

MINUTES OF THE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 a.m. on February 17, 2011, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes
Melissa Calderwood, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Beverly Beam, Committee Assistant

Conferees appearing before the Committee:

Kevin R. Davis, Director of Consumer Affairs, Kansas Insurance Department
Linda Becker, Administrator, Kansas Life and Health Insurance Guaranty Association
Dave Hanson, Kansas Life & Health Insurance Association (written only)

Others attending:

See attached list.

The Chair called the meeting to order.

Hearing on

SB 179 - Kansas life and health guaranty association act.

Ken Wilke gave an overview of **SB 179**. He said this bill comes from the Kansas Insurance Department and proposes several changes. He stated that this bill would amend the Kansas Life and Health Guaranty Association Act to add language from the National Association of Insurance Commissioners Model Act to provide uniformity in coverage to Kansas residents as compared to other states' residents. The bill also makes clarifying amendments to the Kansas Life and Health Guaranty Association Act. Mr. Wilke went through the bill section by section pointing out the various changes. He said many of the changes are cleanup and modernization.

Kevin Davis, Kansas Insurance Department, testified in support of **SB 179**. He stated that this bill makes a number of amendments to the Life and Health Insurance Guaranty Association Act to add language to improve the operations and provide uniformity in coverage to Kansas residents as compared to other states' residents. He said it makes a number of technical changes to add clarity to a certain provision in the statutes. He said this bill will also make several changes to the limits of certain coverages provided for in the plan. He noted that when a life, health or other insurance company covered under the plan goes insolvent, this act will respond to claims of Kansas policyholders. He said the Department is recommending these proposed amendments in order to have consistency among all the states in the operations and the reimbursement of claims of insolvent insurance entities in order to protect Kansas consumers. (Attachment 1)

Linda Becker, Kansas Life and Health Insurance Guaranty Association, testified in support of **SB 179**. She stated that the Kansas Life and Health Insurance Guaranty Association Act was passed by the Kansas Legislature in 1972 to protect resident policyholders of life, annuity and health insurance companies in the event of insolvency of the insurance company issuing such policies or contracts. She said in order to provide this protection, the Kansas Life and Health Insurance Guaranty Association was created to enable the payment of benefits and to provide continuation of insurance coverages. She noted that through the years, Kansas has amended the Act to provide a safety net that is uniform and consistent with the model act and with other state guaranty association laws. She said the proposed amendments would now increase the limits on various health insurance coverages to levels currently provided by more than half of the state guaranty associations and consistent with the model act. She said **SB 179** will update the Act to comply with the more critical provisions of the model act and will offer policyholder protection to residents of Kansas that is uniform and consistent with today's national standards. (Attachment 2)

CONTINUATION SHEET

The minutes of the Financial Institutions & Insurance Committee at 9:30 a.m. on February 17, 2011, in Room 152-S of the Capitol.

Following Q & A, the Chair said she would take up this bill at a later time. She closed the hearing on **SB 179**.

Dave Hanson, Kansas Life & Health Insurance Association, presented written testimony only.

Action on

SB 85 - Removal of mandatory participation requirements for group life insurance

Melissa Calderwood gave a brief over and reminded the committee that this bill was requested by the American Council of Life Insurers.

Senator Taddiken moved to pass this bill out. Senator Masterson seconded. Motion passed.

The next meeting is scheduled for February 21, 2011.

The meeting was adjourned at 10:30 a.m.