

Approved:
Date: March 26, 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 21, 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
William Sneed, State Farm Insurance Companies
Tony Kimmi, Farm Bureau Mutual Insurance Company, Inc.

Others attending: See attached list.

Hearing on SCR 1623 - Urging the study of insurance scoring reports

Larry Magill, Kansas Association of Insurance Agents, testified before the Committee in support of the Concurrent Resolution calling for a task force to study the use of credit scoring in insurance and report back to the legislature next January. (Attachment 1)

William Sneed, State Farm Insurance Companies, appeared in opposition to the Resolution and requested that no action be taken at this time inasmuch as there would be some cost to the state with respect to the working group as noted in the text of the Resolution. As an alternative, Mr. Sneed felt that the best course of action would be for the Chair to request the Commissioner of Insurance to form an ad hoc committee to study this issue. (Attachment 2)

During Committee discussion, Linda DeCoursey, Kansas Insurance Department, informed the Committee that at the recent NAIC meeting credit scoring was a topic of interest across the country and most members felt there needed to be a study made on the issue. A suggestion was also made by a member of the Committee that members of the task force not be paid. The Chair noted the Committee will take action on the Resolution at the end of today's meeting.

Hearing on HB 2879 - Automobile insurance - cancellation of policy for nonpayment of dues to organization

Tony Kimmi, Farm Bureau Mutual Insurance Company, Inc., testified in support of **HB 2879** which would allow the company to refuse to renew a policy of automobile insurance based upon the insured's failure to maintain membership in the qualified association. Mr. Kimmi noted that they currently have several hundred insureds that are benefitting from insurance coverage without the requirement of membership. (Attachment 3). During Committee discussion Mr. Kimmi noted that their average dues are \$35.00 per year. There were no opponents to the bill.

Action on HB 2677 - Public works bonds; restrictions on requirements thereof

Senator Corbin made a motion the Committee recommend HB 2677 favorable for passage, seconded by Senator Barnett. The motion carried.

Action on HB 2723 - Manufactured homes and mobile homes; certification of titles

Senator Feleciano made a motion the Committee recommend HB 2723 favorable for passage, seconded by Senator Brungardt. The motion carried.

Action on SCR 1623 - Urging the study of insurance scoring reports

The Committee discussed the make-up of the task force and changes they wanted to make to the Resolution. It was conceptually agreed that members of the legislature not receive compensation for serving on the task force, and two legislators be appointed from each house.

Senator Feleciano made a motion that language on page 1 relating to legislative members serving on the task force be changed to read the President of the Senate and Senate Minority Leader each appoint one member, and the Speaker of the House and House Minority Leader each appoint one member to serve on the task force, and to strike on page 2, lines 8 and 9 which reads, "Legislative members serving on the task force shall receive pay and allowances as provided for legislative service," and to strike the word "other" after the word "All" on line 9, and SCR 1623 be adopted as amended, seconded by Senator Teichman. The motion carried.

Adjournment

The meeting was adjourned at 10:30 a.m. The next meeting is scheduled for March 26, 2002.

