

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 February 2, 2006 in Room 234-N of the Capitol.

All members were present except:

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:

Senator Barbara Allen
Brad Smoot, AIA
Senator Ruth Teichman

Others attending:

See attached list.

The Chair welcomed everyone to the meeting.

Introduction of bills

The Chair called on Senator Barbara Allen who introduced a bill relating to the internal review process on appeals that health insurance companies must follow. Under current law, Kansas does require health insurance companies to have an internal review process, but we do not stipulate what that process must be, she said.

She said the NAIC has a Health Carrier Grievance Procedure Model Act, parts of which are the basis of this bill. She said further that, according to information provided by the NAIC, 39 states have enacted either model/similar legislation, or related legislation/regulations. Kansas is one of eleven states that has taken no legislative action in this area, she said.

Senator Wysong moved to introduce this legislation. Senator Brungardt seconded the motion. Motion passed.

Next, the Chair called on Brad Smoot, Legal Counsel, American Insurance Association for bill introduction. Mr. Smoot said the legislation he was introducing would further deregulate commercial insurance rating and form filing requirements. AIA is a trade association of 430 insurers providing business and personal insurance to customers in all fifty states, he said, and their product lines include business, general liability, workers compensation, malpractice, homeowners and auto insurance. He said a bill draft is attached with the suggested changes. He said AIA asks that the bill be introduced as a committee bill and that the draft be subject to Revisor edits and minor modifications being discussed with the Kansas Insurance Department. (Attachment 1)

Senator Barone moved to introduce this legislation. Senator Wilson seconded the motion. Motion passed

Senator Teichman also introduced legislation. She said regarding the confirmation of John Smith, as she had stated on the Senate Floor, the problem with it was the date. She said now he is going to be confirmed with the date on the confirmation which is to expire November 1, 2009. That is not a usual time, it was just an arbitrarily picked time and we are going to correct that through statute to expire December 31, 2009 and every four years thereafter. It corrects the date we have with John now and moves him to December 31, 2009, she said. This is just to clear up the confusion of exactly when they have their dates turnover. Senator Wysong moved to introduce this legislation. Senator Wilson seconded the motion. Motion passed.

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on February 2, 2006 in Room 234-N of the Capitol.

The Chair opened discussion on (**SB 321**) - relating to the Kansas Department of Revenue; providing for the development and implementation of an electronic motor vehicle financial security verification system;

The Chair said it was general consensus that there should be a task force to further study (**SB 321**). She said she has asked Ken Wilke to draw up a draft that would go into this bill and we would be passing this bill with the task force in it.

Ken Wilke said he has a balloon that will facilitate matters. He said what he has done is amend the title slightly so it will establish a task force to study the development and implementation of electronic motor vehicle financial security verification system and take out the amendment of K.S.A. 2005 Supp. 40-3118.

He said in effect, he was gutting the bill and creating a task force consisting of 17 members to include the commissioner of insurance or the commissioner's designee; the secretary of revenue or the secretary's designee; the director of the division of motor vehicles or the director's designee; one member appointed by the president of the senate; one member appointed by the minority leader of the senate; one member appointed by the speaker of the house of representatives; one member representing a domestic casualty insurance company appointed by the insurance commissioner from a list submitted by the Kansas Association of Property and Casualty Insurance Companies; one member representing foreign stock insurance companies appointed by the insurance commissioner from a list submitted by the National Association of Independent Insurers; one member representing a property and casualty insurance company appointed by the insurance commissioner from a list submitted by the Alliance of American Insurers; one member representing a property and casualty insurance company appointed by the insurance commissioner from a list submitted by the National Association of Mutual Insurance Companies; one member representing the licensed Kansas insurance agents appointed by the insurance commissioner from a list submitted by the Kansas Association of Insurance Agents and two members appointed by the governor representing law enforcement and one member appointed by the Governor representing the consumer interests.

He said the commissioner of insurance would serve as the chairperson and appoint the vice chairperson from the membership of the task force. The chairperson and vice chairperson would not be of the same political party. No task force member would receive any compensation, subsistence, mileage or other allowances for serving on the task force or attending any meeting.

He said the task force would study the issues relating to the implementation of an electronic motor vehicle financial security verification system for the real time verification of compliance with the financial security requirements. He said the development of the electronic motor vehicle financial security verification system would be done in consultation with the state commissioner of insurance, law enforcement agencies, county agencies and insurance companies.

He said in studying the development of the electronic motor vehicle financial security verification system, the task force would take into consideration the likelihood the system would reduce the number of insured motorists in the state; the reliability of the system; the cost-effectiveness of the system; privacy protections of the system; and data security and integrity of the system.

Mr. Wilke said the task force would prepare a report containing the results of the study and the task force's recommendations and conclusions coming from the study would be transmitted to the speaker of the house of representatives, the president of the senate, the chair of the house committee on insurance, and the chair of the senate committee on financial institutions and insurance no later than the convening of the 2007 Kansas legislature.

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The Chair asked for questions or comments.

Following lengthy discussion both pro and con, the Chair suggested that rather than putting the language into the bill, the bill be left as it is, and the task force language be put in the form of a resolution.

Senator Wysong commented, so the resolution would establish a task force to study the problem along the goals previously enumerated and the task force would produce a report that the Committee might implement in bill form. I so move. Senator Schmidt seconded the motion. Motion passed.

The Chair opened (**SB 322**) for discussion. Following discussion, the Chair suggested the committee continue looking at (**SB 322**) and address this bill at a later date.

The meeting adjourned at 10:30 a.m.