

Approved: March 10, 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 March 4, 1999, 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: Linda DeCoursey, Kansas Insurance Department
 Charles "Sonny" Freeman, AARP
 Rick Wilborn, Alliance Insurance
 Sonya Allen, Office of State Bank Commissioner

Others attending: See Attached

Hearing on HB 2088 - Standards of refusal of health insurance conversion policy

Linda DeCoursey, Kansas Insurance Department, referred to the bill as being technical and would bring Kansas law into compliance with the Health Insurance Portability and Accountability Act (HIPAA) (Attachment 1). The section of the law that is causing the non-compliance problem is the renewal of a converted policy.

Senator Praeger moved to pass the bill to the Consent Calendar. Motion was seconded by Senator Becker. Motion carried.

Hearing on HB 2109 - Motor vehicle insurance, relating to accident prevention courses

Linda DeCoursey, Kansas Insurance Department, explained that the bill would allow the premium reduction that insureds receive after successfully completing an approved drivers' course to be extended from two to three years (Attachment 2). Also included in her testimony were the names of the courses approved by the Kansas Insurance Department.

Written testimony supporting the bill was received from Representative Kent Glasscock (Attachment 3).

Charles "Sonny" Freeman, AARP, reported on the positive results of the 55 Alive class he and 36 other persons took--no accidents nor tickets in the past two years. Seniors in Kansas can drive as long as they are able to pass a driver's test every four years. Rick Wilborn, Alliance Insurance of McPherson, explained that although there are more accidents per driver in the over 65 range, they are much less severe than those in the teenage population.

Senator Biggs moved to report the bill favorably. Motion was seconded by Senator Praeger. Motion carried.

Hearing on HB 2296 - Trust companies; contracting trustee

Sonya Allen, General Counsel for the Office of the State Bank Commissioner, explained that this bill would correct an oversight in the "contracting trustee" statute which gives authority for state banks and trust companies to contract away their fiduciary responsibilities to another trustee (Attachment 4). There is an exception which would allow state banks and trust companies to contract with an affiliate "bank" owned by the same holding company. "Trust company" should be included as an affiliate.

Senator Corbin moved to report the bill favorably to the Consent Calendar. Motion was seconded by Senator Biggs. Motion carried.

The meeting was adjourned at 9:45 a.m. The next meeting is scheduled for March 9, 1999.

SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE GUEST LIST

DATE: 3/4/99

NAME	REPRESENTING
Cal Dickinson	AARP
Bill Ervin	✓
TIM EDWARDS	✓
Kevin Davis	Am. Family Ins.
Richard E Wilboon	Farmers Alliance
Stacey Solder	Columbia / HCA
Charles "Sonny" Freeman	AARP-
Charles J. Mason	AARP
Danell Donahue	AARP
Pat Morris	KAIA
Linda McCounsey	KS Ins. Dept
Debbie Ramsey	Federico Consulting
Paul Davis	Kansas Insurance Dept.
Sonya Allen	OSBC
Judi Stork	"



Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

March 4, 1999

TO: Senate Committee on Financial Institutions and Insurance
FROM: Linda J. De Coursey, Director of Government Affairs
RE: H. B. 2088 – Standards for non-renewal of health insurance conversion policy

Mr. Chairman and members of the Committee:

Thank you for the opportunity to discuss with you H.B. 2088. The bill is purely technical in nature, and provides language to amend K.S.A. 40-2209, which, in part, deals with eligibility for health care coverage. H.B. 2088 proposes to bring current Kansas law into compliance with the Health Insurance Portability and Accountability Act (HIPAA).

The area of the law we are discussing is the conversion policy section, which is the right of an insured to convert his or her group life or group health insurance to an individual policy without a physical examination to furnish evidence of insurability. Usually this is done within 31 days of termination of employment. The section of the law that is causing the non-compliance problem is the renewal of a converted policy.

Currently in Kansas law, an insurer may refuse to renew a converted policy and the coverage of any person insured for the following reasons:

1. Benefits provided by the converted policy and other benefits provided in the act would result in over-insurance according to the insurer's standards on file with the commissioner, or the converted policyholder fails to provide the requested information;
2. Fraud or material misrepresentation in applying for any benefits under the converted policy;
3. Eligibility of the insured person for coverage under Medicare;
4. Other reasons approved by the commissioner of insurance.

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Attachment # /

HIPPA law says an individual policy can only be non-renewed under certain circumstances, and attaining Medicare eligibility is not one of those circumstances. Because a conversion policy is a type of individual policy, and our conversion law as it now reads, allows for non-renewal of a conversion policy if a person is eligible for coverage under Medicare, the language needs to be stricken.

We respectfully ask your favorable consideration of HB 2088.



Kathleen Sebelius
Commissioner of Insurance
Kansas Insurance Department

TO: Senate Committee on Financial Institutions and Insurance

FROM: Linda De Coursey

RE: HB 2109 – Accident prevention courses

DATE: March 4, 1999

Mr. Chairman and members of the Committee:

Thank you for the opportunity to discuss with you HB 2109 which allows the premium reduction that insureds receive after successfully completing an approved drivers' course. Currently that "discount" is extended for two years, if the insured is not involved in an accident (fault of the insured), or convicted of more than one moving violation.

HB 2109 would extend the period from two years to three years for premium reduction. It is my understanding that the original bill included a three-year time period, and the reason was that other states' law established a three-year period. The change would actually make Kansas more in line with other states on this matter.

I would like to share with you some information about the accident prevention course discounts. I have attached a list of those courses approved for the discount. The courses are approved by either the National Safety Council or a state agency such as the State Board of Education, pursuant to K.S.A. 40-1112a. The Insurance Department is notified when courses are approved, and we send a Bulletin to insurance companies notifying them of the approved

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Attachment # 2

course. The check marks on the attached list indicate those courses open to the public. The insured does pay for the course, and the cost ranges from \$15 to \$35.

All companies offering motor vehicle insurance policies offer the discount. Generally, the discounts are approximately five percent of only the liability and collision portion of the annual premium. If an insured's total annual premium is \$400, and a 5% discount taken on the liability and collision portion of that annual premium, the discount would result in less than \$20 per year.

Thank you for allowing me to discuss this issue with you. It appears to be a good idea to reward responsible drivers, and I respectfully ask that you consider HB 2109 favorable for passage.

APPROVED COURSES FOR THE MOTOR VEHICLE ACCIDENT PREVENTION COURSE DISCOUNT				
The following courses have been approved for the application of the motor vehicle accident prevention course discount. These courses have been approved by either the National Safety Council or a state agency such as the State Board of Education pursuant to K.S.A. 40-1112a.				
✓ 1	AAA Driver Improvement Program			
✓ 2	National Safety Council's Defensive Driving Course			
3	Forty Hour Driver Instructor Training Program			
4	Smith System Eight Hour Driver Improvement Program			
✓ 5	55 Alive Defensive Driver Improvement Program			
✓ 6	Hartford 3D Driving			
✓ 7	Top Driver			
8	Kansas Law Enforcement Training Center			
✓ 9	Cyr's Driving School, Inc. --Wichita			
10	Coffey County Emergency Vehicle Operator's Course			
11	Enron's Defensive Driving Training Program			

STATE OF KANSAS

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MAJORITY LEADER
House of Representatives

TESTIMONY FOR SENATE FINANCIAL INSTITUTIONS AND
INSURANCE COMMITTEE
HOUSE BILL 2109
REPRESENTATIVE KENT GLASSCOCK
March 4, 1999

Mr. Chairman, members of the Committee, thank you for the opportunity to testify before you today in support of House Bill 2109. This legislation is a matter of fairness for Kansas citizens. Current state law requires insurance companies to offer a two-year insurance discount to drivers who successfully complete a state approved vehicle accident prevention course. Kansas is the only state in a 15-state region that does not require insurance companies to give a three-year discount to drivers.

Are Kansans worse drivers than their counterparts in other states?

Is there a reason why Kansas drivers should not enjoy the same three-year insurance discount offered in other states?

The answer to these questions is no.

The purpose behind the original legislation that created the two-year discount was to encourage people to complete drivers safety courses as a means of maintaining and improving their driving skills. It was especially targeted toward older drivers. When the Senate conducted hearings on the original legislation in 1991, Tim Edwards from the American Association of Retired Persons, cited statistics demonstrating that Kansas has an increasing number of older drivers on the road. That trend continues today. Charles Freeman, chairman of the Kansas State Committee of the AARP believes it is still important that seniors have incentives to periodically check their driving skills. Mr. Freeman says he believes that more seniors are apt to take driving safety classes if a three-year discount is offered.

Mr. Chairman, we know that these courses are important to the drivers who complete them, as well as to all drivers on our roads. We know that providing a three-year insurance discount is the fair thing to do for all Kansas drivers. We know it is important that drivers, especially senior drivers have every incentive to take drivers education courses.

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Attachment # 3

For these reasons, I introduced House Bill 2109. And for these reasons I ask the Committee and the entire Senate to support its passage.

STATE OF KANSAS
BILL GRAVES
GOVERNOR

Judi M. Stork
Acting Bank Commissioner

Kevin C. Glendening
Assistant Deputy Commissioner



Sonya L. Allen
General Counsel

Louise A. Monell
Administrative Officer

OFFICE OF THE
STATE BANK COMMISSIONER

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

March 4, 1999

Mr. Chairman and Members of the Committee:

My name is Sonya Allen. I am General Counsel for the Office of the State Bank Commissioner. I am here today to request your favorable consideration of House Bill 2296. This bill amends K.S.A. 9-2107, which we commonly refer to as the "contracting trustee" statute. In part, K.S.A. 9-2107 gives authority for state banks and trust companies to contract away their fiduciary responsibilities to another trustee. The general rule is such contracts can only be entered into with other banks or trust companies having an office in this state. In the current statute, by virtue of the definition of "contracting trustee", there is an exception which would allow state banks and trust companies to contract with an affiliate bank, owned by the same holding company, regardless of where the affiliate is located. It has come to our attention that an oversight in drafting resulted in the exclusion of a trust company affiliate from that exception. It was not our intent to exclude trust company affiliates, and the proposed amendment would clarify that point.

Senate Financial Institutions & Insurance

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Attachment # 4