

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 February 7, 2006 in Room 234-N of the Capitol.

All members were present.

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:

Gary Daniels, Secretary SRS
Bill Sneed, State Farm Insurance
Cindy D'Ercole, Kansas Association for Children (written only)

Others attending:

See attached list.

The Chair welcomed everyone. The Chair announced to the Committee that the committee would also meet Monday, February 13, due to influx of bills received last week. She also told the Committee that on February 9, Dr. Wong would be in attendance to talk about the impact of **(SB 264)**. At that time my intentions are not to take testimony but to look at suggested changes, she said.

The Chair opened the hearing on **(SB 468)**. She called on Melissa Calderwood for an overview. Ms. Calderwood said **(SB 468)** is an act which concerns child support enforcement; relating to payments under an insurance policy and workers compensation; perfection of a lien and unlawful acts and explained that **(SB 468)** would amend several provisions of existing law to expand the administrative actions allowed by the Kansas Department of Social and Rehabilitative services.

Gary Daniels, Secretary, Kansas Department of Social and Rehabilitation Services was next to testify as a proponent of **(SB 468)**. Mr. Daniels said **(SB 468)** is part of a package of changes intended to improve Kansas' efforts to efficiently and effectively enforce support orders whenever they go unpaid. This bill expands existing enforcement remedies by creating procedures to identify and intercept certain types of insurance proceeds otherwise payable to support debtors, he said.

Mr. Daniels said Kansas law presently provides an automatic lien on personal property for nonpayment of support. This legislation would require SRS to establish a process that allows insurers to determine whether such a lien exists when a workers compensation or personal injury insurance claim is made and a payment is made to an individual claimant. By addressing only those claims payable directly to the support debtor, this measure will not affect payments to third party providers such as doctors, attorneys, or hospitals.

(SB 468) also proposes streamlining existing administrative enforcement procedures to ensure they can be used effectively to enforce an insurance lien and eliminate ambiguities, he said. Using administrative processes to enforce support liens on insurance settlements will minimize the impact of these liens on court dockets and resources; provide aggrieved persons options for prompt administrative or judicial review; use legal staff only when complex issues or circumstances require, and minimize the administrative burden on insurance carriers who prefer the automation options available through administrative procedures. (Attachment 1)

Mr. Daniels introduced Jamie Corkhill, Attorney, Social and Rehabilitation Services. She also testified as a proponent of the bill.

Written testimony of Cindy D'Ercole, Kansas Action for Children was presented as a proponent of the Bill. (Attachment 2)

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on February 7, 2006 in Room 234-N of the Capitol.

The Chair introduced Bill Sneed, Legislative Counsel, State Farm Insurance Companies. Mr. Sneed testified as an opponent of **(SB 468)**. Mr. Sneed said he applauds the Administration's effort in attempt to collect child support; however, placing the burden on an insurance company is costly, time-consuming, and in many instances creates some issues of privacy. Mr. Sneed asked why insurance companies are being selected and forced to partner with state government and assist in child support collections. Such a program could be applied to banks, savings and loans, credit unions, security houses, and many others, he said. Based on that, it seems unfair to apply this law to one sector of the financial marketplace. (Attachment 3)

Following much discussion, the Chair closed the hearing on **(SB 468)**.

Final Action

The Chair called for final action on **(SB 422)** and asked for testimony from Ken Wilke regarding questions raised by Senator Barone regarding line 18 where it talks about district court and line 22 where it talks about the office of county auditor and whether those are the appropriate terms.

Mr. Wilke said the first section deals with K.S.A. 19-621 and my suggestion would be to keep the term "district clerk" the same, he said. This has a companion statute, K.S.A. 19-620 which pretty well ties things together with the clerk of the district court and those two statutes work together in concert, he said. My suggestion would be not to make any change in the language in **(SB 422)**.

The Chair said this statute only applies to those counties 80,000 or above 300,000 or below. The first section makes a determination that applies only to counties that have populations between 80,000 and 300,000, but the rest of the bill takes in the rest of the counties. Senator Brungardt moved that the Committee on Financial Institutions and Insurance recommend **(SB 422)** favorably be passed. Senator Wilson seconded the motion. Motion passed.

Final Action

The chair called for final action on **(SB 405)**. Senator Schmidt moved to pass **(SB 405)**. Senator Brungardt seconded the motion.

Ken Wilke said that it was pointed out to him that in Subsection F on Page 2 of **(SB 405)** that the insurance commissioner has amended existing law to provide for the prescription drug plan sponsors but the manner in which they did so, wiped out some existing authority that they wished to keep so I have a balloon to rectify that situation if the committee so desires.

Senator Schmidt withdrew her motion to pass **(SB 405)**. Senator Brungardt withdrew his second.

The Revisor said it would now read in Section F, line 29 as follows:

- (1) Except as provided in paragraph (2), the commissioner of insurance may, upon renewal of a Certificate of Authority waive any of the above requirements except those relating to assets capital and surplus.
- (2) The commissioner of insurance may, at the commissioner's discretion, waive any of the above requirements for prescription drug plan sponsors as defined by 42 U.S.C. 1395w-151 as in effect on January 1, 2006. (Attachment 4)

Senator Steineger moved to amend **(SB 405)**. Senator Brungardt seconded the motion. Motion passed.

Senator Schmidt moved to recommend **(SB 405)** favorably for passage as amended. Senator Brungardt seconded the motion. Motion passed.

The Chair said action will be closed on **(SB 422)** and **(SB 405)**.

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on February 7, 2006 in Room 234-N of the Capitol.

The Chair asked for a motion to approve the minutes of January 31, February 1 and 2. Senator Steineger moved approval of the minutes. Senator Wilson seconded the motion. Motion passed.

Meeting adjourned at 10:30 a.m.