

SESSION OF 2013

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2339

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

HB 2339, as amended, 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. Specified disease or critical illness riders, or both, would be allowed to be incorporated into life insurance policies, provided the policies show the premiums charged for the life insurance and health insurance riders. In addition, the insured could discontinue the riders and continue the life insurance policy, at the option of the insured.

Background

HB 2339, as introduced, would have amended a requirement in the Insurance Code for notice to policyholders of adverse underwriting decisions and refunds. The Senate Committee on Financial Institutions and Insurance amendment deleted the contents of the bill and inserted the contents of HB 2126, as amended by the House Committee on Insurance.

HB 2126 was introduced by the House Committee on Insurance at the request of the Allstate Insurance Company. At the House Committee hearing, a representative of Allstate Insurance provided testimony in favor of the bill stating all other 49 states allow for the combination of certain health insurance riders with life insurance policies. Under current Kansas insurance law, however, coverage for a “specified

*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>

disease or illness” cannot be combined as an additional benefit in a life insurance policy, even if the insurance company is licensed to write both types of insurance policies. The representative added the combination policies are an efficient way of providing coverage for a specific disease or critical illness, for example, a lump sum payment to the policyholder if he or she suffers a heart attack, stroke, or coma.

The House Committee amended the bill to include revised language about combining life insurance and health insurance riders into one policy and the insured may discontinue the riders and continue the life insurance policy at the insured’s request.

The fiscal note provided by the Division of the Budget on HB 2126, as introduced, states the passage of the bill would have no fiscal effect on Kansas Insurance Department operations.