

Approved:  
Date: February 19, 2002

## MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Sandy Praeger at 9:30 a.m. on January 29, 2002 in Room 234 N of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Kansas Legislative Research Department  
Ken Wilke, Office of the Revisor of Statutes  
JoAnn Bunten, Committee Secretary

Conferees appearing before the committee:

Patrick J. Mulvihill, Asst. Dir., Financial Surveillance Div., KID  
David Hanson, Kansas Insurance Associations  
Kathy Greenlee, General Counsel, KID

Others attending: See attached list.

### **Hearing on SB 388 - Risk-based capital requirements**

Patrick J. Mulvihill testified before the Committee in support of **SB 388** which would change the effective date of risk-based capital instructions put forth by the National Association of Insurance Commissioners from December 31, 2000, to December 31, 2001. Mr. Mulvihill noted that risk-based capital is a method that has been used by the Kansas Insurance Department for several years to evaluate the financial solvency of insurance companies doing business in this state. The risk-based capital statutes also prescribe various forms of regulatory action that may be taken, or shall be taken, in the event that a company's calculated risk-based capital meets certain thresholds. ([Attachment 1](#))

David Hanson, representing the Kansas Insurance Associations, also testified in support of the bill. ([Attachment 2](#)) During Committee discussion it was pointed out the effective date of risk-based capital instructions are changed annually.

There were no opponents to **SB 388**.

### **Hearing on SB 389 - Information sharing between Insurance Department and certain other entities**

Kathy Greenlee, General Counsel, KID, testified in support of **SB 389** which would allow the Insurance Commissioner to enter into information sharing and exchange agreements with other functional regulatory agencies that have overlapping regulatory jurisdiction with the Insurance Department. Ms. Greenlee also requested an amendment that would delete subsection (d) of the bill. She noted that as currently drafted, subsection (d) mirrors the language of K.S.A. 40-222 (k)(7), and since section (a) of **SB 389** addresses confidentiality, subsection (d) of the bill is not necessary. ([Attachment 3](#))

There were no opponents to **SB 389**.

### **Hearing on SB 390 - Reinsurance statute - information sharing by commissioner**

Patrick J. Mulvihill, Assistant Director, Financial Surveillance Division, KID, testified in support of **SB 390** which would make the reinsurance statute consistent in its use of the reference to "qualified United States financial institution." Mr. Mulvihill noted that the bill would also delete a provision in current law which prohibits a title insurance company from being able to take reserve credit on business ceded to an unauthorized insurer under alternatives, currently found in statute, that are presently available to other types of insurers as noted in his written testimony. ([Attachment 4](#))

CONTINUATION SHEET

There were no opponents to **SB 390**.

**Action on SB 388 and 390.**

Senator Feleciano made a motion the Committee recommend **SB 388** favorable for passage, seconded by Senator Teichman. The motion carried.

Senator Barnett made a motion the Committee recommend **SB 390** favorable for passage, seconded by Senator Brungardt. The motion carried.

**Approval of minutes**

Senator Brungardt made a motion to approve the Committee minutes of January 22, 23 and 24, 2002, seconded by Senator Corbin. The motion carried.

**Adjournment**

The meeting was adjourned at 10:20 a.m.

