



Kansas Department of Insurance

Commissioner Vicki Schmidt

Proponent Testimony for SB 423

February 8, 2024

Chairman Longbine and Members of the Committee,

Thank you for the opportunity to testify in support of Senate Bill 423.

Senate Bill 423 amends K.S.A. 40-2102, 40-2109, 40-3116, 40-3413, and 65-34,126. by reducing the number of board members on certain insurance-related governing boards. It also adds language to allow for the removal of appointed board members for inefficiency, neglect of duty, or malfeasance. The bill also amends K.S.A. 75-4101 to remove the requirement the State's Committee on Surety Bonds and Insurance to meet at prescribed times.

This bill would reduce the size of four boards that the Commissioner appoints the members of:

- Automobile Assigned Claims Plan and Automobile Insurance Plan Board of Governors (9 reduced to 5)
- Health Care Provider Insurance Availability Plan Board of Directors (9 reduced to 5)
- Underground Storage Tank Liability Board Plan Board of Governors (5 reduced to 3)
- Workers Compensation Insurance Governing Board (9 reduced to 5)

The reduction in members would be categorical for the three boards reducing from 9 members to 5 and would not enlarge any particular category of representation. The Underground Storage Tank Liability Board reduction removes the public members from the board. The bill would allow current members of the boards to serve out the remainder of 2024, before either being reappointed for a three-year term or being removed.

Additionally, this bill would add language that would allow the Commissioner the ability to remove those appointed board members for inefficiency, neglect of duty, or malfeasance. This would bring the statute in line with industry standards and protect the boards and the Department from behavior not in keeping with their mission.

Finally, this bill also changes the meeting requirements for the committee on surety bonds and insurance. Currently, by statute the committee meets monthly, on the second Monday of the month. This bill would remove that language and leave the meetings to be set by the call of the chair. This will allow the board to be more flexible and avoid unnecessary meetings at times when there is no business to discuss.

The Department believes that this bill would create further efficiencies and cost savings by bringing the operations of these boards in line with what is necessary to conduct their business. Often it can be difficult for the Department to find representatives that are willing and able to serve on these boards. This bill would help with that issue and would encourage board membership that is active and not perfunctory.

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