

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on February 3, 2005 in Room 234-N of the Capitol.

All members were present except:
Dennis Wilson- absent

Committee staff present:
Melissa Calderwood, Kansas Legislative Research Department
Terri Weber, Kansas Legislative Research Department
Ken Wilke, Office of Revisor of Statutes
Sandy Yingling, Committee Secretary

Conferees appearing before the committee:

Others attending:
See attached list.

Madam Chair opened the meeting by welcoming several people present from her district.

Madam Chair announced the hearing on **SB 100** and introduced Jarrod Forbes from the State Insurance Commissioner's office. Mr. Forbes explained that **SB 100** was a technical bill the committee does every year required by federal law. (Attachment 1) Questions, there were none.

Melissa Calderwood presented information to the committee requested by Chair Teichman pertaining to bills that have regular annual date changes. Melissa reported that risk-based capital (SB 340 last year) was different in that it is not a federal requirement, but whenever NAIC makes changes to regulations it is necessary that the state follow. Madam Chair then questioned Mr. Forbes as to why there is not some provision that we could look at and not have to do the date change every year but to perpetuate it? Mr. Forbes stated that the companies may have some problems that they want to look at it every year, further explanation was that Congress says "no." Ken Wilke explained that on the risk-based capitol bill, it can be changed to perpetuating the date change by rule and regulations and the concept has been addressed with industry on two or three occasions and the industry says "no, we want to look at those every year" so that is why we have this bill every year. Chair Teichman announced that the risk-based capital bill was introduced in the house this year and Melissa stated it was up for hearing today.

Madam Chair asked for a motion to introduce this bill, Senator Brungardt made the motion, it was seconded by Senator Steineger. All in favor unanimous.

Madam Chair announced next the hearing on **SCR 1602** by Jarrod Forbes. Mr. Forbes explained that **SCR 1602** would appoint a task force to study the agent licensing and appointment process by the Insurance Commissioner's office (attached). Mr. Forbes presented amendments to SCR 1602. Mr. Forbes then took questions on the amendments. Senator Wysong questioned the balance of the make up on the task force? Mr. Forbes stated that the task force would be made up of six legislators, Insurance Commissioner and the balance would come from the insurance industry. Senator Brungardt questioned how licensing is done now and why is it antiquated? Mr. Forbes gave the example saying, "if the committee is an agency and he, an insurance company who wanted you to write for their company than he would have to appoint someone from the Insurance Commissioner's list." He stated what this task force would look at is, "if I only want you to write business for me than I only have to appoint you." Mr. Forbes went on to explain the appointment of a task force. Senator Barone questioned the wording on page 2, lines 5, 6, and 7 (see attachment). There was discussion from Senator Barnett, Senator Steineger, Ken Wilke, Senator Barone and Chair Teichman in regard to the amendments. A committee amendment was added to the bill on page 2, lines 14, 15 and 16 stating "other task force members shall be paid subsistence allowance and mileage . . . for serving on the task force or attending any meeting thereof." (Attachment 2)

Madam Chair asked for a motion to amend SCR 1602, Senator Barone made the motion, it was seconded by Senator Brungardt. The motion carried

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on February 3, 2005 in Room 234-N of the Capitol.

The other amendment that has been passed are the changes in the number of people who serve on the committee. That number goes from 14 to 17. Madam Chair asked for other questions and Senator Brownlee wanted clarification of the amendment on the second page.

Madam Chair asked for a motion to work the bill, Senator Brungardt made the motion and Senator Brownlee seconded.

Madam Chair pointed out that the amendments Mr. Forbes had proposed were taken care of. Madam Chair then asked all who are in favor of passing SCR 1602 out favorable say I. Unanimous.

Madam Chair asked for any other questions. None.

Meeting was adjourned at 9:55 a.m.

FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE GUEST LIST

DATE: *Thurs, Feb. 3, 2005*

NAME	REPRESENTING
<i>[Signature]</i>	<i>KID</i>
<i>Natalie Haag</i>	<i>Security Benefit</i>
<i>David Hanson</i>	<i>KS Insur Assoc.</i>



Kansas Insurance Department

Sandy Praeger COMMISSIONER OF INSURANCE

COMMENTS
ON
SB 100—HEALTH INSURANCE; HIPAA TECHNICAL CHANGE
SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE
February 3, 2005

Madam Chair and Members of the Committee:

Thank you for the opportunity to visit with you on behalf of the Kansas Insurance Department. Senate Bill 100 amends the Kansas Mental Health Parity Law (K.S.A. 40-2258) by extending the sunset date for one more year to December 31, 2005. The controlling federal legislation was recently passed and signed into law. Kansas, along with every other state, is required by this legislation to change its sunset date to December 31, 2005. Failure to do so would surrender regulatory control in this area to the federal government.

Thank for the opportunity to speak today I would be happy to stand for any questions the committee may have.

Jarrod Forbes
Assistant Director
Government Affairs

*Attachment 1
2-3-05
FII*



Kansas Insurance Department

Sandy Praeger COMMISSIONER OF INSURANCE

COMMENTS
ON
SCR 1602—A RESOLUTION APPOINTING A TASK FORCE
SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE
February 3, 2005

Madam Chair and Members of the Committee:

Thank you for the opportunity to visit with you on behalf of the Kansas Insurance Department. Senate Concurrent Resolution 1602 would establish a task force to study the current agent licensing and appointment process used by our office.

The current system is outdated and is in need of change. Our intention is to have all interested individuals participate to correct the process and establish a system we all can be happy with.

We feel it is important to have the Kansas Legislature involved and therefore reserved six places for legislators on the task force. We believe this resolution is important and urge you to recommend this bill favorable for passage to the Senate Committee of the Whole.

Thank you for the opportunity to appear before you today. I would be happy to stand for any questions the committee may have.

Jarrod Forbes
Assistant Director
Government Affairs

*Attachment 2
2-3-05
FII*

Senate Concurrent Resolution No. 1602

By Committee on Financial Institutions and Insurance

1-26

9 A CONCURRENT RESOLUTION urging the appointment of a task
10 force to study the licensing and appointment process for insurance
11 agents.

12
13 WHEREAS, The Kansas State Legislature created the Kansas Insur-
14 ance Department in 1871; and

15 WHEREAS, The Kansas Insurance Department has established an
16 agent licensing and appointment process; and

17 WHEREAS, Federal law may soon supersede current Kansas law re-
18 quiring the Kansas Insurance Department to change the current agent
19 licensing and appointment process; and

20 WHEREAS, The Kansas Insurance Department may need to request
21 legislative changes to the Kansas Insurance Laws to be compliant: Now,
22 therefore,

23 *Be it resolved by the Senate of the State of Kansas, the House of Rep-*
24 *resentatives concurring therein:* That a task force be formed consisting
25 of 14 members to include the chair, vice-chair and ranking minority of
26 the senate committee on financial institutions and insurance; the chair,
27 vice-chair and ranking minority of the house committee on insurance, the
28 insurance commissioner or the commissioner's designee, one person rep-
29 representing a domestic property and casualty insurance company appointed
30 by the insurance commissioner from a list submitted by the Kansas As-
31 sociation of Property and Casualty Insurance Companies, one person rep-
32 representing foreign stock insurance companies appointed by the insurance
33 commissioner from a list submitted by the American Insurance Associa-
34 tion, one person representing foreign insurance companies appointed by
35 the insurance commissioner from a list submitted by the Property Ca-
36 sualty Insurance Association of America, one person representing a prop-
37 erty and casualty insurance company appointed by the insurance com-
38 missioner from a list submitted by the National Association of Mutual
39 Insurance Companies, one member representing Kansas insurance
40 agents appointed by the insurance commissioner from a list submitted by
41 the Kansas Association of Insurance and Financial Advisors and two mem-
42 bers representing the licensed Kansas insurance agents appointed by the
43 insurance commissioner from a list submitted by the Kansas Association

one person representing a health insurance plan appointed by the insurance commissioner from a list submitted by the Kansas Association of Health Plans,

1 of Insurance Agents. The commissioner shall appoint the chairperson and
2 the vice-chairperson from the membership of the committee. The chair-
3 person and the vice-chairperson shall not be of the same political party.
4 Legislative members serving on the task force shall receive pay and al-
5 lowances as provided for legislative service. No other task force members
6 shall receive any compensation, subsistence, mileage or other allowances
7 for serving on the task force or attending any meeting thereof.

8 *Be it further resolved:* That the task force shall be charged to rec-
9 ommend changes to the Kansas uniform agents licensing act by a majority
10 vote if the task force finds any changes to be necessary.

11 *Be it further resolved:* That the task force shall be staffed by the
12 appropriate members of the legislative research department and the of-
13 fice of the revisor of statutes.

14 *Be it further resolved:* That the task force shall submit a final report
15 to the president of the senate, the speaker of the house and the commis-
16 sioner of insurance by January 1, 2006.

Senate Concurrent Resolution No. 1602

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27 vice-chair and ranking minority of the house committee on insurance, the
28 insurance commissioner or the commissioner's designee, one person rep-
29 resenting a domestic property and casualty insurance company appointed
30 by the insurance commissioner from a list submitted by the Kansas As-
31 sociation of Property and Casualty Insurance Companies, ~~one person rep-~~
32 ~~resenting foreign stock insurance companies appointed by the insurance~~
33 ~~commissioner from a list submitted by the American Insurance Associa-~~
34 ~~tion, one person representing foreign insurance companies appointed by~~
35 ~~the insurance commissioner from a list submitted by the Property Ca-~~
36 ~~sualty Insurance Association of America, one person representing a prop-~~
37 ~~erty and casualty insurance company appointed by the insurance com-~~
38 ~~missioner from a list submitted by the National Association of Mutual~~
39 ~~Insurance Companies, ~~one member representing Kansas insurance~~~~
40 ~~agents appointed by the insurance commissioner from a list submitted by~~
41 ~~the Kansas Association of Insurance and Financial Advisors and two mem-~~
42 ~~bers representing the licensed Kansas insurance agents appointed by the~~
43 ~~insurance commissioner from a list submitted by the Kansas Association~~

one person representing a domestic life or health insurance company appointed by the insurance commissioner from a list submitted by the Kansas Life and Health Insurance Association,

one person representing a life insurance company appointed by the insurance commissioner from a list submitted by the American Council of Life Insurers,

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2 the vice-chairperson from the membership of the committee. The chair-
3 person and the vice-chairperson shall not be of the same political party.
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