is paid directly by or at the direction of the viator.
- (f) Viatical settlement contract means a written agreement entered into between a viatical settlement provider and a viator. The agreement shall establish the terms under which the

viatical settlement provider will pay compensation or anything of value, which compensation or value is less than the expected death benefit of the insurance policy or certificate, in return, for the viator's assignment, transfer, sale, devise or bequest of the death benefit or ownership of all or a portion of the insurance policy or certificate of insurance to the viatical settlement provider. A viatical settlement contract also includes a contract for a loan or other financial transaction secured primarily by an individual or group life insurance policy, other than a loan by a life insurance company pursuant to the terms of the life insurance contract, or a loan secured by the cash value of a policy.

(g) Viatical settlement provider means a person, other a viator, that enters into a viatical settlement contract. Viatical settlement provider also means a person that obtains financing from a financing entity for the purchase, acquisition, transfer or other assignment of one or more viatical settlement contracts, viaticated policies or interests therein, or otherwise sells, assigns, transfers, pledges, hypothecates or otherwise disposes of one or more viatical settlement contracts, viaticated policies or interests therein. Viatical settlement provider does not include:

- (1) A bank, savings bank, savings and loan association, credit union or to other licensed lending institution that takes an assignment of a life insurance policy as collateral for a loan;
- (2) The issuer of a life insurance policy providing accelerated benefits under K.S.A. 40-401, as amended, and pursuant to the contract; or
- (3) A natural person who enters into no more that one agreement in a calendar year for the transfer of like insurance policies for any value less than the expected death benefits.

(h) Viator means the owner of a life insurance policy or a certificate holder under a group policy insuring the life of an individual with a catastrophic, life threatening or chronic illness or condition who enters or seeks to enter into a viatical settlement contract.

(i) Viaticated policy means a life insurance policy or certificate that has been acquired by a viatical settlement provider pursuant to a viatical settlement contract.

Sec. 3. A person shall not operate as a viatical settlement provider, viatical settlement representative or viatical settlement broker without first having obtained a license from the commissioner.

(a) Application for a viatical settlement provider, viatical settlement representative or viatical settlement broker license shall be made to the commissioner by the applicant on a form prescribed by the commissioner and these applications shall be accompanied by a nonrefundable fee of \$1,000.

(c) Licenses may be renewed from year to year on the anniversary date upon payment of the annual renewal fee of \$500. Failure to pay the fee by the renewal date results in expiration of the license.

(d) The applicant shall provide information on forms required by the commissioner. The commissioner shall have the authority, at any time, to require the applicant to fully disclose the identity of all stockholders, partners, officers, members and employees, and the commissioner may, in the exercise of the commissioner's discretion, refuse to issue a license in the name of a legal entity if not satisfied that any officer, employee, stockholder, partner or member thereof who may materially influence the applicant's conduct meets the standards of this act.

(e) A license issued to a legal entity authorizes all members, officers and designated employees to act as viatical settlement providers, viatical settlement brokers or viatical settlement

representatives, as applicable, under the license, and all those persons shall be named in the application and any supplements to the application.

(f) Upon the filing of an application and the payment of the license fee, the commissioner shall make an investigation of each applicant and issue a license if the commissioner finds that the applicant:

- (1) Has provided a detailed plan of operation;
- (2) Is competent and trustworthy and intends to act in good faith in the capacity involved by the license applied for;
- (3) Has a good business reputation and has had a experience, training or education so as to be qualified in the business for which the license is applied for; and
- (4) If a legal entity provides a certificate of good standing from the state of its domicile.

(g) The commissioner shall not issue a license to a nonresident applicant, unless a written designation of an agent for service of process is filed and maintained with the commissioner or the applicant has filed with the commissioner, the applicant's written irrevocable consent that any action against the applicant may be commenced against the applicant by service of process on the commissioner.

Sec. 4. The commissioner may suspend, revoke or refuse to renew the license of a viatical settlement provider, viatical settlement representative or viatical settlement broker if the commissioner finds that:

- (1) There was any material representation in the applicant for the license;
- (2) The licensee or any officer, partner, member or key management personnel has been convicted of fraudulent or dishonest practices, is subject to a final administrative action or is otherwise shown to be a trustworthy or incompetent.



- (3) The viatical settlement provider demonstrates a pattern of unreasonable payments to viators;
  - (4) The licensee has been found guilty of, or has pleaded guilty or nolo contendere to, any felony, or to a misdemeanor involving fraud or moral turpitude, regardless of whether a judgment of conviction has been entered by the court.
  - (5) The viatical settlement provider has entered into any viatical settlement contract that has not been approved pursuant to this Act;
  - (6) The viatical settlement provider has failed to honor contractual obligations set out in a viatical settlement contract;
  - (7) The licensee no longer meets the requirements for initial licensure;
  - (8) The viatical settlement provider has assigned, transferred or pledged a viaticated policy to a person other than a viatical settlement provider licensed in this state or a financing entity; or
  - (9) The licensee has violated any provision of this Act.
- (a) Before the commissioner shall deny a license application or suspend, revoke or refuse to renew the license of a viatical settlement provider, viatical settlement broker or viatical settlement representative, the commissioner shall conduct a hearing in accordance with the Kansas Administrative Procedures Act K.S.A. 77-501 et. seq. as amended.

Sec. 5. A person shall not use a viatical settlement contract or provide to a viator a disclosure statement form in this state unless filed and approved by the commissioner. The commissioner shall disapprove a viatical settlement contract or disclosure statement form, if, in the commissioner's opinion, the contract or provisions contained therein are unreasonable, contrary to the interests of the public, or otherwise misleading or unfair to the viator.

Sec. 6. Each licensee shall file with the commissioner on or before March 1 of each year an annual statement containing such information as the commissioner by regulation may prescribe.

(a) Except as otherwise allowed or required by law, a viatical settlement provider, viatical settlement representative, viatical settlement broker, insurance company, insurance agent, insurance broker, information bureau, rating agency or company, or any other person with actual knowledge of a viator's identity, shall not disclose that identity as a viator to any other person unless the disclosure:

- (1) Is necessary to effect a viatical settlement between the viator and a viatical settlement provider and the viator has provided prior written consent to the disclosure;
- (2) Is provided in response to an investigation by the commissioner or any other governmental officer or agency; or
- (3) Is a term or condition to the transfer of a viatical policy by one viatical settlement provider to another viatical settlement provider.

Sec. 7. The commissioner may, when the commissioner deems it reasonably necessary to protect the interests of the public, examine the business and affairs of any licensee or applicant for a license. The commissioner shall have the authority to order any licensee or applicant to produce any records, books, files or other information reasonably necessary to ascertain whether or not the licensee or applicant is acting or has acted in violation of the law or otherwise contrary to the interests of the public. The expenses incurred in conducting any examination shall be paid by the licensee or applicant.

(a) Names and individual identification data for all viators shall be considered private and confidential information and shall not be disclosed by the commissioner, unless required by law.

(b) Records of all transactions of viatical settlement contracts shall be maintained by the viatical settlement provider and shall be available to the commissioner for inspection during reasonable business hours. A viatical settlement provider shall maintain records of each viatical settlement until five (5) years after the death of the insured.

Sec. 8. A viatical settlement provider, viatical settlement representative or viatical settlement broker shall disclose the following information to the viator no later than the time of application.

- (1) Possible alternatives to viatical settlement contracts for individuals with catastrophic, life threatening or chronic illnesses, including, any accelerated death benefits offered under the viator's life insurance policy;
- (2) Some or all of the proceeds of the viatical settlement may be free from federal income tax and from state franchise and income taxes, and that assistance should be sought from a professional tax advisor;
- (3) Proceeds of the viatical settlement could be subject to the claims of creditors;
- (4) Receipt of the proceeds of a viatical settlement may adversely effect the viator's eligibility for Medicaid or other government benefits or entitlements and that advice should be obtained from the appropriate governments agencies;
- (5) The viator's right to rescind a viatical settlement contract fifteen (15) calendar days after the receipt of the viatical settlement proceeds by the viator, as provided in Section 9C;
- (6) Funds will be sent to the viator within two (2) business days after the viatical settlement provider has received the insurer or group administrator's acknowledgement that ownership of the policy or interest in the certificate has been transferred and the beneficiary has been designated pursuant to the viatical settlement contract; and

(7) Entering into a viatical settlement contract may cause other rights or benefits, including conversion rights and waiver of premium benefits that may exist under the policy or certificate, to be forfeited by the viator and that assistance should be sought from a financial adviser.

(a) A viatical settlement provider shall disclose the following information to the viator prior to the date the viatical settlement contract is signed by all parties:

- (1) The affiliation, if any, between the viatical settlement provider and the issuer of an insurance policy to be viaticated;
- (2) If an insurance policy to be viaticated has been issued as a joint policy or involves family riders or any coverage of a life other than the insured under the policy to be viaticated, the viator shall be informed of the possible loss of coverage on the other lives and be advised to consult with his or her insurance producer or the company issuing the policy for advice on the proposed viatication; and
- (3) The dollar amount of the current death benefit payable to the viatical settlement provider under the policy or certificate. The viatical settlement provider shall also disclose the availability of any additional guaranteed insurance benefits, the dollar amount of any accidental death and dismemberment benefits under the policy or certificate and the viatical settlement provider's interest in those benefits.

Sec. 9. A viatical settlement provider entering into a viatical settlement contract shall first obtain:

- (1) If the viator is the insured, a written statement from a licensed attending physician that the viator is of sound mind and under no constraint or undue influence to enter into a viatical settlement contract;

- (2) A witnessed document in which the viator consents to the viatical settlement contract, acknowledges that the insured has a catastrophic, life threatening or chronic illness or condition, represents that the viator has a full and complete understanding of the viatical settlement contract, that he or she has a full and complete understanding of the benefits of the life insurance policy, and acknowledges that he or she has entered into the viatical settlement contract freely and voluntarily; and.
- (3) A document in which the insured consents to the release of his or her medical records to a viatical settlement provider or viatical settlement broker.
- (a) All medical information solicited or obtained by any licensee shall be subject to the applicable provision of state law relating to confidentiality of medical information.
- (b) All viatical settlement contracts entered into in this state shall provide the viator with an unconditional right to rescind the contract for at least fifteen (15) calendar days from the receipt for the viatical settlement proceeds. If the insured dies during the recession period, the viatical settlement contract shall be deemed to have been rescinded, subject to repayment to the viatical settlement provider of all viatical settlement proceeds.
- (c) Immediately upon the viatical settlement provider's receipt of documents to effect the transfer of the insurance policy, the viatical settlement provider shall pay the proceeds of the viatical settlement to an escrow or trust account in a state or federally chartered financial institution whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). The account shall be managed by a trustee or escrow agent independent of the parties to the contract. The trustee or escrow agent shall transfer the proceeds to the viator immediately upon the viatical settlement provider's receipt for acknowledgment of the transfer of the insurance policy.



- (d) Failure to tender consideration to the viator for the viatical settlement contract within the time disclosed pursuant to Section 8A(6) renders the viatical settlement contract voidable by the viator for lack of consideration until the time consideration is tendered to and accepted by the viator.
- (e) Contacts with the insured for the purpose of determining the health status of the insured by the viatical settlement provider, viatical settlement broker or viatical settlement representative after the viatical settlement has occurred shall only be made by the viatical settlement provider or broker licensed in this state and shall be limited to after the viatical settlement has occurred and shall be limited to once every three (3) months for insureds with a life expectancy of more than one year, and to no more than one per month for insureds with a life expectancy of one year or less. The provider or broker shall explain the procedure for these contacts at the time the viatical settlement contract is entered into. The limitations set forth in this subsection shall not apply to any contacts with an insured under a viaticated policy for reasons other than determining the insured's health status.

Sec. 10. The commissioner shall have the authority to:

- (a) Promulgate regulations supplementing this Act;
- (b) Establish standards for evaluating reasonableness of payments under viatical settlement contracts. This authority includes, but is not limited to, regulation of discount rates used to determine the amount paid in exchange for assignment, transfer, sale, devise or bequest of a benefit under a life insurance policy;
- (c) Establish appropriate licensing requirements, fees and standards for continued licensure for viatical settlement providers, representatives and brokers;

(d) Require a bond or other mechanism for financial accountability for viatical settlement providers; and

(e) Adopt rules governing the relationship and responsibilities of both insurers and viatical settlement providers, broker and representatives during the viatication of a life insurance policy or certificate.

Sec. 11. A violation of this Act shall be considered an unfair trade practice under K.S.A. 40-2404, as amended subject to the penalties contained in that Act.

Sec. 12. A viatical settlement provider, viatical settlement representative or viatical settlement broker transacting business in this state may continue to do so pending approval or disapproval of the provider, representative or broker's application for a license as long as the application is filed with the commissioner by July 1, 1999.

Sec. 13. K.S.A. 40-2, 140, K.S.A. 40-2, 141, K.S.A. 40-2, 142, K.S.A. 40-2, 143, K.S.A. 40-2, 144, K.S.A. 40-2, 145, K.S.A. 40-2, 146, K.S.A. 40-2, 147, K.S.A. 40-2, 148, K.S.A. 40-2, 149, K.S.A. 40-2, 150, K.S.A. 40-2, 151 and K.S.A. 40-2, 152 are hereby repealed.

Sec. 14. This Act shall take effect and be in force from and after publication in the statute book.

Proposed Bill No. \_\_\_\_\_

AN ACT concerning insurance companies; property and casualty insurers; flood insurance

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

Section 1. No property and casualty insurer shall sell a policy insuring real property of any description and its contents against loss by fire or any of the risks usually insured against in their insurance policies unless:

- (a) A notice that the policy does not cover losses due to flood appears in no less than 10 point boldface type on the front page of each new or renewal policy issued, and
- (b) All policyholders are informed on or before the date of their renewal that their policy does not cover flood and that flood insurance may be available through the National Flood Insurance Program.
- (c) All applicants or proposed insureds acknowledge in writing that they are familiar with the water damage exclusions contained in the policy, and
- (d) All applicants or proposed insureds are informed that flood insurance may be available through the National Flood Insurance Program, and
- (e) The above provisions shall not apply to those policies that do provide coverage for losses due to flood if the coverage is equivalent to the National Flood Insurance Program.

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

Proposed Bill No. \_\_\_\_\_

AN ACT concerning the insurance department; high risk pool eligibility; amending K.S.A. 40-2122 and repealing the existing section.

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

Section 1. K.S.A. 1998 Supp. 40-2122 is hereby amended to read as follows: 40-2122.

(a) The following individuals shall be eligible for plan coverage provided they meet the criteria set forth in subsection (b):

- (1) any person who has been a resident of this state for at least six months;
- (2) any person who is a legal domiciliary of this state who previously was covered under the high risk pool of another state, provided they apply for coverage under the plan within 63 days of losing such other coverage for reasons other than fraud or nonpayment of premiums; or
- (3) any federally defined eligible individual who is a legal domiciliary of this state.

(b) Those individuals who are eligible for plan coverage under subsection (a) must provide evidence satisfactory to the administering carrier that such person meets one of the following criteria:

- (1) Such person has had health insurance coverage involuntarily terminated for any reason other than nonpayment of premium;
- (2) such person has applied for health insurance and been rejected by two carriers because of health conditions;
- (3) such person has applied for health insurance and has been quoted a premium rate which is in excess of the plan rate;

(4) such person has been accepted for health insurance subject to a permanent exclusion of a preexisting disease or medical condition; or

(5) such person is a federally defined eligible individual.

(c) Each resident dependent of a person who is eligible for plan coverage shall also be eligible for plan coverage.

(d) The following persons shall not be eligible for coverage under the plan:

(1) Any person who is eligible for medicare or ~~a recipient of~~ *is eligible for* medicaid benefits;

(2) any person who has had coverage under the plan terminated less than 12 months prior to the date of the current application, except that this provision shall not apply with respect to an applicant who is a federally defined eligible individual;

(3) any person who has received accumulated benefits from the plan equal to or in excess of the lifetime maximum benefits under the plan prescribed by K.S.A. 40-2124 and amendments thereto;

(4) any person having access to accident and health insurance through an employer-sponsored group or self-insured plan; or

(5) any person who is eligible for any other public or private program that provides or indemnifies for health services.

(e) Any person who ceases to meet the eligibility requirements of this section may be terminated at the end of a policy period.

(f) All plan members, insurers and insurance arrangements shall notify in writing persons denied health insurance coverage, for any reason, of the availability of coverage through the Kansas health insurance association.



Sec. 2. K.S.A. 1998 Supp. 40-2122 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

AN ACT concerning insurance; risk-based capital requirements; amending K.S.A. 1998 Supp. 40-2c01 and repealing the existing section.

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

Section 1. K.S.A. 1998 Supp. 40-2c01 is hereby amended to read as follows: 40-2c01. As used in this act:

- (a) "Adjusted RBC report" means an RBC report which has been adjusted by the commissioner in accordance with K.S.A. 1998 Supp. 40-2c04, and amendments thereto.
- (b) "Corrective order" means an order issued by the commissioner specifying corrective actions which the commissioner has determined are required to address a RBC level event.
- (c) "Domestic insurer" means any insurance company or risk retention group which is licensed and organized in this state.
- (d) "Foreign insurer" means any insurance company or risk retention group not domiciled in this state which is licensed or registered to do business in this state pursuant to article 41 of chapter 40 of the Kansas Statutes Annotated or K.S.A. 40-209, and amendments thereto.
- (e) "NAIC" means the national association of insurance commissioners.
- (f) "Life and health insurer" means any insurance company licensed under article 4 or 5 of chapter 40 of the Kansas Statutes Annotated or a licensed property and casualty insurer writing only accident and health insurance.
- (g) "Property and casualty insurer" means any insurance company licensed under articles 9, 10, 11, 12, 12a, 15 or 16 of chapter 40 of the Kansas Statutes Annotated, but shall not include monoline mortgage guaranty insurers, financial guaranty insurers and title insurers.
- (h) "Negative trend" means, with respect to a life and health insurer, a negative trend over a period of time, as determined in accordance with the "trend test calculation" included in the RBC instructions defined in subsection (j).
- (i) "RBC" means risk-based capital.

(j) "RBC instructions" mean the RBC report including risk-based capital instructions promulgated by the NAIC, which are in effect on ~~December 31, 1997~~ December 31, 1998, and adopted as rules and regulations by the commissioner.

(k) "RBC level" means an insurer's company action level RBC, regulatory action level RBC, authorized control level RBC, or mandatory control level RBC where:

(1) "Company action level RBC" means, with respect to any insurer, the product of 2.0 and its authorized control level RBC;

(2) "regulatory action level RBC" means the product of 1.5 and its authorized control level RBC;

(3) "authorized control level RBC" means the number determined under the risk-based capital formula in accordance with the RBC instructions; and

(4) "mandatory control level RBC" means the product of .70 and the authorized control level RBC.

(l) "RBC plan" means a comprehensive financial plan containing the elements specified in K.S.A. 1998 Supp. 40-2c06, and amendments thereto. If the commissioner rejects the RBC plan, and it is revised by the insurer, with or without the commissioner's recommendation, the plan shall be called the "revised RBC plan."

(m) "RBC report" means the report required by K.S.A. 1998 Supp. 40-2c02, and amendments thereto.

(n) "Total adjusted capital" means the sum of:

(1) An insurer's capital and surplus or surplus only if a mutual insurer; and

(2) such other items, if any, as the RBC instructions may provide.

(o) "Commissioner" means the commissioner of insurance.

Sec. 2. K.S.A. 1998 Supp. 40-2c01 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

**FINAL REPORT**  
**of the**  
**TASK FORCE ON THE**  
**KANSAS INSURANCE INDUSTRY**

**to the**  
**1998 Kansas Legislature**  
**and Governor Bill Graves**



**Kansas Legislative Research Department**  
**December 1997**

Senate Financial Institutions & Insurance

Date 1/14

Attachment # 2

## TASK FORCE ON THE KANSAS INSURANCE INDUSTRY

### MEMBERSHIP

<u>Legislative Members</u>	<u>Nonlegislative Members</u>
Senator Don Steffes, Chair	Kathleen Sebelius, Vice-Chair
Senator Paul Feleciano, Jr.	Mary Birch
Representative Tom Bradley	Kevin Davis
Representative Nancy Kirk	John Graham
	Ken I. Omura
	Senator Sandy Praeger*
	John Rolfe
	Gary Sollars
	Roger Viola

\* Appointed by the Governor.

# TASK FORCE ON THE KANSAS INSURANCE INDUSTRY

**STUDY TOPIC\*:** S.C.R. 1601 established a Task Force to study the insurance industry in Kansas in order to identify programs and actions that can be undertaken to promote the growth of the existing industry, enhance its financial viability, and attract out-of-state insurance companies to Kansas.

## BACKGROUND

The Special Committee on Insurance, which met during the 1996 interim, recommended a bill to the 1997 Legislature to repeal the premium tax on annuities. The rationale for the proposal was to relieve Kansas domestic insurers of the annuity premium tax and the retaliatory tax imposed by other states, and to provide foreign insurers an incentive to redomesticate their business operations in Kansas. Proponents of the tax repeal bill argued that current tax law represented both bad economic and social policy. The 1997 Legislature subsequently repealed the tax.

During debate over repeal of the tax, the Special Committee speculated that, in addition to tax law, other impediments might exist which have a negative affect on the vitality of the industry in Kansas. Additionally, the Special Committee was told that other states, particularly Iowa, had made growth of the insurance industry a focal point of state-assisted economic development initiatives. The Special Committee drafted and recommended passage of S.C.R. 1601 by the 1997 Legislature to provide a mechanism for discovering whether more changes in law and the insurance environment are needed to stimulate the development of the insurance industry in this state.

S.C.R. 1601 created a 13-member Task Force consisting of legislators, the Insurance Commissioner and her appointees representing the domestic and foreign life and property and casualty insurers and insurance agents, and persons representing the public and economic development interests appointed by the Governor. The Task Force was charged "to examine the current climate of the Kansas insurance industry, as well as other states which have a successful insurance industry, to determine whether actions can be taken to strengthen and improve the insurance industry in Kansas."

The first challenge for the Task Force was to identify the characteristics of the industry as it exists in 1997. Generally, the insurance industry in Kansas is stable and healthy. One thousand four hundred and fifty two companies compete across all lines for the \$6.0 billion Kansans spend annually for insurance products. The bulk of the business is carried on through foreign or nondomestic companies. The industry generates millions of dollars in tax and fee revenues to the State General Fund.

Despite these large figures the number of insurance companies domiciled in Kansas has changed very little over the last half century. In 1950, 46 domestic companies were selling their product in Kansas. In 1995, 51 domestic companies were providing insurance products. Focusing solely on numbers, however, gives too narrow a view of the industry. The products companies market have changed significantly over the years. Life companies are deeply involved in annuities and securities

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\* Topics referred by the Legislative Coordinating Council concerning TIAA-CREF, cancellation of property insurance policies, telephone solicitation by unlicensed personnel, and payment of consultants were not considered by the Task Force.

products, health and accident companies either are, or compete with, managed care entities, and small crop and hail companies have given way to larger, multi-lines property and casualty companies.

The second challenge for the Task Force was to expand on recent regulatory reform efforts in the state. The industry has been regulated by the Kansas Insurance Department since 1871. In 1997, based upon recommendations of the Insurance Commissioner, and on its own initiative, the Legislature enacted several important reforms with significant effects on the Department, consumers, and companies. Reforms consisted of converting to file and use of forms and rates for certain line of commercial property and casualty insurance, setting the premium tax at 2 percent for all companies, repealing the tax on annuities, abolishing the privilege tax on domestic companies, allowing certain tax credits for employment in Kansas, consolidating numerous statutes relating to fines and penalties, writing new law for redomestication, repealing outdated statutes, and revoking unnecessary rules and regulations. The overall insurance environment in Kansas is more positive for companies and Kansas consumers. Both entities seem best served in a competitive and active insurance market.

The third challenge to the Task Force was to recognize and support the evolutionary, if not revolutionary, changes under way within the industry and the marketplace and to discourage regulation that would interfere with the best attributes of the new order. The insurance marketplace in 1997 extends far beyond the geographical boundaries of the State of Kansas. Likewise, the competitors of traditional insurance companies no longer are solely other traditional insurers. Rather, competition now comes from securities companies and banking entities that seek to meet the financial services needs of their clients and customers. On the regulatory side, state and national regulators of these newly emerging financial organizations also are competing for authority over state, national, and global insurance marketplaces.

## TASK FORCE ACTIVITIES

### Conferees Appearing Before the Task Force

Conferees appearing before the Task Force represented a variety of interests with regard to the insurance industry and included some members of the Task Force. Kathleen Sebelius, Insurance Commissioner and Task Force Vice-Chairperson, and Catherine Weatherford, Executive Vice-President, National Association of Insurance Commissioners (NAIC), represented the views of regulators. The views of the regulated industry were presented by: Kevin Davis, American Family Insurance Company; John Graham, Kansas Farm Bureau; Ken Omura, Allstate Insurance Company; Gary Sollars, Charleton-Manley, Inc.; Roger Viola, Security Benefit Group, Inc.; David Hanson, Kansas Association of Property and Casualty Insurance Companies and the Kansas Life Association; John Knack, Blue Cross, Blue Shield of Kansas; Bill Sneed, American Investors Life Insurance Company; Lee Wright, Farmers Insurance Group; and Richard Wilborn, Alliance Insurance Companies. Other conferees included Mary Birch, President, Overland Park Chamber of Commerce, who presented Johnson County's experience with the growing insurance industry on College Boulevard. John Rolfe, Deputy Secretary, Department of Commerce and Housing, and Bob Marcusse, Kansas City Area Development Council, offered information on economic development strategies. Frank J. Ross, Jr., Polsinelli, White, Vardeman, & Shalton, P.C., presented information on Vermont's captive insurance industry, and finally Terri Vaughn, Commissioner, Iowa Division of Insurance, provided a detailed description of her state's insurance industry.



## Barriers to Doing Business in Kansas

The Task Force engaged in lengthy discussions regarding the barriers to doing business in Kansas. Industry representatives pointed to five areas of concern: budgetary funding; retaliatory taxes; excess regulation; inadequate regulatory staff; and educational deficiencies.

First, the Task Force discussed funding of the Insurance Department's regulatory program. The program is funded through statutorily-authorized fees and a portion of the premium taxes collected from insurance companies, which together are subject to an annual limit of \$4.8 million. Any money over the \$4.8 million limit that is needed to operate the program must come from an additional assessment against insurers. From the industry perspective, the funding formula constitutes double taxation. Insurers first pay through fees and taxes, and second, through the yearly assessment.

Second, accompanying this complicated funding system is the issue of retaliatory taxes. Because of the special assessments levied against foreign companies doing business in Kansas, the home state of those companies imposes retaliatory taxes against Kansas' domiciled companies doing business in those states. Industry representatives explained that the retaliatory tax has financial implications for doing business in Kansas. In effect, the retaliatory tax amounts to a "third" tax to a Kansas insurance company and serves as a disincentive to an insurance company considering domicile in Kansas.

Third, the Task Force learned about the effect of excess regulation on the insurance industry. Regulatory excess operates as a disincentive to do business in any state. Industry representatives stated that even the perception of excess regulation could hinder the growth of the industry. The industry recognized that the Insurance Commissioner's initiatives addressing the procedures for approval of rates and forms have improved the insurance environment in Kansas; however, industry representatives noted that continuing the procedure of filing and waiting for approval of rates and forms was onerous and lengthy. Furthermore, representatives noted that historically the licensure of insurance agents in Kansas took longer than in other jurisdictions. While efforts have been made to reduce the time required for agent licensure, the time currently necessary to admit a company to do business in Kansas remains excessive.

To counter excess regulation, industry representatives recommended further reform of insurance laws relating to rates and forms which would lead to open competition and accelerate entry of new products into the Kansas market. The Commissioner expressed her philosophical support for such changes, but stressed the importance of a step-by-step approach to rating and filing issues. Nevertheless, representatives of the industry, appreciative of the changes made to date, urged the Task Force to recommend further reform in both commercial and personal lines of insurance.

The fourth issue raised as a barrier to doing business was inadequate staffing of the regulatory entity. Effective and efficient regulation depends on the Insurance Department's ability to maintain a professional staff and the appropriate technology. In particular, several Task Force members suggested that an actuary on the staff would greatly expedite the regulatory process.

The Insurance Commissioner did not disagree. She explained that the Insurance Department currently is not able to hire an actuary due to the provisions of K.S.A. 40-110. That statute provides that no employee of the Insurance Department may be paid a salary higher than the Commissioner. Her salary is set by K.S.A. 40-102 and current appropriations at \$66,211 (excluding fringe benefit costs). In contrast, a licensed actuary demands between \$80,000-\$100,000. Thus, these statutes prevent the Insurance Department from hiring an actuary or other professional staff that command high salaries.

The fifth and final barrier to doing business raised by the Task Force was inadequate education and training programs. An educated and technically trained work force is essential for the insurance



industry, and the availability of such a work force is a major criteria when an insurance company considers a new location for expansion. The Task Force noted Emporia State University's School of Business and its Center for Insurance Education, but wondered about its use by the insurance community and whether the industry's needs were being met.

### **Economic Development Issues**

The conferees before the Task Force agreed that Kansas has many appealing features which can attract new industry. In support of such statements, conferees presented the Task Force with a regional insurance industry profile prepared by CERI Research Papers, and Best's Review of the ten best cities for insurance companies. Features of Kansas highlighted in the testimony were a ready work force and a high quality of life. Kansas can also boast significant employee productivity. Additionally, the state is located in the Central Standard Time zone which facilitates business conducted with persons on both coasts. Across the state, numerous cities and counties possess the potential for attracting regional and claims-paying offices. Johnson County has the added feature of being easily accessible by highways and an international airport. The county also has space for companies to lease or build. The Best's Report ranked Kansas City fifth of the top ten cities overall for insurance companies.

The conferees agreed that several areas should be examined when planning for future development of the insurance industry. With regard to domestic companies, the state must acknowledge that the retention of existing companies is of equal importance to attracting new companies. To that end, conferees suggested that Kansas' tax policy be examined to decrease the tax burden on existing companies. For example, growth in the current industry could be encouraged by a reduction in personal property taxes on machinery and equipment. Conferrees also suggested that tax policy which specifically targets the insurance industry would assist existing companies. For example, credits could be made available for insurance companies that invest in real property or state bonds, make charitable contributions, operate within an enterprise zone, or encourage employee development. Such credits would be similar to those allowed other basic Kansas employers in manufacturing and export office services.

With regard to attracting new companies to Kansas, conferees suggested that state and local economic development organizations cooperate to market the state and its assets nationally. Further, competitive tax laws, as discussed above with regard to domestic companies, are required if Kansas is to compete nationally for home and regional offices.

### **Insurance Initiatives in Other States**

The Task Force was directed to collect information on other states' successful insurance initiatives and, thus, it heard testimony about Vermont and Iowa. Vermont is unique because it has limited its activities to attracting captive insurance companies to its state. A captive insurance company is one usually owned by a large corporate conglomerate for the purpose of insuring its own risks. Due to Vermont's initiative, its captive company market has grown more than 300 percent and has resulted in significant economic benefits statewide. Following Vermont's lead, Maine, Hawaii, and Colorado have actively pursued the captive insurance industry. Currently Kansas authorizes captive companies to be chartered in the state, but no special consideration has been extended to those few created here, and such companies have been restricted to limited bases of coverage.

Iowa has a successful, broad-based insurance industry which has long been a prominent feature of the state's economic landscape. Over time, the state has developed strong insurance education

programs, a reliable work force, and the reputation of stable regulation. Further, in response to the farm crisis in the mid 1980's, Iowa aggressively pursued growth by creating a special section in the Department of Economic Development to target insurance entities. The industry has recently grown at a rate significantly higher than the national average. In her personal remarks to the Task Force, Iowa's Insurance Commissioner described several economic development strategies that have been tried with varying degrees of success, and she noted that Iowa continues to focus on long term growth. The Commissioner closed her comments with her opinion that strong regulation is consistent with economic development.

## CONCLUSIONS AND RECOMMENDATIONS

In exploring the charge assigned to it by the Legislature in S.C.R. 1601, the Task Force concludes that a primary objective of the state should be to take care of the existing domestic companies. The Task Force recognizes that Kansas can not replicate the history existing in Iowa; nevertheless, Kansas has geographical, environmental, and lifestyle qualities that can strengthen the existing industry and attract new insurance offices. Great strides have been made with regard to deregulation, and Task Force members acknowledge a new atmosphere has developed in Kansas which did not exist three years ago. Thus, the Task Force is encouraged that the potential for growth in the insurance industry exists. The Task Force emphasizes that a dynamic insurance industry ensures greater consumer choice and participation in the insurance marketplace and that the state, therefore, should facilitate the creation and maintenance of an environment in which a strong competitive market can thrive.

Based on these considerations, the Task Force makes the following specific recommendations.

- The Task Force recommends the formation of an informal insurance advisory board modeled after a similar group utilized in Iowa. The board should be made up of representatives from the Insurance Department, the industry, the Kansas Department of Commerce and Housing, and academia. The board should serve as a think tank on the economic development of the insurance industry and provide an on-going effort to advise regulators and legislators of ways to strengthen and develop the industry. As an informal volunteer organization, the board would function at no cost to state. The Task Force recommends that the board first examine Kansas' educational and training programs in insurance, assess the needs of the industry in that regard, and make recommendations for any change.
- The Task Force recommends a change to the method of funding the Insurance Department's regulatory program. The Task Force agrees the current system amounts to double taxation, is unwieldy, and creates a problem with retaliatory taxes. A change of this nature will assist both the industry and the Insurance Department, as the latter will be saved from the yearly administrative duty to calculate and bill assessments. The Task Force realizes that a change in funding will impact the State General Fund; however, this impact should not be used as an excuse to perpetuate the current funding formula.
- The Task Force recommends the repeal of provisions in K.S.A. 40-110 which cap all salaries in the Insurance Department at the level of the Commissioner's salary. The impact of the current law is that Commissioner is unable to hire an actuary or other necessary staff that demand a higher salary than the Department can statutorily pay.

The Task Force notes that this recommendation will simply allow the Commissioner more flexibility within her allocated budget and FTE's to make staffing decisions which will best serve the Department's purpose.

- The Task Force encourages the rapid implementation of "file and use" for form and rate approval into more lines of insurance than are currently permitted. The Task Force notes that this issue repeatedly arose as an industry priority, and it concludes that this process of deregulation should continue if Kansas is to remain competitive with other states. Additionally, the Task Force congratulates the Insurance Commissioner in her aggressive move towards deregulation and suggests that the Commissioner pursue dialogue with the insurance industry and consumer groups in order to accelerate general deregulation and the movement toward open competition. The Task Force asks the Commissioner to report to the standing insurance committees of the 1999 Legislature on the progress made in this area.
- The Task Force recommends that standing tax and economic development committees address areas of tax policy with regard to the insurance industry. Legislative committees should examine standing tax codes to determine whether tax policy may impede the growth of industry in general. For example, personal property taxes on equipment and machinery should be examined. Further, the committees should examine whether economic incentives, such as tax credits against premium taxes, can be put into place to encourage investment in and by insurance companies.

The Task Force concludes its activities with a feeling of success due to the unexpectedly candid dialogue that occurred between industry representatives, regulators, and private sector economic development groups. The Task Force is encouraged by this openness and convinced that opportunities exist in Kansas to strengthen and grow the insurance industry.

# Consumer Information

The Kansas  
Insurance Department

**Kansas Auto Insurance and Shoppers Guide** explains basic auto insurance coverages required in Kansas and lists the costs for the top 30 companies selling auto coverage in Kansas.

**Health Insurance In Kansas** helps consumers understand their health insurance coverage and how to shop for coverage. It also tells how HMOs work and lists the HMOs operating in Kansas.

**Kansas Medicare Supplement Insurance Shopper's Guide** Medicare is a valuable resource that helps pay for many of today's advanced medical services. In this booklet, we help you identify the "gaps" in Medicare and compare rates for companies marketing Medicare supplement insurance and health maintenance organization.



**Kansas Homeowners Insurance and Shoppers Guide** provides homeowner, renters, and mobile homeowners with the information they need to insure their property. The shoppers guide compares rates for the 30 companies writing 75% of policies in Kansas.

**Life Insurance Basics** describes the basic types of life insurance plans, explains what happens when applying for coverage, and gives easy to understand definitions for policy terms.



**Kansas Long-term Care Insurance** guides consumers through the decision making process of buying a long-term care policy and compares costs for various plans sold in Kansas.

## Other Publications Available

Kansas Compliant Ratio Report  
Kassebaum/Kennedy, A Summary  
for Consumers and Business Owners

For a free copy of the guides, contact  
**Kathleen Sebelius, Commissioner of Insurance**  
Kansas Insurance Department  
Consumer Hotline 1-800-432-2484

420 SW 9th St., Topeka, KS 66612-1678  
(785) 296-3071 Fax (785) 296-2283 E-mail: [ksebelius@ins.wpo.state.ks.us](mailto:ksebelius@ins.wpo.state.ks.us)  
Order on Homepage at <http://www.ink.org/public/kid>