

Approved: March 12, 2009

Date

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairman Clark Shultz at 3:35 p.m. on March 10, 2009, in Room 784 of the Docking State Office Building.

All members were present except:

Representative Anthony Brown- 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

Cindy Lash, Kansas Legislative Research Department

Sue Fowler, Committee Assistant

Conferees appearing before the Committee:

Larry Magill, Kansas Association of Insurance Agents

Others attending:

See attached list.

Hearing on:

Sub for SB 89 **Open records, certain policy information not required to be open.**

Melissa Calderwood, Kansas Legislature Research Department, gave a brief overview of **Sub for SB 89.**

The Chairman opened the hearing on **Sub for SB 89.**

Proponent:

Larry Magill, Kansas Association of Insurance Agents, (Attachment 1), appeared before the committee in support of **Sub for SB 89.**

Hearing closed on **Sub for SB 89.**

Discussion and action on:

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

Representative Neighbor moved to pass SB 137 out favorably and place on the consent calendar. Seconded by Representative Swenson. Motion passes.

Representative Olson made a motion to accept the March 5, 2009 minutes as written. Seconded by Representative Dillmore. Motion passes.

The next meeting is scheduled for March 12, 2009.

The meeting was adjourned at 3:40 p.m.

Kansas Association of Insurance Agents



**Testimony on Substitute for Senate Bill 89
Before the House Insurance Committee
By Larry Magill
March 10, 2009**

Thank you Mister Chairman and members of the Committee for the opportunity to appear today in support of Substitute for Senate Bill 89. My name is Larry Magill and I'm representing the Kansas Association of Insurance Agents. We have approximately 550 member agencies and branches throughout the state and our members write approximately 70% of the commercial insurance in Kansas including workers compensation. Our members are free to represent many different insurance companies.

Last year KAIA requested introduction of SB 639 late in the session when the problem it addresses first came to light. Until last year, we did not realize that the workers compensation records of all businesses in Kansas were open records and subject to a request for the entire database from the Division of Workers Compensation.

The Division asks for businesses' workers compensation information to enforce the mandatory insurance requirement of our workers compensation statute and to allow injured workers and their representatives to verify coverage.

Depending on the data maintained by the Division, there is a great deal of information on a firm's workers compensation policy that businesses and agents would consider confidential. Agents view the expiration dates as a trade secret and the value of an agency's "expirations" is most of the value of an agency. It is one of the most sensitive pieces of information an agency has from a competitive standpoint. In addition businesses might not want their experience modification, their payroll classifications and payroll amounts revealed either.

And while the Open Records Act has penalties in it for commercial use of state records, it has never been enforced to our knowledge. And, in fact, the damage would be done by the time the state might try to sanction a list seller for selling this information.

We have worked closely with the Secretary of Labor and the Division of Workers Compensation on this issue and appreciate their help drafting the change.

This year, when we requested introduction by the Senate Financial Institutions and Insurance Committee of SB 89 we choose to approach it through the workers compensation act, not realizing that there was a similar interest again this year in not dealing with workers compensation bills on either floor. After visiting with leadership in both houses, it appears that our bill would be best dealt with through the Open Records Act. Therefore, we requested a substitute bill from the Senate FI&I Committee under the Open Records Act. That is the bill before you today, which passed 40 to 0 in the Senate.

We urge the committee to pass the bill out favorably. Thank you for the opportunity for a hearing today. We would be happy to respond to questions or provide additional information.

House Insurance
Date: 3-10-09
Attachment # 1