

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 3, 2005 in Room 234-N of the Capitol.

All members were present except:

Dennis Wilson- absent

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department

Terri Weber, Kansas Legislative Research Department

Ken Wilke, Office of Revisor of Statutes

Sandy Yingling, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

Madam Chair opened the meeting by welcoming several people present from her district.

Madam Chair announced the hearing on **SB 100** and introduced Jarrod Forbes from the State Insurance Commissioner's office. Mr. Forbes explained that **SB 100** was a technical bill the committee does every year required by federal law. (Attachment 1) Questions, there were none.

Melissa Calderwood presented information to the committee requested by Chair Teichman pertaining to bills that have regular annual date changes. Melissa reported that risk-based capital (SB 340 last year) was different in that it is not a federal requirement, but whenever NAIC makes changes to regulations it is necessary that the state follow. Madam Chair than questioned Mr. Forbes as to why there is not some provision that we could look at and not have to do the date change every year but to perpetuate it? Mr. Forbes stated that the companies may have some problems that they want to look at it every year, further explanation was that Congress says "no." Ken Wilke explained that on the risk-based capitol bill, it can be changed to perpetuating the date change by rule and regulations and the concept has been addressed with industry on two or three occasions and the industry says "no, we want to look at those every year" so that is why we have this bill every year. Chair Teichman announced that the risk-based capital bill was introduced in the house this year and Melissa stated it was up for hearing today.

Madam Chair asked for a motion to introduce this bill, Senator Brungardt made the motion, it was seconded by Senator Steineger. All in favor unanimous.

Madam Chair announced next the hearing on **SCR 1602** by Jarrod Forbes. Mr. Forbes explained that **SCR 1602** would appoint a task force to study the agent licensing and appointment process by the Insurance Commissioner's office (attached). Mr. Forbes presented amendments to SCR 1602 (attached). Mr. Forbes than took questions on the amendments. Senator Wysong questioned the balance of the make up on the task force? Mr. Forbes stated that the task force would be made up of six legislators, Insurance Commissioner and the balance would come from the insurance industry. Senator Brungardt questioned how licensing is done now and why is it antiquated? Mr. Forbes gave the example saying, "if the committee is an agency and he, an insurance company who wanted you to write for their company than he would have to appoint someone from the Insurance Commissioner's list." He stated what this task force would look at is, "if I only want you to write business for me than I only have to appoint you." Mr. Forbes went on to explain the appointment of a task force. Senator Barone questioned the wording on page 2, lines 5, 6, and 7 (see attachment). There was discussion from Senator Barnett, Senator Steineger, Ken Wilke, Senator Barone and Chair Teichman in regard to the amendments. A committee amendment was added to the bill on page 2, lines 14, 15 and 16 stating "other task force members shall be paid subsistence allowance and mileage . . . for serving on the task force or attending any meeting thereof." (Attachment 2)

Madam Chair asked for a motion to amend SCR 1602, Senator Barone made the motion, it was seconded by Senator Brungardt. The motion carried

CONTINUATION SHEET

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The other amendment that has been passed are the changes in the number of people who serve on the committee. That number goes from 14 to 17. Madam Chair asked for other questions and Senator Brownlee wanted clarification of the amendment on the second page.

Madam Chair asked for a motion to work the bill, Senator Brungardt made the motion and Senator Brownlee seconded.

Madam Chair pointed out that the amendments Mr. Forbes had proposed were taken care of. Madam Chair then asked all who are in favor of passing SCR 1602 out favorable say I. Unanimous.

Madam Chair asked for any other questions. None.

Meeting was adjourned at 9:55 a.m.