

## 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 March 16, 2005 in Room 234-N of the Capitol.

All members were present.

## 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:

Doug Wareham, Kansas Bankers Association  
Matthew Goddard, Heartland Community Bankers Association  
Kathleen Taylor Olsen, Kansas Bankers Association  
David Hanson, Kansas Insurance Guaranty Association  
Daniel Magill, Kansas Association of Insurance Agents  
Jarrod Forbes, Kansas Insurance Department  
Craig VanAalst, Kansas Insurance Department  
Thomas Holland, Kansas Representative

## Others attending:

See attached list.

Madam Chair announced, the Kansas Bankers Association dinner for the Committee would be tonight.

Madam Chair opened the hearing on **HB 2125**.

**HB 2125 - Mortgages on real property; entry of satisfaction; fees**

Doug Wareham, Kansas Bankers Association, presented testimony in support of **HB 2125**. There are two separate statutes that currently address mortgage release fees that are paid to Register of Deeds when a mortgage is paid off and a release of the mortgage is requested. K.S.A. 16-207(d) and 1994 legislation amended K.S.A. 58-2309(a). **HB 2125** is simply a clarification of existing law. (Attachment 1)

Matthew Goddard, Heartland Community Bankers Association, presented testimony in support of **HB 2125**. This bill explicitly authorizes mortgage lenders to collect the fee for filing a mortgage release from a mortgagor. (Attachment 2)

There were no questions.

Madam Chair closed the hearing on **HB 2125**.

Madam Chair opened the hearing on **HB 2205**.

**HB 2205 - prohibiting unauthorized use of lender's name, trade name or trademark**

Matthew Goddard, Heartland Community Bankers Association, presented testimony in support of **HB 2205**. This bill provides a solution to the problem of misleading and deceptive use of certain information in solicitations for mortgage loans and related insurance products. Along with Mr. Goddard's testimony, were attached examples of misleading mailings. (Attachment 3)

Senator Schmidt asked, if other states presently have laws in place been covering this type of deception? Mr. Goddard stated that other states do have similar legislation. Senator Wilson asked if this bill would stop companies from marketing their services if they did use the appropriate disclosures? Mr. Goddard this bill was an attempt to stop misleading mailings without using disclosures. If a company used the proper disclosure, this bill would not affect them. Senator Barone asked, how do these companies obtain the

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on March 16, 2005 in Room 234-N of the Capitol.

information about an individual, they use in their deceptive policies. Mr. Goddard stated, through public records.

Kathy Olsen, Kansas Bankers Association, testified in support of **HB 2205**. Ms. Olsen pointed out that if this information did actually come from the banks which the misleading mailer intends a person to believe, the bank would be in violation of privacy regulations. (Attachment 4)

There were no further questions.

Madam Chair closed the hearing on **HB 2205**.

Madam Chair opened the hearing on **HB 2326**.

**HB 2326 - Kansas Insurance Guaranty Association, handling of claims**

Jarrold Forbes, Kansas Insurance Department, offered his support of **HB 2326** and turned to David Hanson for testimony.

David Hanson, Kansas Insurance Guaranty Association, testified in support of **HB 2326**. **HB 2326** passed out of the House, favorably, with 121 to 0 vote. (Attachment 5) Mr. Hanson offered a balloon. (Attachment 6)

Madam Chair asked if there were any questions on the bill "as it is?" There were none.

Daniel Magill, Kansas Association of Insurance Agents, testified in support of **HB 2326**. (Attachment 7)

Senator Barnett moved to adopt the first balloon amendment; Senator Wilson seconded the motion. The motion carried.

Senator Brownlee moved to adopt the second balloon amendment; Senator Schmidt seconded the motion. The motion carried.

Ken Wilke, Revisor of Statutes Office, stated he made a minor grammatical change as requested.

Madam Chair closed the hearing on **HB 2326**.

Madam Chair announced the committee would work **HB 2125**, **HB 2205**, **HB 2326**, **SB 269** and **HB 2160**.

Senator Steineger moved to pass **HB 2125** out favorably; Senator Wilson seconded the motion. The motion carried.

Senator Steineger moved to pass **HB 2205** out favorably; Senator Brownlee seconded the motion. The motion carried.

Senator Steineger moved to pass **HB 2326**, as amended, out favorably; Senator Barone seconded the motion. The motion carried.

Senator Wilson moved to pass **SB 269** out favorably; Senator Schmidt seconded the motion. The motion carried.

Senator Steineger moved to pass **HB 2160** out favorably; Senator Schmidt seconded the motion. The motion carried.

Madam Chair reopened the hearing on **HB 2366**.

**HB 2366 - Accident and health insurance; removal on limitation on deductibles, coinsurance and similar payments**

## CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on March 16, 2005 in Room 234-N of the Capitol.

Craig VanAalst, Kansas Insurance Department, presented testimony that was requested by the Committee the previous day. Specifically, in regard to individual health insurance policies in relationship to an amendment made on the floor of the Kansas House of Representatives. Mr. VanAalst addressed three areas: HB 2366 floor amendment background, Individual Health Insurance Policy cancellation complaints and current law regarding non-renewal of Individual health Insurance Policies. Mr. VanAalst stated it would take at least a 90-day notification to close a block of business and 180 days notice to discontinue all business. The amendment in section 2 defines individual opt-out. (Attachment 8)

Senator Barnett asked what the Insurance Department's position is on **HB 2366**? Mr. VanAalst stated, they have no position, they are leaving it up to the policymakers. Madam Chair pointed out that they have regulatory authority. Senator Barnett expressed his concerns about **HB 2366** not being a consumer friendly bill. It looks to him as though **HB 2366** is directed more toward the insurance companies.

Lew Ebert, President of The Kansas Chamber, stated that the bill is a way to bring more opportunities to the consumer. Senator Barnett said it appears as though it gives the insurance companies more opportunities to manage the patient, i.e., where to go and/or who to go to.

Senator Brownlee asked if there is anything in the laws that allows HSAs or FSAs? Chair Teichman said that legislation was passed out last year.

Senator Barone asked what amount of time does the word "term" refer to? Mr. VanAalst stated, generally 30-days. Senator Barone pointed out, if that was the case, that it would appear as though every 30 days the deductible could be raised. Kelly Levi, KID, stated "term" would refer to annually. Senator Wilson stated his interpretation of "term" would be for whatever period of time the policy was written.

Tom Holland, Kansas Representative, testified in support of **HB 2366**. Mr. Holland stated that he is the representative who introduced this piece of legislation based upon a small business owner in his district. They had a family policy, filed a claim and the deductible was promptly raised, several times! He stated that in **HB 2366** the specifics in the coverage could not be change as long as the premiums were paid and there were stability and reliability.

Madam Chair closed the hearing on **HB 2366**.

Madam Chair asked the Committee to approve the Minutes for March 8 and March 10.

Senator Barnett moved to approve the Minutes; Senator Wilson seconded the motion. The motion carried.

The meeting was adjourned at 10:33.