

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 January 19, 2006 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department
Terri Weber, Kansas Legislative Research Department
Ken Wilke, Office of Revisor of Statutes
Bev Beam, Committee Secretary

Conferees appearing before the committee:

Marcy Ralston - Chief of Driver Control Bureau
Sandy Praeger - State Insurance Commissioner
Larry Magill - Executive Director Kansas Assn. Independent Insurance Agents
Bruce Kinzie - Office of Revisor of Statutes
Callie Denton - Kansas Trial Lawyers Assn.

Others attending:

See attached list.

The Chair opened the meeting with further discussion on **(SB 321) - An act relating to the Kansas Department of Revenue; providing for the development and implementation of an electronic motor vehicle financial security verification system.** +She invited Marcy Ralston, Chief of Driver Control Bureau for her comments.

Ms. Ralston reported that Driver Control Bureau some time ago did do insurance verification. She said at that time Driver Control consisted of two sections, the financial responsibility section and the safety responsibility section. Ms. Ralston said the Financial Responsibility Section checked all current registered insurance on vehicles and also checked the insurance at the time of an accident and for any cancellation. About 20 years ago, that process evolved to the current insurance verification process that is set out in K.S.A. 8-1604 plus K.S.A. 40-3104, she said. With the current process, that initiates with law enforcement out in the field at the time of an accident or traffic stop. They fill out that insurance verification form and send it to our department. When we receive those forms, if there is no insurance information on there, we proceed with possible suspension action against the driver or the owner of the vehicle, she said. If there is insurance information on it, we send it on to the insurance company for them to verify that coverage. The company gets it, they deny coverage and send it back to us and we will proceed with suspension action. This current process is complicated. There is no cross reference. It is cumbersome and paper driven and labor intensive. She said she didn't know if this bill is the right way to change the current process, but I think it's a step in the right direction, she said. I think we want to establish a new process that improves on what we do currently. We need to get something going with law enforcement, with the courts, with the county treasurers and with the insurance industry that would be efficient, accurate and less burdensome to the constituents, our customers, and see if it is something we can administer for the next 20 years. (Attachment 1)

The Chair suspended the hearing on **SB 322**.

Introduction of Bills

State Insurance Commissioner, Sandy Praeger, introduced a bill that would require all companies who offer Medicare Part D Plans to register with the Insurance Department unless they are already licensed to do business in Kansas. Commissioner Praeger said Federal legislation has demanded that all such companies qualify as insurance companies within three years. She said this legislation is aimed at those companies who are today selling Medicare Part D Plans, but who are not recognized as insurance companies. Senator Wysong moved to introduce this bill. The motion was seconded by Senator Steineger. The Bill was introduced.

The Chair said she has arranged for some people to come in and give an overview of Medicare Part D so we can be prepared for this bill.

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on January 19, 2006 in Room 234-N of the Capitol.

The Chairman called on Larry Magill, Executive Director of the Kansas Association of Insurance Agents, for bill introduction.

The bill request that we have is a simple cleanup of some statutes that deal with surety ship in Kansas and some of these statutes call for co-sureties which is something that was done years ago but is no longer really common in the industry so it is simply intended as a cleanup, not to take away the option of co-surety if the project is big enough but in the instances I think these statutes refer to, these are not big projects. Senator Brungardt moved to introduce this legislation. Senator Wysong seconded the motion. Motion passed.

The Chair reopened the hearing on SB 322. She called on testimony from Bruce Kinzie.

Mr. Kinzie said this bill states that upon a first conviction a person shall be guilty of a Class B misdemeanor and shall be subject to a certain fine or confinement in the county jail or both. On a second or subsequent violation within a three-year period, it escalates to a Class A misdemeanor with a particular conviction. On a third or subsequent conviction, a person shall be guilty of a severity level 9, nonperson felony. This bill also provides in new section one that if you are involved in an accident and the car doesn't have insurance and there are damages and you have a judgment, the person involved has a possibility of getting triple damages. The second section, the inherently dangerous felony says, if you are convicted of a felony under subsection G3 and you are involved in an accident and someone is killed you are going to fall under the first degree murder statute. Mr. Kinzie said it is an inherently dangerous proposition.

The Chair called on Callie Denton, Kansas Trial Lawyers' Association. Ms. Denton provided written testimony. (Attachment 2)

The meeting adjourned at 10:30 a.m. The next meeting of the committee is scheduled for January 24, 2006.

FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE GUEST LIST

DATE: 1-19-06

NAME	REPRESENTING
Pat Mundy	LGR
Callie Lee Denton	KTLA
Bill Sneed	State Farm
Kathy Olsen	KS Bankers Assn.
Doug Marchant	"
Andrew Couch	Federico Consulting
Jocelyn Sumaya	KS Hispanic + Latino American ^{Affairs} Commission
Marcus Balle	KDOR - DMV
CARMEN ALBERT	KDOR
TOBI ROBERTS	KDOR
DIANE ALBERT	KDOR
Mandy Miller	Senator Schmidt
Andy Shaw	Kearney + Associates
Mike DeLoet	Dachis Braden
Brad Amort	AIA
Pick Wilson	Farmers Alliance
Lee Wright	Farmers Insurance
LARRY MAGILL	KAIA
Bruce Witt	Presnell Health Systems



K A N S A S

IOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE
DIVISION OF VEHICLES
DRIVER CONTROL BUREAU

KATHLEEN SEBELIUS, GOVERNOR

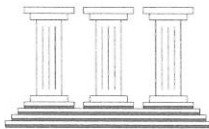
Statistics from Driver Control Bureau regarding insurance violations:

<u>VIOLATION</u>	<u>2004</u>	<u>2005</u>
Convictions for no insurance	15,974	15,908
Suspension notices issued for no insurance at the time of an accident	4,000	7,369
Suspension notices issued for failing to file evidence of insurance/lapse of insurance	21,733	38,888
Insurance verification forms received from courts/law enforcement	110,401	119,714
Evidence of insurance filings (SR22)	69,746	77,351
Evidence of insurance canceled (SR26)	33,842	33,142

January 18, 2006

DOCKING STATE OFFICE BUILDING, 915 SW HARRISON ST.,
P.O. BOX 12021, TOPEKA, KS 66612-2021
Telephone 785-296-3671 Fax 785-296-6851 <http://www.ksrevenue.org/>

*Senate FI & I
Attachment 1
January 19, 2006*



KANSAS TRIAL LAWYERS ASSOCIATION

Lawyers Representing Consumers

To: Senator Ruth Teichman, Chair
Committee on Financial Institutions and Insurance

From: Callie Jill Denton, JD
Kansas Trial Lawyers Association

Date: January 19, 2006 *Callie*

RE: SB 322 Amending the Kansas Auto Reparations Act

Madam Chairwoman and Members of the Committee, my name is Callie Jill Denton and I am submitting written testimony in support of SB 322 on behalf of over 800 members of the Kansas Trial Lawyers Association.

SB 322 amends K.S.A. 40-3104, which requires owners to purchase minimum motor vehicle liability insurance coverage. Despite the important mandate of K.S.A. 40-3104, uninsured drivers remain an unfortunate fixture on our roads and highways. SB 322 provides a responsible mechanism for encouraging Kansans to comply with the requirements of K.S.A. 40-3104.

Few of us can afford to pay for the damage we might cause to ourselves or others if we were in an auto accident. KTLA members have witnessed the devastating financial, emotional, and physical effects of auto injuries. We urge the Legislature to continue to require mandatory auto coverage, and to pass legislation like SB 322 that encourages people to get and maintain auto insurance. Without adequate auto coverage, injured persons could face medical bankruptcy and be forced onto Kansas Medicaid rolls, which would increase costs for all Kansans.

KTLA is pleased to offer our support of SB 322 as an important public policy initiative that encourages citizens to get and maintain minimum auto insurance coverage, and we respectfully request that it be passed.

*Senate FI & I Com.
Attachment 2
January 19, 2006*

Terry Humphrey, Executive Director