

SESSION OF 2012

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2373

As Amended by House Committee on Insurance

Brief*

HB 2373 would amend a provision in the Insurance Code governing life insurance policies to permit the combination sale of life insurance coverage with certain health insurance products, including specified disease and critical illness riders.

The bill would require the riders to meet certain requirements, including the rate and form filing requirements applicable to accident and sickness policies (KSA 40-2201 *et seq.*), and the provisions governing accident and health insurance specified in Article 4 of the Kansas Administrative Regulations. The combination policy would be required to show the premium charge for the specified disease or critical illness rider, or both, and the premium charged for life insurance.

Additionally, the bill would allow the insured to cancel the disease or critical illness rider, or both, and continue the life insurance policy by payment of the stated premium.

Background

The bill was introduced by the House Federal and State Affairs Committee. A representative of Allstate Insurance Company appeared in support of the bill and indicated combination policies (the addition of limited health insurance coverage, in the form of a rider, to life insurance policies) are an efficient way of providing coverage for a specific disease

*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>

or critical illness including, for example, a lump sum payment to the policyholder if he or she suffers a heart attack, stroke, or coma. Coverage for a specified disease or illness, under current Kansas law, cannot be combined as an additional benefit in a life insurance policy. The Assistant Insurance Commissioner testified in support of the bill, as amended by the amendment submitted by the representative of Allstate.

There were no opponents to the bill at the time of the House Committee hearing.

The House Committee on Insurance amendments deleted a provision that would have allowed for the combination of certain categories of coverage, including specified illness or disease, hospital indemnity or other fixed indemnity, and inserted language to allow the combination sale of certain health insurance coverage and life insurance policies. The amendment required the specified disease or illness product to comply with certain regulations and standards specified in current law and regulation. The Committee also made a technical amendment to update the statute, subject to the provisions of the bill, to the 2011 version.

The fiscal note prepared by the Division of the Budget on the original bill states the Kansas Insurance Department indicates passage of the bill would have no fiscal effect on its operations.