

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 a.m. on March 19, 2004 in Room 514-S of the Capitol.

All members were present.

Committee staff present:

J. G. Scott, Legislative Research  
Amy VanHouse, Legislative Research  
Michele Alishahi, Legislative Research  
Melissa Calderwood, Legislative Research  
Jim Wilson, Revisor of Statutes  
Mike Corrigan, Revisor of Statutes  
Nikki Feuerborn, Administrative Analyst  
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Peggy Hanna, State Treasurer's Office

Others attending:

See Attached List.

- Attachment 1 Testimony on **SB 399** by Peggy Hanna, State Treasurer's Office

**Hearing on SB 399 - Unclaimed property; demutualization of insurance companies.**

Melissa Calderwood, Legislative Research Department, explained that **SB 399** concerns unclaimed property and amends the law requiring unclaimed property to be reported to the state in a specified period of time. The bill adds new language that requires property distributable in the course of a demutualization, rehabilitation, or related reorganization of an insurance company to be abandoned two years after the date of the demutualization, rehabilitation, or related reorganization. The bill was requested by the State Treasurer, who indicated that the passage of the bill would make the state eligible to receive from one insurance company, a one-time amount of about \$10 million this year. Under current law the report of the funds to the state would occur at the end of five years of abandonment of the distributable property.

Chairman Neufeld recognized Peggy Hanna, Deputy Assistant State Treasurer, who presented testimony in support of **SB 399** (Attachment 1). Ms. Hanna noted that the demutualization and reorganization of the mutual company caused the money belonging to policy holders to be directed to the State. Because the insurance company has lost track of many policyholders throughout the years, the State Treasurer's office will receive the funds and make attempts to locate the policyholders and return their property. Responding to Committee questions, Ms. Hanna state that the funds are deposited in the State General Fund (SGF) and become a part of the pool of moneys invested through the Kansas Public Employees Retirement System (KPERs) under the management of the Pooled Money Investment Board. The interest on these funds - unclaimed property, is also deposited in the SGF, earmarked at this time for the renovation of the Statehouse.

The Committee felt it would be beneficial to their constituents if the State Treasurer would provide each legislator with a list of unclaimed property owners, who reside in their districts, at the beginning of each legislative session. The Committee requested a list of insurance companies who have abandoned business in Kansas or are in the process of becoming part of a national company.

The Chair recognized Kathy Damron, who appeared on behalf of the Prudential Insurance Company, in support of **SB 399**.

The Chair closed the hearing on **SB 399**.

**Representative Sharp moved to recommend SB 399 favorable for passage. The motion was seconded by**

CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE at 9:00 a.m. on March 19, 2004 in Room 514-S of the Capitol.

Representative Osborne. Motion carried.

The meeting was adjourned at 9:35 a.m. The next meeting will be held at 9:00 a.m. on March 22, 2004.

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Melvin Neufeld, Chairman