

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on January 25, 2007 in Room 234-N of the Capitol.

All members were present except Senator Wysong.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department
Terri Weber, Kansas Legislative Research Department
Ken Wilke, Office of Revisor of Statutes
Bev Beam, Committee Secretary

Conferees appearing before the committee:

John Meetz, Government Affairs Liaison, Kansas Insurance Dept.

Others attending:

See attached list.

The Chair welcomed everyone to the meeting.

The Chair asked for a motion to approve the minutes of January 10, 17, 18 and 23. **Senator Steineger moved to approve the minutes. Senator Wilson seconded. Motion carried.**

Bill Introductions

Julie Hein introduced a bill pertaining to pharmacy benefit manager statute making amendments to the registration statute that passed in 2006. They are incorporating suggested amendments from the Insurance Commissioner's Office as well regarding enforcement provisions.

Senator Steineger moved that the bill be introduced. Senator Wilson seconded. Motion carried.

Natalie Haag, Security Benefit Corporation, introduced a bill on behalf of Security Benefit pertaining to Kansas Life and Health modernizing the way they elect a Board of Directors and a bill pertaining to all other Kansas domestic companies' acquisition of subsidiaries.

Senator Brungardt moved introduction of the bill. Senator Steineger seconded. Motion carried.

Lisa Benlon, Legislative/Government Relations Director, on behalf of the American Cancer Society, introduced a bill that would assure that state regulated insurance companies pay for colorectal cancer.

Senator Steineger moved introduction of the bill. Senator Wilson seconded. Motion carried.

Hearing on:

SB 102 - concerning insurance; pertaining to HIPAA compliance; amending K.S.A. 2006 Supp. 40-2258 and repealing the existing section.

John Meetz, Government Affairs Liaison for the Kansas Insurance Department, reported that (SB 102) amends the Kansas Mental Health Parity Law (HIPAA) (K.S.A. 40-2258) by extending the sunset date for one more year to December 31, 2007. The controlling federal legislation was passed and signed into law. Kansas, along with every other state, is required by this legislation to change its sunset date to December 31, 2007. Failure to do so would surrender regulatory control in this area to the federal government.

SB 111 - concerning insurance companies; pertaining to sharing of certain information; amending K.S.A. 40-222 and repealing the existing section.

SB-111 was proposed by the Kansas Insurance Department to allow it to share examination reports of insurance companies with agencies of other countries. These reports contain information regarding the financial condition of the company, including but not limited to assets, liabilities and owners equity. The

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reports also include information regarding the structure of the company, such as names of board members and key executives.

Provisions that currently exist in K.S.A. 40-222 ensure that these international agencies are held to strict standards that prevent the improper use of the information contained in these examination reports.

NAIC accreditation standards currently do not require that insurance departments share examination reports with agencies of other countries; however, the NAIC has made it clear that these standards will likely be required in the future.

In addition to NAIC accreditation, there are other important incentives to share examination reports. Companies in Kansas that wish to sell policies in the international marketplace must comply with many of the same standards that foreign companies must obey when entering the insurance marketplace. The ability to share examination reports with other countries will allow the Kansas Insurance Department to facilitate the opening of international markets to Kansas Insurance companies.

SB-112 concerning frequency of examination reports.

SB-112 will amend K.S.A. 40-209, a statute that outlines requirements regarding examination reports. Currently, the statute requires insurance companies wishing to conduct business in the state of Kansas to submit an examination report that has been conducted within three years of the date of application. However, most states do not administer examinations more often than five years. As a result, when approving applications, the Kansas Insurance Department must often waive this requirement and accept reports of examinations that have been conducted within five years as opposed to three. The bill proposes that the requirement for frequency of examination reports be changed from “three” to “five,” thus putting the Kansas Insurance Department in step with the majority of insurance departments around the nation.

Hearings on **SB 102, 111** and **112** were closed. Meeting adjourned at 10:30 a.m.