SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2076

<u>As Amended by Senate Committee on
Financial Institutions and Insurance</u>

Brief*

HB 2076, as amended, would make amendments to certain statutory time requirements specified for municipal pools and group-funded workers compensation pools and extend the sunset provision that allows anti-fraud plans to remain confidential from July 1, 2011 to July 1, 2016.

Kansas Municipal Group-Funded Pool Act

Specifically, the bill would amend provisions in the Kansas Municipal Group-Funded Pool Act to increase two time limitations among the statutory requirements:

- From 30 to 60 days, the requirement that application for certificate of authority to operate a pool be made to the Insurance Commissioner prior to the proposed inception date of the pool; and

- From 90 to 150 days, the time permitted for the pool's filing of an independent, audited financial statement with the Insurance Commissioner after the end of the pool's fiscal year.

Anti-fraud Plans, Sunset Provision (Open Records Act)

The bill also would extend the sunset provision that

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*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at http://www.kslegislature.org

allows anti-fraud plans submitted to the Insurance Commissioner to be confidential and not public record, from July 1, 2011 to July 1, 2016.

Group-Funded Workers Compensation Pools

The bill would amend a requirement in the law governing group-funded workers compensation pools to increase the time permitted for the pool's filing of an independent, audited financial statement with the Insurance Commissioner from 90 days to 150 days after the end of the pool's fiscal year.

Background

The bill was introduced at the request of the Kansas Insurance Department whose representative indicated that amendments to the time requirements provided in the municipal group-funded pool statutes would allow for consistency among entities regulated by the Department. The amendment to KSA 12-2618 would be in line with the same requirement of group-funded workers compensation pools (KSA 44-582). The proposed filing due date in KSA 12-2620 would be identical to that required of insurance companies. (A similar amendment for group-funded workers compensation pools is included in 2011 HB 2077). There were no opponents to the bill at the time of the House Committee hearing.

The Senate Committee on Financial Institutions and Insurance amended the bill to insert provisions from House Bills 2075 (anti-fraud plans) and 2077 (group-funded workers compensation pools). The contents of HB 2076 (as recommended by House Committee) remain.

HB 2075 was introduced at the request of the Kansas Insurance Department whose representative indicated that insurers are required to develop anti-fraud initiatives or file an anti-fraud plan with the Department. These initiatives or plans are to be held confidential and not subject to public record;

this is to keep programs, the representative noted, from disclosure to individuals attempting to defraud insurance companies.

HB 2077 was introduced at the request of the Kansas Insurance Department whose representative indicated that the Department has received, on average, requests from at least 50 percent of the group-funded workers compensation pools over the past several years requesting to file the statements after the filing due date. The proposed due date to file audited financial statements is the same as that required of insurance companies (this amended time frame also is being proposed in 2011 HB 2076 for municipal group-funded pools). There were no opponents present at the House Committee hearings for House bills 2075 and 2077.

The fiscal note prepared by the Division of the Budget states that the Kansas Insurance Department indicates that passage of the the bill would have no fiscal effect on state operations. The fiscal note for both House bills 2075 and 2077 also indicate there would be no fiscal effect on state operations.