

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Rep. Robert Tomlinson at 3:30 p.m. on February 15, 2001 in Room 527-S of the Capitol.

All members were present except: Representative John Edmonds
Representative Bonnie Sharp

Committee staff present: Bill Wolff, Legislative Research
Ken Wilke, Legislative Revisor
Mary Best, Committee Secretary

Conferees appearing before the committee: Mr. Marlyn Burch, Kansas Insurance Department
Mr. John Gann, Kansas Insurance and Financial Advisors

Others attending: See Attached Guest List

Upon calling the meeting to order Chairman Tomlinson requested the pleasure on **HB 2480**-Adoption of model regulation concerning privacy of financial and health information of consumers. A motion was made by Representative Grant to the move the bill out favorably for passage. Representative Dreher seconded the motion, and there was no discussion. The motion carried.

With this business completed the Chairman recognized Mr. Marlyn Burch, Kansas Insurance Department. Mr. Burch gave Proponent Testimony to the committee. A copy of the testimony is (Attachment #1) attached hereto and incorporated into the Minutes by reference. Mr. Burch gave the following explanation to the committee regarding viaticals, since it is a new term. "A viatical settlement is where an individual sells his or her life insurance policy to a third party for cash and receives less than the full amount of the death benefit. The buyer becomes the new owner and/or beneficiary, pays all future premiums, and collects the full amount of the death benefit when the insured dies. Mr. Burch indicated this bill was a strong consumer protection bill and that the Insurance Department was requesting to replace the entire bill. He covered the sections to be replaced or added and why, starting with the definition section (Section 1), Section 2: Requirements to license. The bill limits the number of calls to people to see if they are dead. Section 10: Prohibited Practices (these are listed in the bill); Section 11 is a new section and addresses advertising requirements; Section 12, Fraud Prevention. Mr. Burch informed the committee that the amendments were mostly technical. Mr. Burch reviewed the and spoke in depth on fraud and "wet paper" or "wet ink" transactions. He attached an outline and supporting letters and these are included in his attachment. Questions were asked by Chairman Tomlinson, Representatives Mayans, Boston, Huff, Kirk, Phelps, Huy, Vickery. The questions discussed were about the bill passing last year and this amendment, safeguarded issues, who are the violators, explaining the bill and viatical again, who gets the money. The questions continued on: act of fraud, number of states with this type of a bill, number of calls, how to recruit people to sign up for these policies and falsifying information, where they find out about these policies, fiscal note.

Mr. John Gann, Kansas Insurance and Financial Association, gave Proponent Testimony to the committee. A copy of the testimony is (Attachment #2) attached hereto and incorporated into the Minutes by reference. Mr. Gann offered no new testimony and supported Mr. Burch's testimony. Questions were asked by Representative Boston, McCreary.

Kansas Insurance Department stated they will get information on the "accelerated death benefit" clause.

With this the public hearing on the bill closed and the meeting was adjourned.

Time was 5:10 p.m.

The next meeting will be held February 20, 2001.