

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 22, 2008 in Room 136-N of the Capitol.

All members were present except Senator Wilson.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department
Ken Wilke, Office of Revisor of Statutes
Bev Beam, Committee Secretary
Jill Shelley, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department

Conferees appearing before the committee:

Others attending:

See attached list.

The Chair called the meeting to order.

Melissa Calderwood, Legislative Research Department, gave an overview of the F I & I Interim Committee Report regarding credit unions, tax credits and subsidence. Ms. Calderwood reported the Task Force made the following conclusions and recommendations:

The Special Committee on Financial Institutions and Insurance concluded that:

If no resolution between the parties appearing before the Committee is made prior to the start of the 2008 session, the Committee recommends the issue be addressed in the regular legislative session with regard to:

- . Updating the definition of "field of membership" and the terms specified in KSA 17-2205, including "groups," "community," and "rural district," to resolve the issue between the parties.
- . Forwarding this topic to the appropriate legislative committees for continued study.

Additionally, the Committee recommends that the issue of transparency, regarding the documentation of branching, mergers, acquisitions, and other modifications, be included in the 2008 Legislature's study.

Ms. Calderwood said regarding Tax Credits, the Special Committee on Financial Institutions and Insurance concluded that the reform proposals associated with SB 11 require further consideration by the Legislature, including those insurance items that could be reviewed by the Insurance standing committees. The Committee recommended that the appropriate legislative committees take a further look at the tax credits and benefits for long-term care insurance, health earned income tax credits, health insurance, and health savings accounts.

Ms. Calderwood noted further, regarding Mine Subsidence Insurance that the Special Committee on Financial Institutions and Insurance concluded that the Kansas Insurance Department has identified three carriers for subsidence coverage, and the Committee recommends allowing consumers this option of purchase in the private market. If, however, an agreement cannot be reached through these insurance companies and coverage is not readily available, the Committee recommends the Legislature continue to review the two legislative proposals (HB 2099 and SB 127).

Regarding Property & Casualty Insurance Modernization, the Task Force urges the Legislature to adopt the National Conference of Insurance Legislators Flex-Rating Regulatory Model Improvement Act. The Task Force members noted the solid regulatory environment in Kansas and the timing for adoption of this model with a soft market and competitive rates. The Task Force notes it also considered another regulatory model, as proposed in 2007 SB 274, and that issues regarding prior approval and competitive rating will require further consideration.

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on January 22, 2008 in Room 136-N of the Capitol.

Regarding Agency Licensing and Fee Modernization, the Task Force made no recommendation for this topic, other than to support continued study of the issues brought before the Task Force.

Regarding Workers Compensation, the Task Force acknowledges that achieving greater flexibility and accessibility in the workers compensation marketplace for all participants from large companies to the smaller, regional insurance companies is problematic. The Task Force encourages those involved from insurer to regulator to legislator to move towards a solution to this problem, with special attention to opening up the market and providing more flexibility and accessibility to single-group companies.

The meeting adjourned at 10:30 a.m.

