

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 a.m. on January 29, 2004 in Room 234-N of the Capitol.

All members were present except:

Senator David Adkins- absent

Committee staff present:

Dr. Bill Wolff–Legislative Research

Ken Wilke–Revisor of Statutes

Nancy Shaughnessy, Committee Secretary

Conferees appearing before the committee:

Bill Sneed-StateFarm Insurance Company

Jarrod Forbes-Kansas Insurance Department

Amy Valenciano-State Farm Insurance Company

Others attending:

See Attached List.

Senator Barnett, Vice-Chair opened the meeting for Chairperson Senator Teichman who was delayed at another meeting. The Chair introduced Bill Henry, representing Kansas Credit Unions Association, who provided an informational report to the Committee. (Attachment 1) In Kansas there are currently five hundred and thirty-three thousand (533,000) Credit Union members or twenty percent (20%) of the State's population. The average size of Kansas Credit Unions is twenty-three (23) million dollars but the median size in assets is seven point four 7.4 million dollars, indicating the variety and size in assets. In the last year the loan growth has increased by seven (7) percent. That is encouraging as the prior three years have been a flat growth rate. Sixty-five per cent (65%) of all loans are made to consumers. First and second Mortgage loans account for another thirty-two (32%). Credit Unions are consumer driven.

Senator Barnett moved the agenda to Bill Introductions, hearing none, he proceeded to bill hearings on **SB 311–Foreign Language; insurance policies** The Chair called on conferee Bill Sneed of State Farm Insurance Company. (Attachment 2)

Bill Sneed thanked the committee for agreeing to introduce **SB 311**. It is a familiar looking bill as it is identical to a bill that was heard in the Senate FII Committee a year ago, **HB 2071**. The bill deals with ability of an insurance company to utilize an insurance policy/other information to provide to consumers in a foreign language. Last year when the bill was being discussed there was only one other State that had passed legislation. Currently, there are 11 states and State Farm is working to pass this in other states. Mr. Sneed reiterated the following reasons to consider favorable passage:

- There is a general principal that insurance companies are severely limited as what they cannot provide in the materials that they present to their insured.
- By allowing insurers to utilize a foreign language on a voluntary basis, the marketplace will be utilized to determine how quickly and to what extent this type of material will be used.
- Neither insurance companies nor state regulators are totally equipped for mandatory requirement of such policies. Leaving it voluntary appears to be the optimum way to proceed at this point.
- Creating a statutory basis for providing foreign language materials also provides and opportunity to statutorily provide protection for consumers.
- There is a general principal that insurance companies are severely limited as what they cannot provide in the materials that they present to their insured.
- By allowing insurers to utilize a foreign language on a voluntary basis, the marketplace will be utilized to determine how quickly and to what extent this type of material will be used.
- Creating a statutory basis for providing foreign language materials also provides an opportunity to statutorily provide protection for consumers.

CONTINUATION SHEET

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE at 9:30 a.m. on January 29, 2004 in Room 234-N of the Capitol.

Mr. Sneed indicated that pg. 2 of the bill lines 4-14 is essentially what State Farm is attempting to do. The remainder of the bill language from 15 on is at the request of the Kansas Insurance Department and making provisions for any violations of the Kansas Unfair Trade Practices law currently on the books.

Jarrold Forbes of the Kansas Insurance Company testified (Attachment 3) that the legislation proposed in **SB 311** allows insurance companies to provide informative documents in languages other than English. The Department welcomes this Legislation and commends the efforts of all insurers planning to implement this practice.

Amy Valenciano, Public Affairs Specialist for State Farm Insurance testified (Attachment 4) regarding the need for the foreign language policies. Hispanics and Asians are the largest growing population segments in the United States. This rate of growth is reflected in Kansas. From 1990 to 2000 the Hispanic population in Kansas grew one hundred and eight per cent (108%) and the Asian by forty-seven(47%). This rate of growth will continue. Nationwide seventy-four per cent (74%) of US born Hispanics use Spanish at home and fifty-nine per cent(59%) consider Spanish as their first language. Providing policy/materials information to consumers in their primary language is a service Kansans need and want.

No opponents to the bill were present to testify.

Vice-Chair Senator Barnett indicated that the Chair wished to work this bill in committee today and asked for a motion.

Senator Brungardt made a motion to pass the bill out of committee. Seconded by Senator Steineger. Motion passed.

Meeting adjourned at 10:05 AM

The next Committee meeting is scheduled for Tuesday February 3, 2004.