

Approved: March 11, 2008

Date

MINUTES OF THE HOUSE INSURANCE AND FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairman Clark Shultz at 3:40 P.M. on March 6, 2008 in Room 527-S of the Capitol.

All members were present except:

Representative Tom Burroughs- excused  
Representative Richard Carlson- excused  
Representative Mario Goico- excused  
Representative Joe Humerickhouse- excused  
Representative Brenda Landwehr- excused  
Representative Cindy Neighbor- excused  
Representative Vincent Wetta- excused

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department  
Terri Weber, Kansas Legislative Research Department  
Bruce Kinzie, Revisor of Statutes Office  
Ken Wilke, Revisor of Statutes Office  
Sue Fowler, Committee Assistant

Conferees appearing before the committee:

Cindy Hermes, Kansas Insurance Department  
Dan Nackley, Pooled Money Investment Board

Others attending:

See attached list.

Hearing on:

**SB 465**      **Casualty insurance filings for rates and forms**

Melissa Calderwood, Legislative Research Department, provided a brief overview on **SB 465**.

Proponent:

Cindy Hermes, Kansas Insurance Department, (Attachment #1), presented testimony before the committee in support of **SB 465**.

Hearing closed on **SB 465**.

Hearing on:

**SB 472**      **Pooled Money Investment Board; investment in certain corporate bonds**

Melissa Calderwood, Legislative Research Department, provided a brief overview on **SB 472**.

Proponent:

Dan Nackley, Pooled Money Investment Board, (Attachment #2), gave testimony in support of **SB 472**.

Hearing closed on **SB 472**.

Discussion and action on:

**SB 441**      **Health insurance; HIPAA date change**

Representative Dillmore moved **SB 441** favorable for passage and place on Consent Calendar. Seconded by Representative Anthony Brown. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Insurance and Financial Institutions Committee at 3:30 P.M. on March 6, 2008 in Room 527-S of the Capitol.

**SB 273**      **Insurance; related to the prompt payment of certain claims**

Representative Anthony Brown made a motion to amend SB 273 creating House Substitute for SB 273 by removing the content and inserting the content of a balloon amendment. The balloon amendment contained language similar to HB 2904. Seconded by Representative Faust-Goudeau. Motion carried. Representative Grant moved House Substitute for SB 273 favorable for passage. Seconded by Representative Kiegerl. Motion carried.

**SB 113**      **Insurance agents; continuing education requirements**

Representative Dillmore made a motion to amend SB 113 creating House Substitute for SB 113 by inserting a balloon amendment that contained the contents of HB 2690 and HB 2699. Seconded by Representative Peck. Motion carried. Representative Dillmore moved House Substitute SB 113 favorable for passage. Seconded by Representative Masterson. Motion carried.

**HB 2505**      **Insurance reimbursement for certain services**

Representative Dillmore moved to amend HB 2505 creating Substitute HB 2505 by inserting HB 2865. Seconded by Representative Grant. Motion carried. Representative Dillmore moved Substitute HB 2505 favorable for passage. Seconded by Representative Holmes. Motion Carried.

Representative Grant moved without objection to accept the minutes of March 5, 2008.

Next meeting will be Monday, March 10, 2008, 3:30 PM, in Room 527-S.

Meeting adjourned.





# Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

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## TESTIMONY ON SB 465

### HOUSE INSURANCE AND FINANCIAL INSTITUTIONS March 6, 2008

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before you today in support of SB 465. This bill is an attempt to "clean up" the language in K.S.A 40-216, section 2.

K.S.A. 40-216 gives authority to the Commissioner of Insurance to approve insurance forms. This language was enacted as a result of SB 539 of the 2006 legislative session. The main focus of SB 539 was to move from prior approval on forms to a file and use concept. Currently the statute says that the Commissioner may disapprove a contract (form) if the, "rates are determined to be inadequate, excessive, unfairly discriminatory or otherwise fails to meet the requirements of this act." This exact language exists under our statute that outlines the law regarding rate filing (K.S.A. 40-955 [d]).

SB 465 removes this portion of the statute and replaces it with language that allows the Insurance Department to disapprove forms if they, "do not comply with Kansas law."

Since language pertaining to rates already exists elsewhere in statute and since the presence of the rating language in the form statute creates confusion, we would like to recommend that changes made in SB 465 be passed favorably in an attempt to clarify our states insurance laws.

Thank you for the opportunity to speak today and I will now stand for questions.

Cindy Hermes  
Director of Government Affairs

House Insurance  
Date: 3-6-08  
Attachment # 1



# KANSAS

POOLED MONEY INVESTMENT BOARD  
DANIEL J. NACKLEY, DIRECTOR OF INVESTMENTS

KATHLEEN SEBELIUS, GOVERNOR

## Testimony on SB 472

Dan Nackley, Directory of Investments  
Pooled Money Investment Board  
March 6, 2008

The Honorable Clark Shultz, Chair  
House Insurance and Financial Institutions Committee

Representative Shultz and Members of the Committee:

On behalf of the Board of Directors of the Pooled Money Investment Board, thank you for the opportunity to review SB 472 with you today. As the state agency responsible for investing state moneys, SB 472 amends K.S.A. 75-4209 to include as eligible investments, corporate bonds receiving one of the two highest credit ratings from a nationally recognized rating firm.

The addition of highly rated corporate bonds allows the Pooled Money Investment Board to improve the return on state moneys by an estimated \$300,000 annually while diversifying our commercial securities holdings by investment type and maturity. Our commercial security holdings are currently limited to commercial paper, which have maximum maturities of 270 days. The addition of corporate bonds will allow us to match our commercial investment holdings more closely to cash flow projections, which go out two years.

The Pooled Money Investment Board has experience with the corporate bond market. As the investment portfolio manager for the Health Care Stabilization Fund and investment advisor to the Kansas Department of Transportation, we purchase, manage and recommend corporate bonds for these agencies' investment portfolios.

Highly rated corporate bonds are acceptable holdings for most state investment portfolios. Internet research found 33 states with either published investment portfolios or investment policies. Of the 33 states, 25 or 76% permitted corporate bond holdings.

The Pooled Money Investment Board feels the proposed amendment outlined in SB 472 is sound policy that increases state revenue with minimum risk. I am happy to answer any questions.