

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 a.m. on February 3, 2004 in Room 234-N of the Capitol.

All members were present except:
Senator David Adkins- Absent

Committee staff present:
Bill Wolff, Legislative Research
Ken Wilke, Office of the Revisor of Statutes
Nancy Shaughnessy, Committee Secretary

Conferees appearing before the committee:
Jerry Wells, Kansas Insurance Department

Others attending:
See Attached List.

Senator Teichman opened the committee meeting calling members attention to the bill index at their places. The listing is for their information and tracks the status of the bills that have been brought before the Senate FII committee this session.

Bill Introductions

Bud Burke of the Kansas Payday Loan Association requests a bill introduction(Attachment 1) that lowers the maximum loan amount and creates a flat rate fee which is stair-stepped in its application of rates.

Motion to introduce the bill by Senator Barnett. Second by Senator Helgerson. Motion passed.

Lee Wright, Farmer's Insurance Group introduced a bill(Attachment 2) which would prohibit a financial lender from requiring a borrower to obtain Homeowners insurance in an amount that would exceed the replacement value of the home, as a condition for obtaining a residential mortgage.

Motion to introduce the bill by Senator Salmans. Second by Senator Buhler. Motion passed

The Chair then opened the bill hearing on **SB 342--Insurance; technical amendment to form of certain policies**. She asked Dr. Bill Wolff of Legislative Research to comment on the intent of the bill. Dr. Wolff stated that the bill amends the language of K.S.A. 40-2202 Section (a) subsection (8) in the following respects: it substitutes the word "and" for the present word "or" in subsection (8) so that the new subsection would read as follows:*(8) any provision purporting to base the payment of benefits on "usual customary and reasonable charges" or a standard of similar import is specifically defined ~~or~~ and the determination of payable benefits is developed from a statistically valid sample which: (A) equitable recognizes geographic variations; (B) is produced at least every six months; and (C) is collected on the basis of the most current codes and nomenclature developed and maintained by recognized authorities.*

Jerry Wells-Kansas Insurance Department testified in favor of adopting the bill. The origin of the bill comes out of consumer assistance. The language change allows the consumer to benefit directly from this more accurate standard of setting a reasonable benefit payment.

The Chair closed the hearing and asked the Committee if they would like to work the bill. Senator Helgerson requested some additional time to do research on the bill. The Chair indicated that she would hold the bill for a couple of days and reschedule the bill for possible action by the Committee.

Move approval of the minutes of Jan.20th, 21 and 22nd by Senator Buhler. Second by Senator Corbin. Motion passed.

Meeting adjourned at 10:05 a.m.

Next Meeting scheduled for February 4, 2004

CONTINUATION SHEET

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE at 9:30 a.m. on February 3, 2004 in Room 234-N of the Capitol.