

## MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Rep. Robert Tomlinson at 3:30 p.m. on January 25, 2001 in Room 527-S of the Capitol.

All members were present except:                   Rep. Carlos Mayans  
                                                                          Rep. Jene Vickery

Committee staff present:                               Bill Wolff, Research  
                                                                          Ken Wilke, Revisor  
                                                                          Mary Best, Committee Secretary

Conferees appearing before the committee:       Jeff Bottenberg, Western Surety  
                                                                          Don McNeeley, Kansas Auto Dealers

Others attending:                                         See Attached Guest List

Upon calling the meeting to order, Chairman Tomlinson introduced Karen France, Kansas Association of Realtors. Ms. France came before the committee to present a bill addressing "Affiliated Title Companies."

A copy of the request is (Attachment #1) attached hereto and incorporated into the Minutes by reference. This bill would allow Kansas Realtor members to own title insurance companies. Although there is a similar bill in place now (**HB 2692**), this bill would eliminate the 20% rule for all counties. "Additionally, the bill would allow additional requirements for entities owned by producers of business, as well as additional penalties for violation of the statutory requirements." Questions were asked by Rep. Grant and Ostmeyer. A motion was made by Representative Hummerickhouse to accept and hear the bill. The motion was seconded by Representative Huff. A vote was taken and the motion passed.

The next order of business was to hear testimony from Mr. Jeff Bottenberg, Western Surety. Mr. Bottenberg presented Proponent Testimony to the committee. A copy of the testimony is (Attachment #2 & 3) attached hereto and incorporated into the Minutes by reference. Mr. Bottenberg was offering an amendment to **HB 2114**, which limits the persons making a claim on a motor vehicle dealer surety bond to only consumers. This bond has a value of \$15,000., with the purpose of giving the consumer some way to defray financial losses when fraud was present by the dealer transactions. The consumer must first obtain a legal judgement against the dealer. Mr. Bottenberg stated that as of right now a credit union or other financial business may also file claim and since they and not the consumer knows of the bill, then the financial business is able to claim the money first, as it is whom ever files first gets the money. Most consumers know nothing of this bill or their rights. Questions were asked by Rep.'s Tomlinson, McCreary, Sharp, Edmonds.

Ms. Sheila Walker, Kansas State Department of Revenue, was the next conferee to give Proponent Testimony. A copy of the testimony is (Attachment #'s 4,5,6) attached hereto and incorporated into the Minutes by reference. Ms. Walker offered an Amendment to the bill. The bond was raised from \$15, 000 to \$30,000, and the words "any person" and "party" were struck and the word "consumer" was inserted. She let the committee know that this bill would limit bond relief only to the individual who is a retail buyer and eliminates businesses, dealers, and other entities buying or securing interest in vehicles. Ms. Walker stood for questions.

Mr. Dan McNeeley, Kansas Automobile Dealers Association, offered Opponent Testimony. A copy of the testimony is (Attachment #7) attached hereto and incorporated into the Minutes by reference. Mr. McNeeley stated to the committee that **HB 2114** limited who can make a claim, and leaving corporations out of the loop. Mr. McNeeley stated that the KADA felt that dealers should be able to file against the bond for relief as well. It was also brought out that the bonds usually deal with used vehicles. Mr. McNeeley stood for questions. Rep. Kirk spoke in regards to companies vs individuals.

House Committee on Insurance

January 25, 2001

Page 2

With no further discussions. The public hearings on the bill were closed, and the meeting was adjourned. The time was 4:10 p.m. The next meeting will be held Tuesday January 30, 2001.