

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairman Clark Shultz at 3:30 p.m. on March 5, 2009, in Room 784 of the Docking State Office Building.

All members were present except:

Representative Steve Brunk- excused
Representative Bob Grant- excused
Representative Dale Swenson- excused

Committee staff present:

Bruce Kinzie, Office of the Revisor of Statutes
Sean Ostrow, Office of the Revisor of Statutes
Melissa Calderwood, Kansas Legislative Research Department
Sue Fowler, Committee Assistant

Conferee appearing before the Committee:

Wiley Kannarr, Office of Kansas Securities Commissioner

Others attending:

See attached list.

Chairman Shultz appointed a subcommittee on **SB 126**. Subcommittee members will be Representative Virgil Peck, Chair, Representative Rob Olson, and Representative Bob Grant. The subcommittee is charged with review of the testimony and to make a recommendation to the House Insurance Committee in one week, on Thursday, March 12, 2009.

Hearing on:

SB 137 Viatical act; exemption for acts and orders of securities commissioner.

Melissa Calderwood, Kansas Legislative Research Department, gave a brief overview of **SB 137**.

The Chairman opened the hearing on **SB 137**.

Proponent:

Wiley Kannarr, Office of Kansas Securities Commissioner, (Attachment 1), appeared before the committee in support of **SB137**.

Hearing closed on **SB 137**.

Discussion and action on:

SB 50 Risk-based capital requirements; establishing a trend test calculation.

Representative Neighbor moved to pass SB 50 out favorably. Seconded by Representative Olson. Representative Neighbor made a substitute motion to pass SB 50 out favorably and place on consent calendar. Seconded by Representative Olson. Motion passes.

Representative Hermanson made a motion to accept the March 3, 2009 minutes as written. Seconded by Representative Neighbor. Motion passes.

The next meeting is scheduled for March 10, 2009.

The meeting was adjourned at 3:45 p.m.



KANSAS

OFFICE OF THE SECURITIES COMMISSIONER

KATHLEEN SEBELIUS, GOVERNOR
CHRIS BIGGS, COMMISSIONER

TESTIMONY IN SUPPORT OF SENATE BILL No. 137
House Insurance Committee

Wiley Kannarr, Associate General Counsel
Office of the Securities Commissioner
March 5, 2009

Mr. Chairman and members of the committee,

The Office of the Securities Commissioner investigates and takes administrative, civil and criminal action related to securities law violations throughout the State of Kansas. Many of our cases involve alternative investment products, including viatical investments.

We have bought over a dozen cases related to viatical investments and returned in excess of \$1,000,000 to Kansas investors. We have further limited damage to Kansans through coordinated efforts with the Kansas Division of Insurance. Furthermore, the North American Securities Administrators' Association (NASAA) cooperated with state insurance regulators in the development of the NASAA Statement of Policy Regarding Viatical Investments to provide, seamless, non-duplicative, regulation of viatical products. Senate Bill 137 will continue these efforts by clarifying the preservation of the Securities Commissioner's authority to investigate violations of the Kansas Uniform Securities Act involving viatical investments and utilize a full range of legal appropriate to the violation.

Specifically, the Securities Commissioner requests that K.S.A. 2008 Supp 40-5012a (f) be amended to include the following NCOIL Life Settlements Model Act provision:

"This Act shall not preempt, supersede, or limit any provision of any state securities law or any rule, order, or notice issued thereunder".

K.S.A. 2008 supp. 40-5012a (f)(1) already provides for preservation of our authority to investigate, examine and **prosecute** violations of law. There is no clear preservation of the administrative authority of the Securities Commissioner. Failure to include this language will leave the Securities Commissioner in the awkward position of having to either ignore minor violations of the Kansas Uniform Securities Act or engage in criminal prosecution.

With that addition we can continue to effectively protect Kansas investors in viatical investments. Thank you for your consideration.