

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

The Committee on **Financial Institutions and Insurance** recommends **HB 2139**, as amended by House Committee of the Whole, be amended on page 1, in line 9, after "insurance" by inserting "from an admitted carrier";

On page 2, in line 42, by striking all after the period; by striking all in line 43;

On page 3, by striking all in lines 1 and 2; in line 3 by striking all before "Personal";

On page 5, following line 20, by inserting:

"(m) (1) Any entity that purchases a workers compensation policy for the covered employees of more than one employer pursuant to a shared employment relationship with each employer must purchase the workers compensation policy on a separate multiple coordinate policy basis. Such workers compensation policies must be issued pursuant to K.S.A. 44-501 et seq., and amendments thereto, from an insurer holding a certificate of authority to do business in this state and providing workers compensation coverage.

(2) The commissioner of insurance shall be authorized to adopt such rules and regulation as are reasonable and necessary to carry out the purpose and the provisions of this subsection.";

On page 7, following line 12, by inserting:

"Sec. 4. K.S.A. 40-954 is hereby amended to read as follows: 40-954. In determining whether rates are not excessive or inadequate or not unfairly discriminatory:

(a) Due consideration shall be given to:

(1) Past and prospective loss and expense experience within and outside the state;

(2) catastrophe hazards and contingencies;

(3) trends within and outside this state;

(4) loadings for leveling premium rates over time;

(5) dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers and the investment income of the insurer; and

(6) all other relevant factors within and outside the state, including the judgment of technical personnel.

(b) The expense provisions included in the rates to be used by an insurer may reflect the operating methods of the insurer, or group of insurers, and, so far as it is credible, its own expense experience.

(c) Risks may be classified in any reasonable way for the establishment of rates and minimum premiums, except that no classification may be based on race, color, creed or national origin and classifications in automobile insurance may not be based on physical disability of an insured. Rates thus produced may be modified for individual risks in accordance with rating plans, schedules, ~~except for workers compensation~~, individual risk premium modification plans and expense reduction plans that establish reasonable standards for measuring probable variations in experience, hazards, expenses or any combination of those factors.

Such standards shall permit recognition of expected differences in loss or expense characteristics, and shall be designed so that such plans are reasonable and equitable in their application, and are not unfairly discriminatory, violative of public policy or otherwise contrary to the best interests of the people of this state. This section shall not prevent the development of new or innovative rating methods which otherwise comply with this act.

(d) Rates may be modified for individual risks, upon written application of the insured, stating the insured's reasons therefore, filed with and not disapproved by the commissioner within 10 days after filings.

(e) The rates may contain provisions for contingencies and an allowance permitting a reasonable profit. In determining the reasonableness of the profit, consideration shall be given to the investment income attributable to the line of insurance.

(f) The commissioner may by rule exempt any person or class of persons, line of insurance, or any market segment from any or all of the provisions of this chapter, if and to the extent that the commissioner finds their application unnecessary to achieve the purposes of this act.

(g) Once it has been filed, use of any rating plan shall be mandatory and such plan shall be applied uniformly for eligible risks in a manner that is not unfairly discriminatory.";

And by renumbering the remaining sections accordingly;

Also on page 7, in line 13, before "40-2109" by inserting "40-954 and";

On page 1, in the title, in line 3, after "K.S.A." by inserting "40-954 and"; and the bill be passed as amended.

Chairperson