Approved: March 18, 2015

MINUTES OF THE HOUSE INSURANCE COMMITTEE

The meeting was called to order by Chairperson Scott Schwab at 3:30 pm on Wednesday, March 11, 2015, 152-S of the Capitol.

All members were present except:
- Representative Pete DeGraaf – Excused
- Representative Steven Anthimides – Excused
- Representative Mario Goico – Excused

Committee staff present:
- Iraida Orr, Legislative Research Department
- Melissa Calderwood-Renick, Legislative Research Department
- David Wiese, Office of Revisor of Statutes
- Diane Brian, Kansas Legislative Committee Assistant
- Eileen Ma, Office of Revisor of Statutes

Conferees appearing before the Committee:
- Clark Shultz, Kansas Department of Insurance
- Charles Wheelen, Health Care Stabilization Fund Board of Governors
- James Hall, ACLI

Others in attendance:
- See Attached List

Hearing on: SB76 — Requiring certain insurers and insurance groups to maintain a risk management framework through an internal risk self-assessment.

Eileen Ma presented an overview of the bill and Chairman Schwab opened the hearing.

Clark Shultz, Director of Governmental Affairs for the Department of Insurance, appeared before the committee as a proponent. He stated that with the recent changes in the insurance holding company system act and the addition of the ORSA, the Department should have greater access to group wide information (Attachment 1) .

There was no opposing or neutral testimony and the hearing was closed on **SB76**.

Hearing on: SB101 — Amending the definition of "health care provider" in the health care provider insurance availability act to exclude certain persons.

Eileen Ma gave overview of the bill and the Chair opened the hearing on **SB101**.

Melissa Renick distributed the Health Care Stabilization Fund Oversight Committee report which identifies, among other items, the impact of the 2014 legislation and issues being addressed by this bill (copy of this publication is available on the KLRD website).

Charles Wheelen, appeared on behalf of the Health Care Stabilization Fund Board of Governors, he stated that this bill would clarify exemptions from the definition of "health care provider" under the

Health Care Provider and would include additional exemptions (Attachment 2) .

There was no opposing or neutral testimony, and the Chair closed the hearing on **SB101.**

Hearing on: SB47 — Establishing principle-based reserves and updating the standard nonforfeiture law for life insurance companies.
Eileen Ma presented an overview of the bill and Chairman Schwab opened the hearing on **SB47**.

The following testified before the committee as proponents and responded to questions:
James Hall stated that if enacted, this bill would adopt National Association of Insurance Commissioners Model amendments to modernize the state's insurance code to allow life insurance companies to conduct "principle-based reserving". The outdated reserving method now results in some products being under-reserved and other products being over-reserved. The goal of this bill is to ensure that it matches the risk that is actually being assumed by the insurance company (Attachment 3).

Clark Shultz testified that **SB47** would make it easier to calculate reserves and adapt to requirements for changing products. This bill would also bring the Standard Nonforfeiture Law into alignment with the amendments to the Standard Valuation Law (Attachment 4).

Kathy Damron, on behalf of Prudential Financial, Inc., submitted written testimony is support of the bill (Attachment 5).

There was no opposing or neutral testimony and the Chair closed the hearing on **SB47**.

Meeting adjourned. Next meeting is scheduled for Monday, March 16, 2015