

Approved:
Date: April 3, 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 27, 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:

Bill Curtis, Kansas Association of School Boards
Linda DeCoursey, Kansas Insurance Department

Others attending: See attached list.

Confirmation to State Banking Board

The Chair called the Committee's attention to the confirmation and reappointment of Nancy A. Taylor of Overland Park as an at-large banker member of the State Banking Board. Senate confirmation information on the candidate was distributed to the Committee. (Attachment 1) The Chair called for the Committee's consideration of the nominee.

Senator Teichman made a motion the Committee recommend Nancy A. Taylor to the full Senate to be reappointed as a member of the State Banking Board, seconded by Senator Barnett. The motion carried.

Hearing on SB 654 - Municipalities; insurance group funded municipal pools

Bill Curtis, Kansas Association of School Boards, testified in support of **SB 654** which would amend current law relating to premium contributions to municipal funded insurance pools. Mr. Curtis noted that the tragedy of 9/11 and the fact that reinsurance costs are quite high when first starting a pool, have driven reinsurance costs much higher for all lines of insurance. KASB believes the time for starting a property and casualty pool is now. An amount of 70% of the annual premium would be designated to pay claims. However, passage of **SB 654** would allow this pool to exceed its 30% administrative limit with the excess coming from the 70% premium amount. (Attachment 2) During Committee discussion it was noted that KASB has operated a workers compensation pool since 1987, and in order to benefit from this bill, one has to be a member of KASB.

Senator Teichman, sponsor of **SB 654**, expressed her support for the bill, and noted that a need exists to permit public sector pools the same flexibility in paying reinsurance premiums as private sector pools now enjoy.

Linda DeCoursey, Kansas Insurance Department, testified as neutral on the bill. She offered technical amendments that would change two statutes so that language would read the same as shown in her written testimony. (Attachment 3).

There were no opponents to the bill.

The Chair directed staff to draft a balloon of the bill showing the proposed amendments, and the Committee would consider the bill when such amendments have been drafted.

Adjournment

The meeting was adjourned at 10:00 a.m.

CONTINUATION SHEET