

Approved:
Date: March 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 March 14, 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:

Larry Magill, Kansas Association of Insurance Agents
Kathy Olsen, Kansas Bankers Association
Chuck Stones, Kansas Bankers Association

Others attending: See attached list.

Introduction of Resolution

Larry Magill, Kansas Association of Insurance Agents, requested introduction of a Senate Concurrent Resolution that would request the Kansas Commissioner of Insurance to study the use of insurance scoring reports within the insurance industry and the need for additional regulation, if any.

Senator Feleciano made a motion the Committee introduce the proposed Concurrent Resolution, seconded by Senator Teichman. The motion carried.

Hearing on HB 2807 - Consumer protection, method of payment authorization

Kathy Olsen, Kansas Bankers Association, presented testimony to the Committee in support of **HB 2807** which concerns the Kansas Consumer Protection Act and relates to a bank's authority to refuse payment on a check. Ms. Olsen noted that this legislation is designed to clear up a conflict between legislation passed in the 2001 session and a provision in the Uniform Commercial Code as shown in her written testimony. (Attachment 1)

The State Bank Commissioner, Franklin Nelson, did not provide written testimony, but stated he did not have a problem with the bill.

There were no opponents to **HB 2807**.

Hearing on HB 2812 - UCCC, balloon payment, exceptions

Chuck Stones, Kansas Bankers Association, testified before the Committee in support of **HB 2812** which amends one section of the Uniform Consumer Credit Code relating to balloon payments. The bill authorizes the Bank Commissioner to exempt transactions involving a consumer loan secured by a motor vehicle from the requirement that, upon refinancing a balloon payment, the terms of the refinancing can be no less favorable to the consumer than the terms of the original transaction. Mr. Stones noted that the exemption they are asking for is patterned after Iowa law and would allow the balloon payment to be renegotiated only when the loan is "secured solely by a certificate of title in a motor vehicle." The new language in the bill also gives the administrator of the UCCC approval powers of the terms of the lease look-a-like programs in order for the balloon payment exemption to be effective. (Attachment 2). Kevin Glendening, Deputy Commissioner in the Office of the State Bank Commissioner, contributed to the discussion by noting such legislation could be done by rules and regulations. The Chair directed staff to draft a balloon of the bill which would provide such oversight subject to rules and regulations.

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The Committee also discussed the need to protect the consumer from predatory loans as well as wanting conditions of the loan defined for the consumer's protection.

There were no opponents to the bill.

Action on HB 2807

Senator Teichman made a motion that the Committee recommend **HB 2807** favorable for passage, seconded by Senator Feleciano. The motion carried.

Adjournment

The meeting was adjourned at 10:00 a.m. The next meeting is scheduled for March 19, 2002.

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