

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairperson Patricia Barbieri-Lightner at 3:30 p.m. on January 20, 2004 in Room 527-S of the Capitol.

All members were present except:

Representative Broderick Henderson- excused

Committee staff present:

Bill Wolff, Research

Ken Wilke, Revisor

Renae Hansen, Secretary

Conferees appearing before the committee:

Sandy Praeger, Kansas Insurance Commissioner

Others attending:

See Attached List.

The newest member of the committee was introduced. Representative Jan Scoggins-Waite gave a brief self introduction to the committee.

Sandy Praeger, Kansas Insurance Commissioner, gave a short overview of the department and the Insurance industry in Kansas. Kansans spend about \$10 billion dollars in income on insurance products. Informed Kansans make better decisions on their insurance, and it is part of our job to make sure they are educated, and have access to affordable insurance coverage. (Attachment #1)

Commissioner Praeger introduced 5 bills to the committee that the insurance department is proposing the House Insurance committee introduce to the Kansas State House of Representatives on their behalf.

The first bill would change the actuarial tables on credit life insurance that was inadvertently left off the tables created with K.S.A. 40-409 in the 1980's. The current tables used are from the 1950's. This bill would update the tables to the 1980's figures the rest of the tables are set at currently.

Bill number two addresses the valuation of companies during a conversion. This bill allows the Insurance Commissioner to broaden the factors that determine the value of a company at the time of a conversion, or sale.

Bill number three addresses the H.I.P.P.A. regulation on the mental health requirement that sunsets each year. This bill changes the date from 2003 to 2004.

Bill number four helps people who can demonstrate eligibility get access to up to 65% premium assistance for health insurance. This allows people who loose their jobs due to international trade agreements and individuals who loose their pension from the Pension Benefit Guarantee Corporation to be included in the Kansas High Risk Pool, and thereby be eligible for this premium benefit assistance.

Finally, a resolution was proposed that pertains to a certain involvement in an interstate insurance compact that would allow for uniform filings for life and annuity products. Furthermore, this resolution is intended to reinforce that the Kansas Legislature is dedicated to state regulation of insurance.

Questions were posed to Commissioner Praeger to by Representatives Bob Grant, Ray Cox, Jan Scoggins-Waite, and Scott Schwab.

Representative Nile Dillmore moved to present the four bills and one resolution to the House for consideration, seconded by Representative Ray Cox, motion passed.

CONTINUATION SHEET

MINUTES OF THE HOUSE INSURANCE COMMITTEE at 3:30 p.m. on January 20, 2004 in Room 527-S of the Capitol.

Representative Mario Goico proposed legislation that would increase the deductible of amount of damage from \$500 to \$1,000 of a car accident, thereby raising the amount of damage in an accident that made it mandatory to report the accident to police.

Representative Ray Cox moved to accept the bill, seconded by Representative Stanley Dreher, motion passed.

Representative Nile Dillmore was introduced as the new ranking minority on Insurance Committee and commented that he was just glad to be here.

Representative Baribieri-Lightner asked everyone to take note of the 2004 Committee rules.

Meeting adjourned.

# HOUSE INSURANCE COMMITTEE GUEST LIST

DATE: January 20, 2004

NAME	REPRESENTING
Bill Sneed	Amenus
Natalie Haag	Security Benefit
Blod Anoot	BCBS / AIA
John Peterson	Ks Gurentd Consulting
David Hanson	Ks Insur Assas
Kerue Ann Kover	KAAP
LARRY MAGILL	KAIA



# Kansas Insurance Department

**Sandy Praeger** COMMISSIONER OF INSURANCE

January 20, 2004

Madame Chair and Members of the House Insurance Committee:

Kansans will spend more than \$10 billion dollars on insurance products this year. That's more than twice the amount they spend on state taxes. As your Insurance Commissioner, I want to share with you some important facts about the Kansas Insurance Department and the insurance industry in our state.

The Kansas Insurance Department:

- Is the third largest revenue producer in state government, contributing \$94,900,938 in fees, taxes and assessments in FY 2002
- Is entirely fee-funded and does not use state general funds to operate
- Operates on a budget that is approximately one-tenth of one percent of the amount of insurance purchased in Kansas

I want to provide you with an overview of how the insurance industry impacts Kansas and your constituents. Attached is a fact sheet about the Kansas Insurance Department, the most recent report outlining the distribution of the Firefighter's Relief Fund and information about licensed insurance agents in Kansas.

I'm confident that you share my view that informed Kansans make better insurance choices. We need to work together to ensure that our citizens have access to affordable insurance coverage. We must also work to make the Kansas marketplace attractive to insurance companies, so that our constituents have as many insurance options as possible.

If you ever have a question, concern or comment about any insurance issue, please remember that I am just across the street—working with you on behalf of the consumers of Kansas. Please let me know if I can be of assistance.

Best of luck to you in the 2004 session!

Sincerely,

Sandy Praeger  
Kansas Insurance Commissioner

P.S. Our Consumer Assistance Division is here to help with constituents' questions and concerns about insurance. Our toll-free number is 1-800-432-2484. The Kansas Insurance Department web address is: [www.ksinsurance.org](http://www.ksinsurance.org).

House Insurance  
Date: 1/20/04  
Attachment # 1



# Kansas Insurance Department

**Sandy Praeger** COMMISSIONER OF INSURANCE

## FY 2003 Fact Sheet

Total fees, taxes and assessments collected by the Kansas Insurance Department in FY 2003: **\$109,138,790**

Total tax dollars contributed to the State General Fund in FY 2003: **\$94,900,938**

Total workers compensation paid in FY 2003 to Kansas employees who re-injured a previous injury in the workplace: **\$1,564,051**

### Consumer Complaints

Cases closed in Calendar Year 2003: 5056

Insurance dollars recovered for Kansas consumers in Calendar Year 2003: **\$7,078,811**

### Summary of Insurance companies doing business in Kansas:

	Kansas-based	Non-Kansas Based	Kansas Fraternal Societies	Total Companies
Life	12	569	29	610
Fire and Casualty	30	928	0	958
HMO	6	9	0	15
<b>TOTAL</b>	<b>48</b>	<b>1506</b>	<b>29</b>	<b>1583</b>

FY 2003 Statewide Firefighters Relief Fund: **\$7,580,884** (2% of fire/lightning coverage premium on all homeowners' insurance policies)  
*600 separate entities*

Insurance agents licensed statewide: 22,830 (Resident)  
 42,088 (Non-resident)



# Kansas Insurance Department

**Sandy Praeger** COMMISSIONER OF INSURANCE

COMMENTS  
ON  
STATUS OF THE KANSAS INSURANCE DEPARTMENT  
AND  
LEGISLATIVE REQUESTS  
HOUSE COMMITTEE ON INSURANCE  
January 20, 2004

Madam Chair and Members of the Committee:

Thank you for the opportunity to visit with you on behalf of the Kansas Insurance Department. We had a good 2003 and I look forward to 2004. In addition to the department report, I am here to request five bills for introduction:

## **ACTUARIAL TABLES**

In the early 1980's when the legislature adopted the then current mortality tables, one section dealing with credit life insurance was unintentionally missed. This is a simple bill that would amend K.S.A. 40-409 to allow the actuarial tables to reflect the 1980 value. In addition, it would allow the department to adopt future credit life actuarial tables through rules and regulations. Again, this was a change that was made in the 1980's for other actuarial tables but unintentionally missed for this area.

## **COMPANY CONVERSIONS**

This legislation comes out of the Anthem vs. Praeger Supreme Court case. The Court found the Insurance Commissioner should have the authority to approve the value of a company during a conversion or sale process. By amending K.S.A. 40-4004 the Commissioner would have this ability.

## **FEDERAL MENTAL HEALTH**

The federal government has its own mental health requirement that has an annual sunset date. All states are mandated to "re-up" each year to be in compliance with the federal legislation. As you will see this is a simple date change from 2003 to 2004.

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## **KANSAS HIGH RISK POOL**

This legislation would allow certain enrollees in the Kansas High Risk Pool to have 65% of their premiums paid up front by the federal government. These enrollees include workers who lose their jobs due to the effects of international trade agreements and individuals who receive pensions from the Pension Benefit Guaranty Corporation. In order to receive a federal premium payment an enrollee must be covered by a qualified health plan registered by the state with the federal government. The amendments to the Kansas High Risk Pool Act would accommodate the registration process so these individuals can receive federal premium assistance.

## **STATE REGULATION**

This resolution is intended to reinforce that the Kansas Legislature is dedicated to state regulation of insurance. The National Association of Insurance Commissioners (NAIC) has developed an interstate compact that would provide for uniform filings for life and annuity products. This also demonstrates our commitment to uniformity and "speed to market" without losing the effectiveness of state regulation.

Sandy Praeger  
Commissioner of Insurance