

MINUTES OF THE HOUSE TRANSPORTATION AND PUBLIC SAFETY BUDGET
COMMITTEE

The meeting was called to order by Chairman Lee Tafanelli at 1:30 P.M. on March 12, 2007 in Room 527-S of the Capitol.

All members were present.

Committee staff present:

Amy VanHouse, Kansas Legislative Research Department
Duston Slinkard, Office of the Revisor of Statutes
Gina Bowes, Committee Secretary

Conferees appearing before the committee:

Representative Pat George
Representative Rocky Fund
Major General Tod Bunting
Amy Rose Herrick, Investment Adviser Representative, Woodbury Financial Services

Others attending:

See attached list.

- Attachment 1 Overview of **HB 2421**
- Attachment 2 Testimony on **HB 2421** by Representative Pat George
- Attachment 3 Testimony on **HB 2421** by Representative Rocky Fund
- Attachment 4 Testimony on **HB 2421** by Major General Tod Bunting, Adjutant General of Kansas
- Attachment 5 Testimony on **HB 2421** by Amy Rose Herrick, Chartered Financial Consultant, Woodbury Financial Services

Hearing on HB 2421 - Kansas army and air national guard, death benefits.

Amy VanHouse, Legislative Research Department, explained that **HB 2421** provides an aggregate death benefit in the amount of \$250,000 to the beneficiary or beneficiaries of each member of the Kansas National Guard who, on or after September 1, 2005, dies as a result of federal active duty in a combat area in the line of duty. This benefit would not apply to a member who dies as a result of committing suicide. The bill states that the benefit would be paid from the State Emergency Fund (Attachment 1).

Chair Tafanelli recognized Representative Pat George, who presented testimony in support of **HB 2421** (Attachment 2). Representative George commented that by passage of this bill we would show support and appreciation to those families of fallen soldiers who sacrificed their lives for our freedom. Representative George stood for questions.

The Chair recognized Representative Rocky Fund, who presented testimony in support of **HB 2421** (Attachment 3). Representative Fund referenced legislation to award a \$250,000 death benefit to three National Guard members who were killed in action before September 1, 2005. This amount and the amount approved by the federal government totaled \$750,000. Representative Fund spoke to the possibility of providing a life insurance policy to supplement the federal policy, and to be in effect while members on active duty were in a combat area, to ensure future beneficiaries of service members \$750,000. Representative Fund noted that, to his knowledge, no insurance companies are willing to insure service members while in a combat area. Representative Fund stood for questions.

The Chair recognized General Tod Bunting, Adjutant General, who presented testimony in support of **HB 2421** (Attachment 4). Major General Bunting cited, that as a result of the legislative action providing the \$250,000 death benefit paid to three National Guard members, the legislature voted to provide insurance payments for National Guard personnel to ensure every service member receive the same level of insurance whether they purchased the insurance plan or not. The insurance premiums were in place of the \$250,000 state death benefit previously legislated. General Bunting noted the law change resulted in an inequity among the soldiers' families who received the state benefit prior to 2006. The benefits of the

fallen soldiers' family received only the insurance premium minus the \$250,000 in state benefits. Major General Bunting stated in 2006 four Kansas soldiers were killed in action following the change in law. Major General Bunting stood for questions.

The Chair introduced Representative Otto who was in attendance in Committee and recognized him as an individual who requested legislation on this bill. Representative Otto stated he requested legislation specifically for National Guard soldiers due to the fact that they are civilian soldiers with families.

Chair Tafanelli asked if there were any other proponents of **HB 2421**.

The Chair recognized Amy Rose Herrick who presented unscheduled testimony in support of **HB 2421**. Ms. Herrick stated she came to testify as a taxpayer and as someone who has worked in the investment insurance industry for over 16 years. Ms. Herrick proposed to shift the financial risks away from Kansas taxpayers by securing individual life insurance policies in the event of death from combat action. Chair Tafanelli asked Ms. Herrick, for the record, as to whether she was a proponent, neutral or opponent of **HB 2421**. Ms. Herrick stated she was a proponent of the bill. Representative Holmes asked Ms. Herrick to supply written testimony to the Committee. Ms. Herrick provided written testimony on March 13, 2007, to Representative Tafanelli's office and testimony was distributed to Committee members and staff on the same day (Attachment 5). Ms. Herrick stood for questions.

Committee discussion ensued regarding a feasible solution toward finding equality in death benefits to affected families of Kansas National Guardsmen.

Chair Tafanelli addressed the intent of **HB 2421** which is to provide an additional death benefit to those families who have sacrificed on behalf of the State and the Nation. Additionally, this legislation would give back the death benefit that was legislated prior to September 1, 2005. Thirdly, the intent of this bill does not preclude finding an insurance carrier with an affordable mechanism to defer a catastrophic risk. The Chair also stated the Adjutant General testified in this Committee when their budget was heard that there were funds recommended by the Governor to look at the possibility of finding affordable insurance for the Kansas National Guard; in the interim, the issue needs to be dealt with until a viable insurance carrier can be found.

The hearing on HB 2421 was closed.

The meeting was adjourned at 2:15 p.m. The next meeting of the Committee will be held on call of the Chair.

TRANSPORTATION AND PUBLIC SAFETY BUDGET COMMITTEE
 GUEST LIST
 DATE: March 12, 2007

NAME	REPRESENTING
Jamie Lynn Oberg	KTKA-49 ABC Topoka
Amy Rose Herrick	Self-
James Harper	Adjutant General
Randy Mettler	Adjutant General
Eric Pede	Adjutant General
Tod Bunting	Adjutant General
Cheri Froetscher	D&R
STEVE RODINA	ADJUTANT GENERAL

HOUSE BILL No. 2421

By Committee on Appropriations

2-7

9 AN ACT relating to the Kansas army and air national guard; concerning
10 certain death benefits; amending K.S.A. 48-282 and repealing the ex-
11 isting section.

12
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 48-282 is hereby amended to read as follows: 48-
15 282. (a) Subject to the provisions of K.S.A. 48-281, and amendments
16 thereto, in addition to any other benefits provided to members of the
17 Kansas army or air national guard, the state of Kansas shall provide an
18 aggregate death benefit in the amount of \$250,000 to the beneficiary or
19 beneficiaries of each member of the Kansas national guard who, on or
20 after ~~the effective date of this act and prior to~~ September 1, 2005, dies
21 as a result of federal active duty in a combat area in the line of duty ~~and~~
22 ~~for whom a death benefit is not payable pursuant to section 1 of chapter~~
23 ~~207 of the 2005 session laws of Kansas, and amendments thereto.~~ The
24 death benefit provided by this section shall not be payable in any such
25 case if such member dies as a result of committing suicide.

26 (b) The death benefit provided by this section shall be paid from
27 amounts allocated therefor from the state emergency fund in accordance
28 with K.S.A. 75-3713b, and amendments thereto.

29 (c) If such member has not designated one or more beneficiaries in
30 accordance with the policies and procedures or rules and regulations
31 adopted by the adjutant general for such death benefit, then a death
32 benefit payable for such member's death pursuant to this section shall be
33 paid into such member's estate and shall be disbursed or otherwise dis-
34 tributed as provided by law as part of such estate.

35 (d) For the purpose of carrying out the provisions of this section, the
36 adjutant general shall adopt policies and procedures for the designation
37 of a beneficiary or beneficiaries and for payment of the death benefit
38 provided by this section and may adopt rules and regulations to carry out
39 the provisions of this section.

40 Sec. 2. K.S.A. 48-282 is hereby repealed.

41 Sec. 3. This act shall take effect and be in force from and after its
42 publication in the Kansas register.

TRANSPORTATION & PUBLIC SAFETY
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ATTACHMENT 1

STATE OF KANSAS

COMMITTEE ASSIGNMENTS
APPROPRIATIONS
TRANSPORTATION
SOCIAL SERVICE BUDGET

PAT GEORGE

REPRESENTATIVE 119TH DISTRICT
HOME ADDRESS: 3007 WESTVIEW
DODGE CITY, KANSAS 67801
620-227-2012
OFFICE ADDRESS: STATE CAPITOL
TOPEKA, KANSAS 66612
785-296-7646



TOPEKA
HOUSE OF
REPRESENTATIVES

House Transportation & Public Safety Budget Committee

Chairman Representative Lee Tafanelli

Regarding

House Bill 2421

March 12, 2007

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to testify concerning HB 2421.

HB 2421 would allow the people of Kansas a way to bring a little help to the families of the Members of the Kansas Army and Air National Guard who have given their lives to protect our country. There is no greater sacrifice than the one made by the families of fallen soldiers. This sacrifice was made for your and my freedoms. Please join me in saying thank you in a small way to these families and love ones by providing this death benefit.

I ask for your favorable consideration of HB 2421.

TRANSPORTATION & PUBLIC SAFETY
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DATE

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ATTACHMENT

2

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

STATE CAPITOL
300 S.W. TENTH STREET
TOPEKA, KANSAS 66612
(785) 296-7689
fund@house.state.ks.us



13161 S ROAD
HOYT, KANSAS 66440
785-986-6775
rockfund@hotmail.com

ROCKY FUND
50TH DISTRICT

Testimony on HB 2421 - Transportation and Public Safety Budget

Mr. Chairman, Members of the Committee, thank you for this opportunity to come before you today in support of HB 2421.

Many of you were here when the legislature voted to award the \$250,000 Death Benefit to three National Guard members who were killed in action in Iraq and Afghanistan before September 1, 2005. This and the amount approved by the Federal Government totaled \$750,000. To insure that future beneficiaries of service members receive at least a total of \$750,000, the Kansas Adjutant General's Department was to research the possibility of providing a life insurance policy to supplement the Federal Policy, and to be in effect while members on active duty were in a combat zone. To my knowledge, no insurance companies are willing to insure these volunteers while in a combat zone.

Today we are so fortunate to be served by a voluntary military and can be so proud of our citizen volunteers.

Since September 1, 2005, we have lost 4 additional Kansas National Guardsmen in Iraq and Afghanistan. Those soldiers were Spc. John Edward Wood, Sgt. Jessie Davila, Sgt. 1st Class Bernard Lee Deghand, and Staff Sgt. David R. Berry.

It always makes it so much more real when you can put a face with the name. Most of us here know someone who has served in and died in this fight against terrorism. Representatives Otto, George, Swenson, and myself knew these four soldiers. I knew Bernie Deghand for at least 20 years. We weren't fishing buddies but I knew him for a long time even before I knew his real name and that he was in the Guard. My wife and I nick named him "Cowboy". I put shoes on some of his horses when he lived just a couple of miles southeast of Hoyt. Bernie was a great guy who loved his family, loved his job and did his job proudly. He served as a volunteer soldier. He knew the dangers he faced in defending our country against terrorism but he also believed his family would be treated fairly if something were to happen to him.

Some of us here have volunteered and served in unpopular wars. The Kansas National Guardsmen of today have served long enough to reenlist and face the possibility of returning to Iraq or Afghanistan, if called upon to do so. My hope is that not one more soldier's life is lost in this war, but that is just not realistic. These are dangerous times, our soldiers are dealing with an unpredictable, ruthless, and cowardly enemy. The ultimate sacrifice made by our citizen soldiers allows us all to live, work, and serve without fear.

By passing HB 2421, we will be continuing the standard of treating our volunteer soldiers and their families equally and honorably.

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ATTACHMENT 3

Testimony on House Bill 2421

**To the House Transportation and Public Safety Budget
Committee**

Major General Tod Bunting
The Adjutant General of Kansas

Monday, March 12, 2007

Mr. Chairman and members of the Committee:

I am Tod Bunting the Adjutant General and the Director of Homeland Security for Kansas. Thank you for allowing me to comment and support the passage of HB 2421 which provides a \$250,000 state death benefit to families and heirs of a member of the Kansas National Guard who dies in a combat area while on federal active duty.

This legislation is clear and straight forward in supporting families of a fallen member of our National Guard. We do our best to help the families in their time of grief, and one important way we can do this is to assure the spouses and children that some of their future needs will be provided for as they adjust to the loss of their loved one.

When we lost SFC Clint Wisdom, SGT Don Clary and SGT Derrick Lutters, the Legislature and the state provided the \$250,000 death benefit. This was a great help and support to all the families of our activated members. The next year the legislature voted to provide insurance payments for our personnel

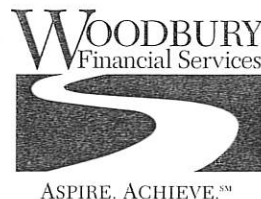
TRANSPORTATION & PUBLIC SAFETY
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to ensure every service member received the same level of insurance whether they purchased the insurance plan or not. The insurance premiums were in place of the \$250,000 state death benefit, but again this allowed the state to ensure every soldier's family received the same compensation in insurance payments regardless of their decision to purchase insurance or not.

However, what we have seen, is most every soldier purchases the maximum insurance allowable due to its very low cost. Therefore, after the law changed, the benefits to the fallen soldier's family were the only the insurance premiums minus the \$250,000 in state benefits. This resulted in an inequity among the soldiers' families who had received the state benefit prior to 2006.

Four soldiers were killed in action following the change in law. In 2006 we lost SPC Jessie Davila , SPC John Wood, and then SFC Bernie Deghand and just a few days ago Staff SGT David Berry.

If I can answer any questions I would be pleased to do so. Thank you for all of your support.



3/11/2007

Representative Tafanelli, Chair Transportation & Public Safety Committee
Capital Building Room 514S
300 SW 10th Street
Topeka, KS 66612

Amy Rose Herrick, Chartered Financial Consultant,
Investment Advisor Representative

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Woodbury Financial Services
Member NASD, SIPC, and
Registered Investment Adviser
P.O. Box 64284
St. Paul, MN 55164
(800) 800-2000

RE: House Bill 2421 \$250,000 per guard family in the event of death from combat action

Dear Chairman Tafanelli,

Thank you for allowing me to testify at the meeting on 3/11/2007 at 1:30 in the afternoon in room 527S on House Bill 2421 even though I was not originally scheduled. This is the written testimony you requested covering some key points and issues we visited about earlier today:

Maximum Unfunded Liability Exposure to the State of Kansas
\$2,000,000,000 2 Billion
8,000 Guard personnel times \$250,000 death benefit each

Combat zone Unfunded Liability est. Exposure to the State of Kansas
\$375,000,000 \$375 Million
1,500 Guard personnel times \$250,000 death benefit each

It is my understanding, we are self insuring this liability via withdrawals from the State of Kansas Emergency Fund. I do not know the amount in this fund, but I can surmise it is insufficient to continue the present course of paying death claims at \$250,000 each with no limit to the number of claims. I understand there are another 4 claims totaling \$1,000,000 before you with no viable long term funding solution in sight other than revisiting this issue with each new session trying to bring "equality" in death benefits to affected Kansas families and continuing to deplete our emergency reserve accounts to do so.

We are blessed that the vast majority of our service personnel do come home to their families after a tour, or tours of duty. We can agree there is great compassion and a sincere desire to help those few families' who's loved one did not come home again due to a combat related death. Money, the issue before us is one of those ways we want to show support and compassion for the ultimate sacrifice of a life given in service to our country to our fellow Kansas families. However, there is a financial and budgetary limit as to how much of this combat death burden we can shift to the Kansas taxpayer realistically before we can no longer afford to do so.

I have been in touch with Col. Butch Dowse who has been most helpful in assisting me in gathering information to research this issue to secure a viable solution for all parties. This issue came to my attention on 1/22/2007 when I began calling the Governor's office and other state offices looking for a contact on the issue.

I cannot find a carrier who is willing to write this as a group policy after an exhaustive search on a nationwide basis of carriers who do write military coverage. All those who I have spoken with are simply not willing to take on more risk than they already have, especially in \$250,000 increments when most limit their exposure to no more than \$50,000 for combat fatalities. I understand Adj. Gen. Bunting has had no success in finding a carrier through his office either.

I propose the solution to shift the enormous financial risks away from the taxpayers of Kansas is by securing individual life insurance policies. I do have a well established, reputable carrier willing to do this on a case by case basis for pricing.

Here are the key components including answers to questions raised by the committee:

- 1) There is no way to add to the current nation wide FEGLI service personnel life insurance coverage. It has been exhausted. It is a Government sponsored plan so higher amounts cannot be secured from this source.

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ATTACHMENT 5

- 2) Those already deployed cannot be covered individually and the State of Kansas will still carry the risk of these combat deaths for \$250,000 each if current precedence is maintained until they are rotated back to the states and an individual policy could be applied for and placed in force. There simply is no way administratively, legally or contractually to do this outside of the U.S. I could find, and this has been heavily discussed with several insurers underwriting departments seeking a solution.
- 3) The insured must be on U.S. soil when the application is taken and delivered. A lead time of at least two months before deployment would be required to apply for the coverage and receive a response from underwriting on pricing. If an individual has a lot of medical records, serious illness, or medical records that would be difficult for the insurer to obtain, this could take longer. Adj. Gen. Bunting indicated in testimony today that generally deployment is known farther in advance than two months, so the lead time frame appears workable from an underwriting lead time angle in most cases.
- 4) I would suggest the State receive one monthly list bill for all premiums to be remitted on a monthly basis. Then, when a person is no longer in a combat zone, if the State no longer desired to pay for the coverage, the guard person could continue the coverage on their own if desired via payroll deduction or from a monthly bank draft. It is my understanding Col. Dowse coordinates this for the present carrier of the voluntary life payroll deductions.
- 5) Carrier selected would pay full death benefit from effective date of the policy for any cause, not just a casualty of war.
- 6) The coverage is completely portable as an individually owned plan. If the individual leaves the service, the coverage does not have to be converted from a group plan, nor will the insured need to re-qualify. The insured would need to maintain paying the premiums to keep the coverage in force. It could be reduced to a lower amount of not less than \$100,000 if desired with ease.
- 7) Note that there is a limit on how much coverage a military person can have at this carrier that is generally based on rank. For civilians, this is often a multiple of earnings that will vary by the insurance company of amounts between 10 to 20 times gross earnings of total coverage in force from all sources, including group plans.

Rank	Single	Married
E3	\$100,000 (2)	\$100,000
E4	\$150,000 (2)	\$200,000
E5	\$150,000 (2)	\$200,000
E6	\$150,000 (2)	\$250,000
E7	\$200,000 (2)	\$300,000 (1)
E8	\$200,000 (2)	\$300,000 (1)
E9	\$200,000 (2)	\$300,000 (1)
0-1 through 0-10	\$250,000	\$500,000 (1)

- (1) Exceeds the States \$250,000 amount voiced
- (2) Less than the States \$250,000 amount voiced. Higher amounts than those listed would be considered at the time of application based on the actual financial need on a case by case basis.

- 8) I did not cover this in the testimony, but something I looked at when looking for solutions is the fact all insured persons will have different premium rates for the same level of coverage. To help equalize this premium disparity between persons to gain the most leverage per dollar spent of the same age, I used a product that allows a person who would normally be rated up to a table C, or a table 3 to be written as a Standard risk.

If you do not know what this means, it simply means that every person who has a rating will pay slightly more for each level of rating for the same amount of coverage due to a shorter than average life expectancy due to a medical condition that already exists at the time of application. So, I could have two different individuals, one in excellent health, and one with a table three or C, perhaps a diabetic and they would both pay the same premium. It is also called "table shaving" and is available with some carriers on specific insurance products and benefits those with slight medical issues the most.

This pre-planning enabled me to be more precise in my initial coverage cost estimates than I would if we assumed everyone who applied was in perfect health, something highly unlikely to occur with a group from age 18-60.

Rank	Age	Status	Annual premium	Death benefit
E3	Age 20	Non-smoker	\$ 300	\$100,000
E3	Age 20	Smoker	\$ 450	\$100,000
E4	Age 25	Non-smoker	\$ 600	\$200,000
E4	Age 25	Smoker	\$ 900	\$200,000
E6	Age 30	Non-Smoker	\$ 800	\$250,000
E6	Age 30	Smoker	\$1,200	\$250,000
E7	Age 35	Non-Smoker	\$1,000	\$250,000
E7	Age 35	Smoker	\$1,500	\$250,000
E9	Age 45	Non-Smoker	\$1,600	\$250,000
E9	Age 45	Smoker	\$3,200	\$250,000
0-10	Age 50	Non-Smoker	\$2,000	\$250,000
0-10	Age 50	Smoker	\$3,400	\$250,000
0-10	Age 55	Non Smoker	\$2,800	\$250,000
0-10	Age 55	Smoker	\$5,000	\$250,000
0-10	Age 60	Non Smoker	\$4,000	\$250,000
0-10	ge 60	Smoker	\$6,000	\$250,000

- 9) If we look at the fact thus far the State of Kansas has paid, or will pay by my understanding a total of \$1,750,000 for only 7 death claims, we could leverage the same dollars for an average of \$1,166 in annual premium paid per guard person for the desired \$250,000 of coverage if 1,500 persons were deployed at just over 35 years of attained age for one year on non-smokers.

Using this example, I see that this shifting of the current potential \$375,000,000 combat casualty liability only to an insurer for an estimated cost of \$1,750,000 as excellent leverage on the budget dollar to control this upward spiraling liability with no end in sight. We leveraged \$1,750,000 with \$375,000,000 in potential death benefits.

If we look at insuring all 8,000 regardless of deployment status for overall death payment equality, then, if we use the same starting assumption everyone is 35 years of age on average, 1/2 are smokers, 1/2 are non smokers it would take 1 estimate:

$$4,000 \text{ persons} \times \$1,000 \text{ premium} + 4,000 \text{ persons} \times \$1,500 \text{ premium} = \$10,000,000 \text{ for one year}$$

Using this example, I see that this shifting of the current potential \$2,000,000,000 total death liability to an insurer for only a known cost of \$10,000,000 as excellent leverage on the budget dollar. To date, the issue of no death payments for non combat deaths while in the Guard has been virtually ignored.

- 10) I would suggest we add a rider for return of premium at no additional cost. The intent of this suggestion would be for any premiums the State of Kansas paid for the coverage, for this to be paid back to the State when the death claim is paid and the family would still be paid the full death benefit.

For example, if we use the hypothetical 35 year old the State paid two years of \$1,500 annual premiums on while deployed, who was then killed in action, the family would receive \$250,000 of the \$253,000 death benefit paid by the insurer and the State would receive \$3,000. This small amount would at least in some instances put money back into the premium payment plan for the State that using group term premiums never would. Because no group is available, it makes good fiscal sense to do so for protection of the overall taxpayer interests when the option exists at the time of application.

- 11) The fact should also be discussed that all guard persons are not covered for death that would occur should a person be home on leave. It was reported in the 3/11/2007 Topeka Capital Journal Midway section that Army Reserve Spc. Lisa M. Andrews was struck by a civilian vehicle while on leave near Overland Park, Kansas. If she was a guard member, should her family be told that a death on combat leave is unworthy of a payment because it was not a combat death? It is a can of worms on who gets paid and who does not right now. Imagine the new can of worms in these kinds of scenarios.
- 12) One member asked why an insurer would be willing to take on this risk. This is not just a risk pool of our guard persons. It will be within the total pool of all company policyholders. However, they must underwrite each coverage request to price it based on the insurability of each request so that those with shorter life expectancies due to medical conditions will pay more. Anyone who has life insurance, car insurance or health insurance is a part of a pool already.

To be frank, we are all going to die at some point. The insurer can already predict the expected losses from any pool of insured's from heart disease, accidents, diabetes, etc. The wild card is the added risk of a combat death on top of the so called "normal" risks. Remember, the coverage will pay regardless of the cause of death, a combat death is just another cause as far as paying the claims is concerned, it is merely perceived as a higher risk than some other causes because of the level of danger attributed to that activity.

- 13) Time is of the essence. We have a solution on the table, what else is needed to move forward and begin the implementation process, or determine the state will self insure all losses with no liability cap and cease all efforts to secure a private insurance carrier?
- 14) A committee member asked if it was really possible to have all our guard persons die in combat and the State be stuck with the big figures I am looking at for \$375 million for those 1,500 deployed, and a total of \$2 billion dollars for all 8,000 guard persons. My response, it is indeed a known and possible risk.

I gave the example of the atomic bomb dropped on our enemy at the time, not once but twice where thousands upon thousands of individuals died all at once, or in a short time frame as a result in a concentrated area. This has been within a few short generations of this one and many in our statehouse were a part of that historical event in some form.

I would hope our nation would never grieve that kind of a loss of life, but the reality is we are in an age of advanced weaponry including atomic weaponry that indeed could wipe out large concentrations of personnel in a short time.

Those military persons in attendance agreed that units are often deployed intact, so the old version of war where a unit was shipped out and distributed across large expanses of territory in ones and twos is not necessarily the reality of a well trained combat zone unit of today.

Depending on the type of assault, the perimeter of the attack, and the concentration of Kansas guard personnel, we could indeed suffer a large loss of life in a matter of moments.

How would the State handle paying for 25 combat death claims from one unit all at one time? This could be a single event requiring \$6,250,000 in funding I simply do not see we have with no limit of potential liability as a taxpayer.

Possible Alternatives to consider instead of securing individual policies:

- a) Cease to pay any more families, period. This will be hard to do with the precedent for payment already in place.
- b) State of Kansas chooses to continue to act as a life insurance company for a group of Kansans in the amount of \$250,000 each while deployed and pay unlimited death claims in the amount of \$250,000 as they occur.

Thank you for your attention to my testimony earlier today and for my request for guidance on how best to proceed on this issue through committee.

Finally, my credentials are included that have been taken from the Paladin Registry. For your reference, Paladin Registry is a resource for locating pre-screened highly qualified Financial Advisors nationwide.

I would appreciate being notified of all meetings on this issue going forward.

Please contact me for additional information.

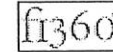
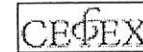
Sincerely,



Amy Rose Herrick, ChFC, IAR

CC: Col. Butch Dowse
Rep. Owens
Rep. Svaty
Rep. Williams
Rep. Holmes
Rep. Moxley
Rep. Wolf
Rep. Frownfetter
Rep. Whitham

5-6



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Profile:



Amy Herrick | ★★★★★

Business Philosophy

I provide personalized, integrated comprehensive planning services with open architected solutions. As an Independent Professional, I don't have a hidden product agenda or sales quota that must be met at your expense. My written suggestions are based solely on what is best for the achievement of your financial goals. Once we have developed and executed your strategy, we monitor your investment results and provide you with periodic reports. My success lies in achieving your dreams and goals.

Types of Assets

This section of the profile tells you the types of assets that this advisor works with.

I provide financial services for the following types of assets:

Individual investors, Retirement-DC Plans (401K), Retirement- DB Plans, Nonprofit – Endowment, Nonprofit – Foundation, Nonprofit – Trust

Professional Services

This section of the profile describes services that are provided by this advisor or the advisor's firm. The professional who provides planning services may or may not be a certified financial planner.

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Financial Services:	Planning services for individual investors, Investment Advisory services for individual investors
Planning Services:	Financial, Retirement, College, Estate, Tax, Charitable Divorce Asset Settlements Debt Structuring or Restructuring Cash Flow Analysis Budgeting Major Purchase planning
Investment Services:	Strategy development, Asset allocation, Money manager selection, Asset management, Performance reporting, Tax efficient strategies
Services for plan participants:	Educational materials, Asset allocation advice, Quarterly performance reviews, Face-to-face meetings, Telephone/Internet servicing, Group service meetings
Project Services:	Financial planning by the hour, Financial tune-ups Divorce Asset Settlement division suggestions Income Tax Preparation

Comments:

I have two distinct branches to my practice. They can be done as a compliment to each other, or they may stand alone at the clients preference. Generally, if at all possible, it is preferred to do both areas at once to have the best overall planning experience and results. Why? Because both areas are very dependent on each being structured correctly to meet financial goals and personal needs. One branch deals with everything that is NOT insurance or investment related such as debt structuring, income tax planning and tax reduction, estate structuring, business or personal cash flow, budgeting, large purchase planning, etc. The second branch details only insurance and investment related planning, selection, structuring, etc. issues.

Financial Expertise

All advisors claim to be financial experts. But, verbal claims aren't worth much when your financial future is at stake. Professionals who are profiled in the Registry document their

sources of financial expertise.

I have the following degrees or years of college: CHFC
IAR

I have the following years of financial services experience: 20

I hold these certifications/designations: ChFC ©
Investment Advisor Representative
Individual Income Tax Preparation
Registered Representative
Agent

I am a member of the following associations: None

I am a sole practitioner

Comments:

Licensing and Compliance

How good is investment advice that you can't trust. This section of the profile documents the advisor's licensing, fiduciary status, compliance history, and willingness to provide full disclosure to you.

I am Registered Investment Advisor: No

I am an Investment Advisor Representative: Yes

I acknowledge I am a fiduciary: Yes

I take discretion for investment decisions:

I hold the following security licenses: 63, 6

My CRD number is: 2129556

I hold the following insurance licenses: Life, Annuity, Long-Term Care, Disability, Health

My Insurance license number: KS 512685985

My compliance record has: No Disclosures

My Criminal record has: No Disclosures

Disclosure Statement: I agree to provide full disclosure to all investors who hire me through the Registry. The disclosures include: Potential conflicts of interest, compensation, and investment expenses.

Minimums and Compensation

This section of the profile documents the advisor's minimum requirements for working with clients and his or her method(s) of compensation.

My minimum fee requirement for an initial planning consultation is: None

My minimum asset requirement for Investment None

services for individuals is:
 The minimum asset requirement for other members of my firm is: None
 My minimum asset requirement for Investment services for institutions is:
 My method(s) of compensation for my services are as follows:
 Planning Services: Fixed fee, Hourly fee
 Investment Services: Asset-based fee, Fixed fee, Hourly fee, Commissions
 Project Services: Fixed fee, Hourly fee

Comments:

At the conclusion of the fact finding session, we will either proceed to the next step of development of written recommendations, or I will refer you to another professional if my services are not what are truly needed for your circumstances.

Client Services

This section of the profile documents the advisor's methods for providing client services and the scope of his or her current service activities.

I provide financial services to the following number of clients: 100+

I provide services for the following asset amount: \$13,000,000+

I supplement meetings with telephone calls on an as needed basis:

Yes

I provide services to remote clients who do not require face-to-face meetings:

Yes

Comments:

I am licensed to practice in Kansas (my home state).

All other states licensing is on a non-resident basis for Missouri, New Mexico, Colorado, Arizona, Texas, South Dakota and Washington.

Certification

I certify that all of the information in my professional profile is complete, accurate, and current.

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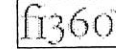
Name: Amy Herrick **Most Recent Update:** 02-17-2007

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Why use the Registry?

More than a half a million people have used Registry services to:

- Learn how to avoid the risks and consequences of bad financial advice
- Learn how to select high quality advisors and planners
- Find high quality financial professionals and firms who work in their communities
- Review documentation for advisor and firm credentials, ethics, business practices, and financial services.

Independent & Objective

Five important characteristics describe Registry independence and objectivity:

- All of our services are free to investors
- We are an information services company, not a financial services company
- No financial advisor or company has an equity stake in the Registry
- We are not licensed to sell any investment or insurance products
- We do not benefit financially from investor decisions

Quality Advisors

There are four key reasons why we limit the professionals we profile in the Registry to acknowledged fiduciaries:

- They are the best type of financial professional based on competence, ethics, business practices, and services.
- They are registered with the SEC or state agencies so they can provide financial advice that helps you achieve your financial goals.
- They are held to higher ethical standards than advisors who aren't fiduciaries.
- They are compensated with fees like other professionals (CPAs, attorneys) that you

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depend on for knowledge and services.

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Have a question? Contact us at info@paladinregistry.com or call 877.719.2022.

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