

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE.

The meeting was called to order by Chairperson Patricia Barbieri-Lightner at 3:30 on March 11, 2003 in Room 527-S of the Capitol.

All members were present.

Committee staff present: Bill Wolff, Legislative Research
Ken Wilke, Revisor of Statutes
Renaë Hansen, Secretary

Conferees appearing before the committee: **Pat Mulvihill**, Assistant Director, Financial Surveillance Division, Kansas Insurance Department
David Hanson, Kansas Insurance Association
Tom Krattli, KC Title, Inc
Delores Dalke, Real Estate Broker, president, Kansas Association of Realtors
Bill Yanek, Director of Governmental Relations, Kansas Association of Realtors
Senator Edward W. Pugh, Kansas Senate, District #1
John Peterson, Kansas Land Title Association
Roy Worthington, Kansas Land Title Association
Jeff Amrein, Attorney

Total attending: 25 total including some who signed the attached register.

Hearing on:

SB 26 - Insurance; risk-based capital requirements.

Pat Mulvihill, Assistant Director, Financial Surveillance Division, Kansas Insurance Department, (Attachment #1), spoke as a proponent on SB 26 that amends K. S. A. 2002 Supp. 40-2c01(j) dealing with the definition of "RBC instructions" for life and property & casualty insurance companies. This amendment helps the Insurance Department keep their accreditation.

David Hanson, Kansas Insurance Association, (Attachment #2), supports this bill with the proposed revisions to the current statutes.

Comments made by: Representative Ray Cox.

Hearing Closed on **SB 26.**

Representative Nile Dillmore moved to pass SB 26 to the consent calendar, seconded by Representative

CONTINUATION SHEET

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Stephanie Sharp, passed unanimously.

Hearing on:

SB 66- Title insurance; prohibiting certain actions.

Proponents:

Tom Krattli, President, KC Title, Inc., (Attachment #3), in support of SB 66 presented testimony that showed how allowing real estate companies to have in house title companies would in fact lower costs at the real estate companies and thus for the consumer.

Questions were posed by: Representatives, Mary Kaufman, Eber Phelps, Nile Dillmore, Ray Cox, Nancy Kirk, Patricia Barbieri-Lightner, Scott Schwab, Joe Humerickhouse, and RJ Wilson.

Mike McGrew, Partner and Officer, Caldwell Banker McGrew Real Estate, Lawrence, Kansas, (Attachment #4), presented testimony and comments that show the reasons why the Affiliated Business Law currently in place in Kansas that limit markets who are in counties with population over 10,000.

Questions were posed by: Representatives, Bob Grant, Scott Schwab, and Nancy Kirk.

Delores Dalke, Real Estate Broker, President, Kansas Association of Realtors, Hilsboro, Kansas, (Attachment #5), presented testimony from the perspective of the counties just over 10,000 showing how it would benefit the consumer because of the competitive markets it would create.

Questions were posed by: Representative Bob Grant.

Bill Yanek, Director of Governmental Relations, Kansas Association of Realtors, (Attachment #6), gave specific testimony on why the current laws on controlled business legislation need to be changed and how SB 66 would help to rectify the current laws. He also presented written testimony (Attachment #7) by Sue Johnson, Executive Director, Real Estate Services Providers Council, Inc., proponent.

Questions were posed by: Representatives Nancy Kirk, Scott Schwab, Bob Grant, Mario Goico, and David Huff.

Opponents:

Senator Edward W. Pugh, Kansas Senate, District #1, (Attachment #8), presented testimony that states that this bill does not create just a one-stop shopping real estate purchasing and closing situation, but in fact does not allow the consumer to see that he does have a choice, because the other options are not presented to him. This bill deals with business and who gets the dollar.

Questions were posed by: Representatives Stephanie Sharp, Scott Schwab, and David Huff.

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John Peterson, Kansas Land Title Association, (Attachment #9), stated that this issue has been presented to this committee at least five times since 1995, and despite considerable political clout of the proponents, has always been rejected. The Senate passed out a version with two amendments that make the bill more palatable, but do not go quite far enough.

Questions were posed by: Representative Nancy Kirk.

Roy Worthington, Kansas Land Title Association, (Attachment #10), presented testimony with several attached documents showing why it is not good to consumers to have a place fore real estate purchasing where the process is one stop shopping. He noted that leaving the process in a broken apart purchase, protects the consumer from someone wanting to hurry the sale and allows a thorough and unbiased business transaction to occur.

Questions were posed by: Representatives Stephanie Sharp, Scott Schwab, Bob Grant, and David Huff.

Jeff Amrein, Attorney, stated that he favored the 1980's legislation because consumers preferred doing business in regulated places. This bill was about money and who gets it and where it goes. He sited a case of a title company in Merian County that has been in business for 125 years and would possibly suffer losses should this bill be enacted. He believes that conflict of interest issues are high by combining real estate companies and title insurance companies.

No Questions were posed.

Hearing closed on **SB 66.**

Meeting Adjourned.

Next meeting March 13, 2003.