

MINUTES OF THE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE

The meeting was called to order by Chairperson Senator Ruth Teichman at 9:30 a.m. on February 18, 2003 in Room 234-N of the Capitol.

All members were present except: Senator David Adkins, Excused

Committee staff present: Ken Wilke, Office of the Revisor of Statutes
Dr. Bill Wolff, Kansas Legislative Research Department
Marlene Putnam, Committee Secretary

Conferees appearing before the committee: Barbara Conant
Karen Hiller
Larry McGill
Martha Smith

Others attending: See attached list

Senator Feleciano was introduced to speak on his bill **SB 176**

His preference is to outlaw credit scoring. However, this will not happen, so we need to provide some balance to an issue that is critical to the citizens of this state. I believe that my bill goes a long ways toward doing this. He provided the committee with a comprehensive spread sheet to compare the different models of possible bills for credit scoring.

SB 176 would regulate the use of credit reports and insurance scores by insurance providers. It would prohibit the use of insurance scores or credit information that is based on an individual's race, color, creed, religion, national origin, age, gender, marital status, occupation or physical or mental impairment. (See attachment 1)

Barb Conant, Kansas Trial Lawyers Association . She spoke in support of **SB 176**. (See attachment 2) KTLA supports legislative efforts that ensure the safety of products and services that Kansans rely on and enjoy. Under **SB 176** the practice of insurance credit scoring is open for regulatory and public scrutiny. KTLA believes that if legislation is passed in Kansas, the process behind the practice of insurance credit scoring must be open for public and regulatory scrutiny and study.

Karen Hiller, Executive Director of Housing and Credit Counseling, Inc. spoke in opposition to **SB 176**. (See attachment 3)

Martha Neu Smith, Executive Director of Kansas Mfg. Housing Assc. , gave testimony on **SB 176** (See attachment 4) She took a neutral position on the bill.

Larry Magill, Kansas Association of Insurance Agents.(See attachment 5) He spoke as a proponent of **SB**

CONTINUATION SHEET

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Based on the huge response to our fax-back survey in November and the calls and comments of members, they overwhelmingly support seeking reasonable statutory or regulatory control over credit scoring in Kansas.

Bruce White, Vice President of Underwriting for Farmers Alliance Mutual Insurance Company. Spoke as a proponent for **SB 144**. (See attachment 6) He stated that his company is opposed to including farm in this proposed legislation. Farm insurance is labeled as commercial lines insurance in Kansas and by including it in this legislation would blur the distinction between commercial lines and personal lines. The bottom line is that credit-based insurance scoring has been proven to be one of the most effective tools when coupled with underwriting criteria to predict the likelihood of future losses.

Bill Sneed, Legislative Counsel, State Farm Insurance Companies, (See attachment 7, 7a, 7b) Written testimony. He testified as a proponent for **SB 144**. He stated that Credit-based insurance scoring uses a variety of factors, not just credit information. It predicts future insurance losses **not lending risks**.

Gary Bates, Kansas Assistive Technology Cooperative (See attachment 8) opponent to **SB 144**.

Mike McGrew, Chairman of the Insurance Credit Scoring Task Force. As chairman, Mr. McGrew is satisfied that **SB 144** of the task force report. It follows the recommendations is a good beginning for regulating insurance credit scoring and providing a healthy insurance market in Kansas. (See attachment 9)

Gina McDonald, Kansas Assoc. Of Centers for Independent Living (KACIL). We are in opposition of **SB 144**. (See attachment 10)

Meeting Adjourned