

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 17, 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:

Clancy Norris, State Banking Commissioner

Others attending:

See attached list.

Introduction

The Chair welcomed members of the FI&I Committee and staff. After introductions, the Chair reviewed the Committee agenda for the upcoming week.

Special Order 2005-1

The Chair told the group that they have at their places Special Order 2005-1 issued by the office of the State Banking Commissioner. She said by law the Commissioner must send a notice to the Chairs of the House and Senate Financial Committees to inform them of any special orders he makes during the year. The Chair said this order revokes the Special Order of 2003-1. She said basically it changes who outlines the parameters of being able to purchase insurance. She asked Commissioner Norris for any comments on the Special Order. Commissioner Norris said with this Special Order state banks are now afforded the same opportunity to purchase and hold life insurance in a manner consistent with the parameters outlined in the Interagency Statement and consistent with safe and sound banking practices as national banks. (Attachment 1)

Interim Committee Report

The Chair asked Melissa Calderwood, Legislative Research Staff member, to report on the Interim-Committee on Financial Institutions and Insurance. Melissa said the committee was charged with the following:

To study the current financial environment created by the regulation provided by the Kansas Uniform Consumer Credit Code and separately to study the health care and health insurance environment in Kansas.

Assigned topics for interim study included:

1. To study the current finance charges, rates, and terms under the Kansas Uniform Consumer Credit Code and the impact of the Code on financial institutions, loan companies, and Kansas consumers and the current regulatory environment in Kansas; and

2. To study the 2005 (**HB 2143**) **An act amending the uniform consumer credit code; relating to finance charges** and other proposed UCCC amendments which deals with the UCCC and the limiting of finance charges.

Ms. Calderwood said the Special Committee on Financial Institutions and Insurance reviewed the two proposed bills and concluded that the interest rate ceiling legislation (**HB2143**) not be recommended and the alternate finance charge for closed-end consumer installment loans legislation (**HB 2278**) - **An act relating to the consumer credit code; concerning alternative finance charges on certain consumer loans** not be recommended to the 2006 Legislature and recommended the introduction of new legislation to address the requested (**HB 2278**) amendments. Ms. Calderwood said the Committee recommends the introduction of one

CONTINUATION SHEET

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bill on this topic.

Ms. Calderwood said the Committee also reviewed four proposed bills introduced during the 2005 Session that address health care and health insurance issues. The Committee recommended that the **abuse of health insurance legislation (SB 165) be recommended unfavorably; the assignment of health insurance for covered services legislation (SB 166) be recommended adversely; and, the insurance payments for covered dental services legislation (SB 167) be recommended adversely to the 2006 Legislature.** The Committee took no action on legislation that allowed for removal of limitations on deductibles, coinsurance and similar payments (**HB 2366**), as it had requested only a progress report. The Committee proposed no legislation. (Attachment 2)

Introduction of Bills

The Chair called upon Ron Gaches on behalf of Security Finance. Mr. Gaches said he has come back with a fresh draft of (**HB 2278**) - that was presented to the Interim Committee that addressed several concerns raised by the Bank Commissioner's office as well as some legislators. The revised bill draft was one the Interim Committee recommended favorably. Mr. Gaches asked that this bill be introduced to this committee. Senator Barnett made a motion that the Committee introduce the proposed legislation. The motion was seconded by Senator Brownlee. Motion carried.

Adjournment

The meeting adjourned at 10:20 a.m. The next meeting of the Committee is scheduled for January 18, 2006.