

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Rep. Robert Tomlinson at 3:35 pm on January 22, 2002 in Room 527-S of the Capitol.

All members were present except: Representative Gene O'Brien

Committee staff present: Bill Wolff, Legislative Research  
Mr. Ken Wilke, Legislative Revisor  
Mary Best, Administrative Assistant

Conferees appearing before the committee: Mr. Shelby Smith, American Leukemia Association  
Mr. Bill Sneed, Mortgage Insurance Companies of America  
Mr. Kevin Glendening, State Bank Commissioner Office

Others attending: See Attached Guest List

Upon calling the meeting to order, Chairman Tomlinson recognized Mr. Shelby Smith, American Leukemia Association. Mr. Smith came before the committee to present a bill regarding insurance coverage for expenses for participating in a clinical trial. There were no questions and there was no written testimony.

Mr. Bill Sneed representing Mortgage Insurance Companies of America, was the next conferee to come before the committee. Mr. Sneed gave Proponent Testimony regarding HB 2639- Mortgage Guaranty Insurance Company; authorized real estate security requirements. A copy of the written testimony is (Attachment #1) attached hereto and incorporated into the Minutes by reference. Mr. Sneed explained the bill was to amend K.S.A. Section 40-3502©), permitting "mortgage guaranty insurers to insure mortgage loans over 100% of the value of the underlying property." He continued on to explain that eliminating the maximum loan to value ratio ("LTV"), would allow Kansas citizens with a good credit history and stable income to finance the closing cost and fees associated with the real estate transaction. After completing his testimony, Mr. Sneed stood from questions from the committee. Questions were directed from the Revisor, correcting the bill number on the fourth page, Representatives Kirk, Boston, Phelps, McCreary, Huff, and Chairman Tomlinson. Mr Kevin Glendening, State Bank Commissioner Office, requested time to address the committee and present testimony against the bill. A copy of the testimony is (Attachment #2) attached hereto and incorporated into the Minutes by reference. He is against the bill feeling the bill would allow the mortgage insurance to be written in any amount by the lender. He feels the removal of the ceiling could encourage lenders to make loans that fall into "high loan-to-value loans, which are not necessarily understood by the consumers and are know as "subprime market". He did not feel these loans were in the best interest of the consumer.

Questions were asked by Representatives Grant, Hummerickhouse, Mayans, Toelkes, Kirk, Grant, Sharp (to Mr. Sneed), and the Chairman. Mr. Glendening directed questions to Mr. Sneed. With no further discussion, the hearing was closed.

The Chair called the attention of the committee to the Minutes of the last meeting (January 15), Representative Phelps made the motion to accept the Minutes without corrections. Representative Grant seconded the motion. The motion passed.

The meeting was adjourned. Time was 4:45 pm. The next meeting will be held January 29, 2002, at 3:30pm.