

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 March 1, 2006 in Room 234-N of the Capitol.

All members were present except:

Dennis Wilson- excused

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:

Brad Smoot, American Insurance Assn.
John Campbell, General Counsel, Kansas Ins. Dept.
Robert Hayes, Executive Director, Health Care Stabilization Fund

Others attending:

See attached list.

The Chair called the meeting to order. She said Minutes of February 15, 16, 20, 21, and 22 would be approved at the end of the meeting.

The Chair said the hearing would continue on **(SB 539) concerning casualty insurance companies; relating to certain requirements regarding filing rates, forms and premiums.** The chair asked Melissa Calderwood for an overview of **(SB 539)**. Ms. Calderwood said **(SB 539)** would amend certain refiling requirements for casualty insurance companies. No insurance company shall transact business in Kansas until certified copies of its charter and amendments are filed and approved by the commissioner of insurance. The insurance commissioner may also require the filing of other documents and papers as are necessary to determine compliance with the state laws, she said.

She said except for contracts pertaining to large risks which are exempt from the filing requirements of this section, each contract of insurance or indemnity issued or delivered in this state will be effective on filing, or any subsequent date selected by the insurer, unless the commissioner disapproves such contract of insurance within 30 days after filing because the rates are determined to be inadequate, excessive, unfairly discriminatory or otherwise fail to meet the requirements of this act. The failure of any insurance company to comply with this section will not constitute a defense to any action brought on its contracts, she said.

The bill would remove the current exception for personal lines filing which currently are to be on file for a waiting period of 30 days before becoming effective. The requirement for large risks is on Page 6 of the bill beginning on line 29 and again defined in K.S.A. 40-955 and would be amended to be defined for insured that has total insured property values of \$2,000,000 or more; total annual gross revenues of \$5,000,000 or more; or the annual aggregate paid premium of \$25,000 or more. New laws would also be created by the bill to allow for risk adjustment methods that would commit insurers to increase or decrease premiums on a given risk basis without documentation up to 40% based on any factor, with the exception that the adjustment could not be based on race, creed, national origin or religion of the insured and could not apply to insurance that covers personal lines, farms and property, including crop insurance. The Commissioner, in accordance with the rules and regulations filing act, would be permitted to broaden the range of plus or minus 40% for any type of insurance subject to K.S.A. 40-955. The bill would allow that any insurer aggrieved by the commissioner's finding would be allowed to appeal pursuant to the Administrative Procedure Act, she said.

The Chair called on Brad Smoot for his testimony. Mr. Smoot said he hoped to streamline and simplify this legislation and bring as many parties on board as possible. The bill was introduced at the request of the American Insurance Association and, by the committee. Essentially the American Insurance Association is urging the various states to modernize their policy and rate filing mechanisms. Historically, the states, including Kansas, have been what we call "prior approval" states. In 1999, then-Commissioner Kathleen Sebelius brought the legislature a proposal to reduce some of these long-standing market barriers. That

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on March 1, 2006 in Room 234-N of the Capitol.

legislation removed prior approval rates for commercial insurance products, moving them to a “file and use” process. “Large commercial risks” were exempted from any rate filing requirement. These reforms have worked well and in our opinion, it is time to consider further modernization.

It has been eight years since the legislature updated our insurance regulatory environment. We think it’s time to consider making some of the changes that many of our sister states have adopted, including neighboring Midwestern states of Colorado, Nebraska, Missouri and Oklahoma.

Basically, we come to you today to allow the practice of filing of forms to match the filing of rates. We think **(SB 539)** points us in that direction.

The Chair asked Mr. Smoot to go through the balloons. (Attachment 1)

The Chair asked John Campbell, General Counsel for the Kansas Insurance Department for his testimony. Mr. Campbell said the Kansas Insurance Department supports **(SB 539)**. He said this bill is the result of discussions between the representatives of the insurance industry, insurance agents and the Kansas Insurance Department. Its purpose is to promote the benefits of competition while still providing protections for consumers, he said. It will allow the market to more rapidly react to changing market conditions. At the same time, it provides for the review of these products by the Department in order to insure that those products comply with the provisions of the Kansas Insurance Code, he said

The Chair called for testimony from Robert Hayes, Executive Director, Health Care Stabilization. Mr. Hayes said he signed up as an opponent because the bill was just introduced a couple of weeks and he wasn’t aware of who was supporting it and wasn’t aware of the proposed amendments until late yesterday afternoon. Initially, opposition was to the removal of the prior approval for the basic coverage policies required by K.S.A. 40-3401 and found in **(SB 539)**. He said Health Care Stabilization Fund and their health care providers benefit from the prior approval requirements for basic professional liability insurance policies. The prior approval requirements that would be removed if this bill were to be enacted would result in immediate and long-reaching coverage differences in the basic professional liability insurance policies that are mandatory for Kansas doctors, hospitals and other health care providers. (Attachment 2)

I have only had a brief time to review the amendments presented today, but they sound good. Since they are now taking out the parts we were concerned with, I am more comfortable with the bill, but I am waiting until I see the final bill.

Following questions, the Chair said if it is the will of the committee, before taking final action on this bill, the committee would wait and see the bill in final form at the next committee meeting.

The Chair asked for a motion to approve the minutes. Senator Wysong so moved. Senator Schmidt seconded. Motion passed.

The meeting adjourned at 10:30 a.m. The next meeting of this Committee is scheduled for March 2, 2006.

FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE GUEST LIST

DATE: March 1, 2006

NAME	REPRESENTING
Lee Wright	Farmers Ins.
Bob Hayes	HCSF
Gary Zook	HCSF
Bill Sneed	State Farm
Brend Amort	
John Campbell	KID
Garne Ann Rower	KAHP

SENATE BILL No. 539

By Committee on Financial Institutions and Insurance

2-9

Senate F.I.I. Committee
Attachment 1-1
March 1, 2006

9 AN ACT concerning casualty insurance companies; relating to certain
10 requirements regarding filing rates, forms and premiums; amending
11 K.S.A. 40-954 and 40-955 and K.S.A. 2005 Supp. 40-216 and repealing
12 the existing sections.

13
14 *As it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 2005 Supp. 40-216 is hereby amended to read as
16 follows: 40-216. (a) (1) No insurance company shall hereafter transact
17 business in this state until certified copies of its charter and amendments
18 thereto shall have been filed with and approved by the commissioner of
19 insurance. A copy of the bylaws and amendments thereto of insurance
20 companies organized under the laws of this state shall also be filed with
21 and approved by the commissioner of insurance. The commissioner may
22 also require the filing of such other documents and papers as are nec-
23 essary to determine compliance with the laws of this state. No contract
24 of insurance or indemnity shall be issued or delivered in this state until
25 the form of the same has been filed with the commissioner of insurance,
26 nor if the commissioner of insurance gives written notice within 30 days
27 of such filing, to the company proposing to issue such contract, showing
28 wherein the form of such contract does not comply with the requirements
29 of the laws of this state; but

30 (2) Except for contracts pertaining to large risks as defined in K.S.A.
31 40-955(1), and amendments thereto, which are exempt from the filing
32 requirements of this section, each contract of insurance or indemnity is-
33 sued or delivered in this state shall be effective on filing, or any subsequent
34 date selected by the insurer, unless the commissioner disapproves such
35 contract of insurance within 30 days after filing because the rates are
36 determined to be inadequate, excessive, unfairly discriminatory or oth-
37 erwise fail to meet the requirements of this act. The failure of any insur-
38 ance company to comply with this section shall not constitute a defense
39 to any action brought on its contracts. An insurer may satisfy its obligation
40 to file its contracts of insurance or indemnity either individually or by
41 authorizing the commissioner to accept on its behalf the filings made by
42 a licensed rating organization or another insurer.

43 (3) Under such rules and regulations as the commissioner of insur-

any form filing for the basic coverage required by K.S.A. 40-3401 et seq. and amendments thereto, and any form filing for workers compensation shall require approval by the commissioner before its use by the insurer in this state,

and personal lines contracts filed in accordance with subsection (3) of this section,

Personal lines contracts shall be on file for a waiting period of 30 days before becoming effective, subject to the commissioner disapproving the same if the rates are determined to be inadequate, excessive, unfairly discriminatory or otherwise fail to meet requirements of this act. The term "personal lines" shall mean insurance for noncommercial automobile, homeowners, dwelling fire and renters insurance policies, as defined by the commissioner by rules and regulations.

(4)

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1 ance shall adopt, the commissioner may, by written order, suspend or
2 modify the requirement of filing forms of contracts of insurance or in-
3 demnity, which cannot practicably be filed before they are used. Such
4 orders, rules and regulations shall be made known to insurers and rating
5 organizations affected thereby. The commissioner may make an exami-
6 nation to ascertain whether any forms affected by such order meet the
7 standards of this code.

8 (b) The commissioner of insurance shall allow any insurance company
9 authorized to transact business in this state to deliver to any person in
10 this state any contract of insurance or indemnity, including any explana-
11 tory materials, written in any language other than the English language
12 under the following conditions:

13 (1) The insured or applicant for insurance who is given a copy of the
14 same contract of insurance or indemnity or explanatory materials written
15 in the English language;

16 (2) the English language version of the contract for insurance or in-
17 demnity or explanatory materials delivered shall be the controlling ver-
18 sion; and

19 (3) any contract of insurance or indemnity or explanatory materials
20 written in any language other than English shall contain a disclosure state-
21 ment in 10 point boldface type, printed in both the English language and
22 the other language used, stating the English version of the contract of
23 insurance or indemnity is the official or controlling version and that the
24 version is written in any language other than English is furnished for
25 informational purposes only.

26 (c) All contracts of insurance or indemnity that are required to be
27 filed with the commissioner of insurance shall be accompanied by any
28 version of such contract of insurance or indemnity written in any language
29 other than the English language.

30 (d) Any insurance company or insurer, including any agent or em-
31 ployee thereof, who knowingly misrepresents the content of a contract of
32 insurance or indemnity or explanatory materials written in a language
33 other than the English language shall be deemed to have violated the
34 unfair trade practice law.

35 (e) For the purposes of this section, the term "contract of insurance
36 or indemnity" shall include any rider, endorsement or application per-
37 taining to such contract of insurance or indemnity.

38 ^ASec. 2. K.S.A. 40-954 is hereby amended to read as follows: 40-954.
39 In determining whether rates are not excessive or inadequate or not un-
40 fairly discriminatory:

41 (a) Due consideration shall be given to:

42 (1) Past and prospective loss and expense experience within and out-
43 side the state;

(f) If at any time after a filing becomes effective, the commissioner finds a filing does not comply with this act, the commissioner shall after a hearing held on not less than 10 days' written notice to every insurer and rating organization that made the filing issue an order specifying what respects the filing failed to comply with the act, and stating when, within a reasonable period thereafter, the filing shall be no longer effective. Copies of the order shall be sent to such insurer or rating organization. The order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in the order.

- 1 (2) catastrophe hazards and contingencies;
2 (3) trends within and outside this state;
3 (4) loadings for leveling premium rates over time;
4 (5) dividends, savings or unabsorbed premium deposits allowed or
5 returned by insurers to their policyholders, members, or subscribers and
6 the investment income of the insurer; and
7 (6) all other relevant factors within and outside the state, including
8 the judgment of technical personnel.

9 (b) The expense provisions included in the rates to be used by an
10 insurer may reflect the operating methods of the insurer, or group of
11 insurers, and, so far as it is credible, its own expense experience.

12 (c) Risks may be classified in any reasonable way for the establish-
13 ment of rates and minimum premiums, except that no classification may
14 be based on race, color, creed or national origin and classifications in
15 automobile insurance may not be based on physical disability of an in-
16 sured. Rates thus produced may be modified for individual risks in ac-
17 cordance with rating plans, schedules, except for workers compensation,
18 individual risk premium modification plans and expense reduction plans
19 that establish reasonable standards for measuring probable variations in
20 experience, hazards, expenses or any combination of those factors.

21 Such standards shall permit recognition of expected differences in loss
22 or expense characteristics, and shall be designed so that such plans are
23 reasonable and equitable in their application, and are not unfairly dis-
24 criminatory, violative of public policy or otherwise contrary to the best
25 interests of the people of this state. This section shall not prevent the
26 development of new or innovative rating methods which otherwise com-
27 ply with this act.

28 (d) Rates may be modified for individual risks, upon written appli-
29 cation of the insured, stating the insured's reasons therefore, filed with
30 and not disapproved by the commissioner within 10 days after filings in
31 accordance with section 4 and amendments thereto.

32 (e) The rates may contain provisions for contingencies and an allow-
33 ance permitting a reasonable profit. In determining the reasonableness
34 of the profit, consideration shall be given to the investment income at-
35 tributable to the line of insurance.

36 (f) The commissioner may by rule exempt any person or class of per-
37 sons, line of insurance, or any market segment from any or all of the
38 provisions of this chapter, if and to the extent that the commissioner finds
39 their application unnecessary to achieve the purposes of this act.

40 (g) Once it has been filed, use of any rating plan shall be mandatory
41 and such plan shall be applied uniformly for eligible risks in a manner
42 that is not unfairly discriminatory.

43 Sec. 3. K.S.A. 40-955 is hereby amended to read as follows: 40-955.

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1 (a) Every insurer shall file with the commissioner, except as to inland
 2 marine risks where general custom of the industry is not to use manual
 3 rates or rating plans, every manual of classifications, rules and rates, every
 4 rating plan, policy form and every modification of any of the foregoing
 5 which it proposes to use. Every such filing shall indicate the proposed
 6 effective date and the character and extent of the coverage contemplated
 7 and shall be accompanied by the information upon which the insurer
 8 supports the filings. A filing and any supporting information shall be open
 9 to public inspection after it is filed with the commissioner. An insurer
 10 may satisfy its obligations to make such filings by authorizing the com-
 11 missioner to accept on its behalf the filings made by a licensed rating
 12 organization or another insurer. Nothing contained in this act shall be
 13 construed to require any insurer to become a member or subscriber of
 14 any rating organization.

15 (b) Any rate filing for the basic coverage required by K.S.A. 40-3401
 16 et seq. and amendments thereto, loss costs filings for workers compen-
 17 sation, and rates for assigned risk plans established by article 21 of chapter
 18 40 of the Kansas Statutes Annotated or rules and regulations established
 19 by the commissioner shall require approval by the commissioner before
 20 its use by the insurer in this state. ~~Policy forms shall require approval by~~
 21 ~~the commissioner before use by insurers in this state, consistent with the~~
 22 ~~requirements of K.S.A. 40-216 and amendments thereto.~~ As soon as rea-
 23 sonably possible after such filing has been made, the commissioner shall
 24 in writing approve or disapprove the same, except that any filing shall be
 25 deemed approved unless disapproved within 30 days of receipt of the
 26 filing.

27 (c) Any other rate filing, ~~except personal lines filings,~~ shall become
 28 effective on filing or any prospective date selected by the insurer, subject
 29 ~~to the commissioner disapproving the same if~~ ~~under the commissioner~~
 30 ~~disapproves such rate filing because~~ the rates are determined to be in-
 31 adequate, excessive, unfairly discriminatory or otherwise fails to meet the
 32 requirements of this act. ~~Personal lines rate filings shall be on file for a~~
 33 ~~waiting period of 30 days before becoming effective, subject to the com-~~
 34 ~~missioner disapproving the same if the rates are determined to be inad-~~
 35 ~~equat, excessive, unfairly discriminatory or otherwise fail to meet~~
 36 ~~requirements of this act. The term "personal lines" shall mean insurance~~
 37 ~~for noncommercial automobile, homeowners, dwelling fire and renters~~
 38 ~~insurance policies, as defined by the commissioner by rules and regula-~~
 39 ~~tions. A filing complies with this act unless it is disapproved by the com-~~
 40 ~~missioner within the waiting period or pursuant to subsection (e).~~

41 (d) In reviewing any rate filing the commissioner may require the
 42 insurer or rating organization to provide, at the insurer's or rating organ-
 43 ization's expense, all information necessary to evaluate the reasonableness

except personal lines filings

subject to the commissioner disapproving the same if

Personal lines rate filings shall be on file for a waiting period of 30 days before becoming effective, subject to the commissioner disapproving the same if the rates are determined to be inadequate, excessive, unfairly discriminatory or otherwise fail to meet requirements of this act. The term "personal lines" shall mean insurance for noncommercial automobile, homeowners, dwelling fire and renters insurance policies, as defined by the commissioner by rules and regulations.

within the waiting period or

1 of the filing, to include payment of the cost of an actuary selected by the
2 commissioner to review any rate filing, if the department of insurance
3 does not have a staff actuary in its employ.

4 (e) (1) (A) If a filing is not accompanied by the information required
5 by this act, the commissioner shall promptly inform the company or or-
6 ganization making the filing. The filing shall be deemed to be complete
7 when the required information is received by the commissioner or the
8 company or organization certifies to the commissioner the information
9 requested is not maintained by the company or organization and cannot
10 be obtained.

11 (B) If the commissioner finds a filing does not meet the requirements
12 of this act, the commissioner shall send to the insurer or rating organi-
13 zation that made the filing, written notice of disapproval of the filing,
14 specifying in what respects the filing fails to comply and stating the filing
15 shall not become effective.

16 (C) If at any time after a filing becomes effective, the commissioner
17 finds a filing does not comply with this act, the commissioner shall after
18 a hearing held on not less than 10 days' written notice to every insurer
19 and rating organization that made the filing issue an order specifying in
20 what respects the filing failed to comply with the act, and stating when,
21 within a reasonable period thereafter, the filing shall be no longer effec-
22 tive. Copies of the order shall be sent to such insurer or rating organi-
23 zation. The order shall not affect any contract or policy made or issued
24 prior to the expiration of the period set forth in the order.

25 (2) (A) In the event an insurer or organization has no legally effective
26 rate because of an order disapproving rates, the commissioner shall spec-
27 ify an interim rate at the time the order is issued.

28 (B) The interim rate may be modified by the commissioner on the
29 commissioner's own motion or upon motion of an insurer or organization.
30 The interim rate or any modification thereof shall take effect prospec-
31 tively in contracts of insurance written or renewed 15 days after the com-
32 missioner's decision setting interim rates.

33 (C) When the rates are finally determined, the commissioner shall
34 order any overcharge in the interim rates to be distributed appropriately,
35 except refunds to policyholders the commissioner determines are de min-
36 imis may not be required.

37 (3) (A) Any person or organization aggrieved with respect to any fil-
38 ing that is in effect may make written application to the commissioner for
39 a hearing thereon, provided *except that* the insurer or rating organization
40 that made the filing may not proceed under this subsection. The appli-
41 cation shall specify the grounds to be relied on by the applicant.

42 (B) If the commissioner finds the application is made in good faith,
43 that the applicant would be so aggrieved if the applicant's grounds are

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1 established, and that such grounds otherwise justify holding such a hear-
2 ing, the commissioner shall, within 30 days after receipt of the application,
3 hold a hearing on not less than 10 days' written notice to the applicant
4 and every insurer and rating organization that made such filing.

5 (C) Every rating organization receiving a notice of hearing or copy of
6 an order under this section, shall promptly notify all its members or sub-
7 scribers affected by the hearing or order. Notice to a rating organization
8 of a hearing or order shall be deemed notice to its members or
9 subscribers.

10 (f) No insurer shall make or issue a contract or policy except in ac-
11 cordance with filings which have been filed or approved for such insurer
12 as provided in this act.

13 (g) The commissioner may adopt rules and regulations to allow sus-
14 pension or modification of the requirement of filing and approval of rates
15 on any kind of insurance, subdivision or combination thereof, or as to
16 classes of risks, the rates for which cannot practicably be filed before they
17 are used.

18 (h) Except for workers compensation and employer's liability line, the
19 following categories of commercial lines risks are considered special risks
20 which are exempt from the filing requirements in this section:

- 21 (1) Risks that are written on an excess or umbrella basis;
- 22 (2) commercial risks, or portions thereof, that are not rated according
23 to manuals, rating plans, or schedules including "a" rates;
- 24 (3) large risks; and
- 25 (4) special risks designated by the commissioner, including but not
26 limited to risks insured under highly protected risks rating plans, com-
27 mercial aviation, credit insurance, boiler and machinery, inland marine,
28 fidelity, surety and guarantee bond insurance risks.

29 (i) For the purposes of this subsection, "large risk" means:

- 30 (1) An insured that has total insured property values of ~~\$5,000,000~~
31 ~~\$3,000,000~~ or more;
- 32 (2) an insured that has total annual gross revenues of ~~\$10,000,000~~
33 ~~\$5,000,000~~ or more; or
- 34 (3) an insured that has in the preceding calendar year a total paid
35 premium of ~~\$50,000~~ or more for property insurance, ~~\$50,000~~ or more for
36 general liability insurance, or ~~\$100,000~~ or more for multiple lines policies
37 annual aggregate paid premium of ~~\$25,000~~ or more.

\$5,000,000

\$10,000,000

paid premium of \$50,000 or more for property insurance, \$50,000 or more for general liability insurance, or \$100,000 or more for multiple lines policies.

38 (j) The exemption for any large risk contained in subsection (h) shall
39 not apply to workers compensation and employer's liability insurance,
40 insurance purchasing groups, and the basic coverage required by K.S.A.
41 40-3401 et seq. and amendments thereto.

42 (k) Underwriting files, premium, loss and expense statistics, financial
43 and other records pertaining to special risks written by any insurer shall

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1 be maintained by the insurer and shall be subject to examination by the
2 commissioner.

3 New Sec. 4. (a) Insurers may increase or decrease premiums on a
4 given risk basis without documentation up to 40% based on any factor,
5 except the rate adjustment made pursuant to this section cannot:

6 (1) Be based upon the race, creed, national origin or religion of the
7 insured.

8 (2) Apply to insurance covering:

9 (A) Risks of a personal nature, including insurance for homeowners,
10 tenants, private passenger nonfleet automobiles, mobile homes and other
11 property and casualty insurance for personal, family or household needs;
12 or

13 (B) farms and ranches, including crop insurance. (b) By rules and
14 regulations adopted in accordance with the rules and regulations filing
15 act, the commissioner of insurance may broaden the range of plus or
16 minus 40% for any line or type of insurance subject to K.S.A. 40-955, and
17 amendments thereto, if the commissioner of insurance finds that the:

18 (1) Utilization of this section by the insurance industry has produced
19 a significant number of rate modifications at or near the upper limit and
20 at the lower limit of the allowable range of modification; and

21 (2) modifiers at and near the upper and lower limits of the allowable
22 range of modification appear to be predominantly correlated with indi-
23 vidual risk factors that relate to expected losses and expenses.

24 (c) By rules and regulations adopted in accordance with the rules and
25 regulations filing act, the commissioner of insurance may reduce the
26 range of plus or minus 40% for any line or type of insurance subject to
27 K.S.A. 40-955, and amendments thereto, if the commissioner of insurance
28 finds that modifiers at or near the upper or lower limits of the allowable
29 range of modification are not predominantly correlated with individual
30 risk factors that relate to expected losses and expenses, but such reduction
31 shall not reduce the range to less than plus or minus 25%. (d) Any in-
32 surer aggrieved by the commissioner's findings pursuant to this section
33 may appeal the same pursuant to the Kansas administrative procedure
34 act.

35 Sec. 5. K.S.A. 40-954 and 40-955 and K.S.A. 2005 Supp. 40-216 are
36 hereby repealed.

37 Sec. 6. This act shall take effect and be in force from and after its
38 publication in the statute book.

(C) workers compensation insurance.

technical correction needed



Health Care Stabilization Fund

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February 28, 2006

Senator Ruth Teichman
Chairperson, Senate Committee on Financial Institutions and Insurance
Statehouse, Room 241-E
Topeka, KS 66612

Senate Bill 539

Dear Chairman Teichman:

I am providing this letter opposing the removal of the prior approval for the basic coverage policies required by K.S.A. 40-3401 et seq. found Senate Bill No. 539. This change occurs in two places in this bill: first, in the removal of lines 23 through 29 on page 1; and, second, in the deletions in lines 20, 21 and 22 in subsection (b) of K.S.A. 40-955 on page 4.

The Health Care Stabilization Fund and our health care providers benefit from the prior approval requirements for basic professional liability insurance policies. The prior approval requirements that apparently would be removed if this bill were to be enacted would result in immediate and long-reaching coverage differences in the basic professional liability insurance policies that are mandatory for Kansas doctors, hospitals and other defined health care providers.

Before closing, I need to point out that the Health Care Stabilization Fund was not consulted regarding Senate Bill Number 539 and that we have had only limited time to review this bill.

I will be available at the Wednesday meeting of your committee to answer any questions you or your committee members may have regarding our opposition to this bill.

Respectfully submitted,

Robert D. Hayes
Executive Director

cc: Dr. Arthur D. Snow, Jr., Chairperson, Health Care Stabilization Fund Board of Governors

Elaine L. Ferguson, D.O.
Michael Dorsey
Julie Quirin

BOARD OF GOVERNORS
Arthur D. Snow, Jr., M.D., *Chairperson*
Larry Shaffer, Vice Chairperson
Steve Clifton, CRNA
Steven C. Dillon, M.D.

*Senate FI&I Committee
Attachment 2
March 1, 2006*

Jimmie A. Gleason, M.D.
Timothy Bolz, D.C.
Deborah Burns, D.O.