•		Approved <u>February 12, 1987</u> Date
MINUTES OF THE <u>SENATE</u>	COMMITTEE ON _	FINANCIAL INSTITUTIONS AND INSURANCE.
The meeting was called to order by		Sen. Neil H. Arasmith at Chairperson
9:00 a.m. a.m. on	February 11	
All members were present except:		

Committee staff present:

Bill Wolff, Legislative Research Myrta Anderson, Legislative Research Bill Edds, Revisor of Statutes

Conferees appearing before the committee:

Stan Lind, Kansas Association of Financial Services Ron Todd, Kansas Insurance Department Richard Schutz, Department of Social and Rehabilitation Services Wayne Morris, American Council of Life Insurance

The minutes of February 10 were approved.

Stan Lind, Kansas Association of Financial Services, appeared to request the introduction of a bill which would amend the Kansas Investment Certificate Act. (See Attachment I.)

Sen. Werts made a motion to introduce the bill and refer it back to committee, Sen. Reilly seconded, and the motion carried.

The hearing began on SB 103 dealing with the health care provider insurance availability act. Ron Todd, Kansas Insurance Department, testified in support of the bill. Mr. Todd explained that the bill removes the sunset provision which will expire July 1, 1987. Removal of the sunset provision would allow the program to continue permanently.

The chairman asked Mr. Todd if there is much usage of this plan, and Mr. Todd said it varies. At one time, this was about the only place chiropractors could get insurance; then it was at eight or nine hundred. Now it is around one hundred, and it looks as if there will be less written because companies are renewing existing business but not taking any new. Sen. Gannon followed with questions concering the rates for specialties. Mr. Todd said these rates are based on loss experience. Committee questions followed regarding how this plan is funded and the status of the fund in dollars.

Sen Reilly made a motion to report SB 103 favorable for passage, Sen. Gordon seconded, and the motion carried with Sen. Kerr voting "no".

Attention was turned to $\underline{\mathtt{SB}\ 105}$ regarding discrimination in insuring the blind or partially blind. Richard Schutz of the Department of Social and Rehabilitation Services testified in support of the bill. (See Attachments II and III.)

Sen. Burke asked why just this particular handicap is included. Mr. Schutz could not answer that question. Sen. Harder asked for a specific example of discrimination. Mr. Schutz noted that there was one testimony on this last session, but he has no others to cite today. Mr. Todd added that a lot of it had to do with disability and life insurance where it was found that the blind were refused solely because they were blind. Sen. Burke asked why "physical and mental handicap" is not used rather than just "blind". Mr. Todd said other handicaps are covered in the unfair practices act. Sen. Burke asked Mr. Todd if he would have any problem with amending the bill to read "mental and physical handicap". Mr. Todd answered that it may cause the bill not to be enacted.

Sen. Kerr questioned Mr. Todd as to if an actuarial study shows a good reason for discrimination, would the bill prevent higher rates being charged. Mr. Todd said it would not. Staff explained that discrimination is allowed but not unfairly. Sen. Werts said it sounds like the applicability is to life and health, and the chairman explained

CONTINUATION SHEET

MINUTES OF THE SENATE	COMMITTEE ON _	FINANCIAL INSTITUTIONS AND	INSURANCE
room 529-S, Statehouse, at 9:0	00 a.m./ j\.iii . on	Feburay 11	, 1987

that is where it was applied originally, but the bill applies to all areas.

Wayne Morris, American Council of Life Insurance, testified in support of the bill. (See Attachment IV.)

Sen. Karr made a motion to report SB 105 favorable for passage, Sen. Gannon seconded, and the motion carried.

The chairman reminded the committee that it would meet on Friday, February 13, for discussion of bills previously heard, however, final action will not be taken on $\frac{\text{SB }72}{\text{Since some of the members will not be able to be present at this meeting.}$

The meeting was adjourned.

SENATE COMMITTEE

ON

FINANCIAL INSTITUTIONS AND INSURANCE

OBSERVERS (Please print)

DATE	NAME	ADDRESS	REPRESENTING
2/11	WALTER DARLING	TOPEKA	DIVISION OF BUDGET
2/11	Jurie Hartman) Joolha	Kansa Las Assa.
, !	SKKiC	KCK	Kans, Assn. of Din. S.
2-11-87	LICHARD SCHUTZ	2 Toxelia	SRS
	111 ~ 11	irris Topelca	Security Benefit Life Ins.
2-11	John Mhero	, topeka	Kaiser Permanente
2-11	Jail G. da	milh Laurence	KINO.W.
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AN ACT amending the Kansas Investment Certificate Act; relating to the regulation and standards of operation; amending K.S.A. 1986 Supp. 16-601 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 16-601 is hereby amended to reas as follows:

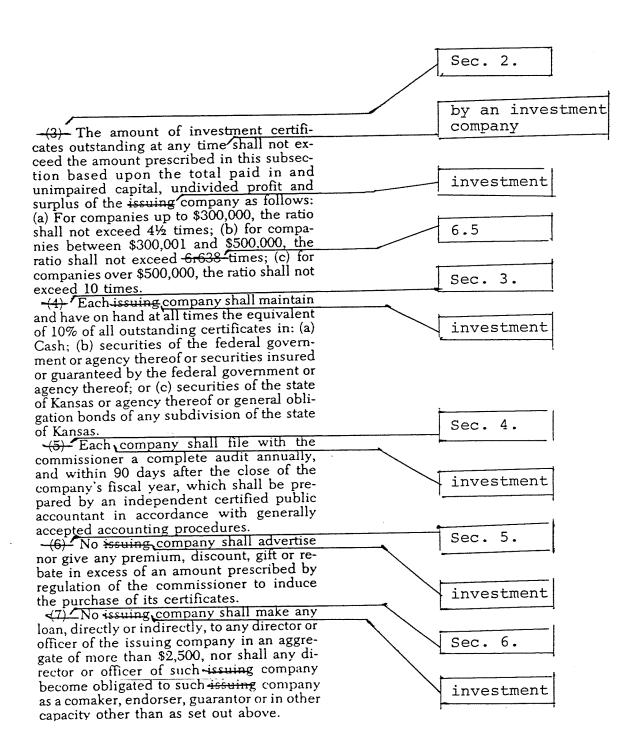
16-601. Registration of investment certificates of investment companies; membership in guaranty fund corporation; regulations and standards of operation; unlawful acts; penalties. Application for registration of investment certificates by investment companies under the provisions of this act, shall be directed to the consumer credit commissioner as designated under K.S.A. 16-403, and acts amendatory thereof or supplemental thereto, who shall administer the provisions of this act as it applies to investment companies as defined by K.S.A. 16-630, and amendments thereto. When investment certificates are registered under this or any other provision of this act, the following standards of operation shall be required and maintained by the issuer:

(1) All evidences of indebtedness issued hereunder shall be called investment cer-

tificates.

(2) The investment certificate shall state or provide for: (a) The name and address of the issuer; (b) the name and address of the certificate owner; (c) the dollar amount of the certificates; (d) the stated rate of interest or method of declaring rate of interest; (e) a provision that the certificates may be repurchased by the issuer at the desire of the issuer or of the certificate owner in the same manner as prescribed for savings and loan associations shares in K.S.A. 17-5414, and amendments thereto; (f) a provision as to

the manner in which the certificate may be assigned; (g) the priority of claim or right that the certificate shall have in relation to the other obligations of the issuer; (h) each certificate shall state that a copy of the prospectus of the issuing company shall be available to each certificate holder upon request; and (i) investment certificates authorized hereunder shall have printed thereon the words: "Funds in investment certificates owned by a single investor are protected up to an aggregate maximum of \$10,000 by the Kansas investment certificate guaranty fund corporation, a private corporation which is not an agency of the state of Kansas or of the federal government.



Sec. 7. (8) No investment company shall make any loan, purchase any installment sales , surplus and contract or buy or enter into any lease of undivided profits personal property, directly or indirectly, to, from or with any person or company, corporation or firm, including in the liabilities of the company or firm, the liabilities of the several members thereof, in an amount in excess of 10% of the unimpaired capital and surplus of the issuer, except that this restriction shall not apply to any loan to any majority-owned affiliate or subsidiary Kansas corporation of the issuer or its parent which is also an investment company as that term is defined in K.S.A. 16-630, and any loans secured by real estate amendments thereto, except that loans semortgages when the total cured by mortgages on real estate located in mortgage indebtedness is in Kansas or in a state adjacent to Kansas where the total mortgage indebtedness is excess of 85% of appraised value to the extent that the not more than 85% of appraised value may loan is insured against the be made in an amount not in excess of 15%

or to a real estate mortgage that is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or if the investment company has a committment to sell the said note and mortgage.

of the paid-in and unimpaired capital and

surplus of the issuer. The percentage limitation stated in this subsection shall not

apply to the purchase of commercial paper

which has a quality rating by Moody's In-

vestor's Service of not less than prime-1 or prime-2 or Standard and Poor's Corporation

of Al or A2."

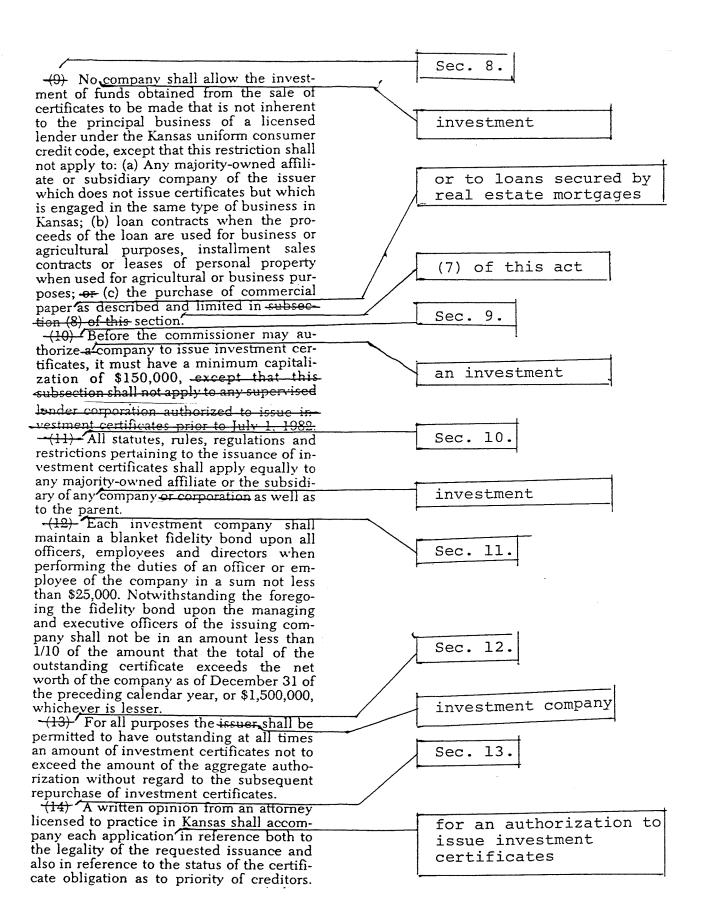
default of the mortgagor by

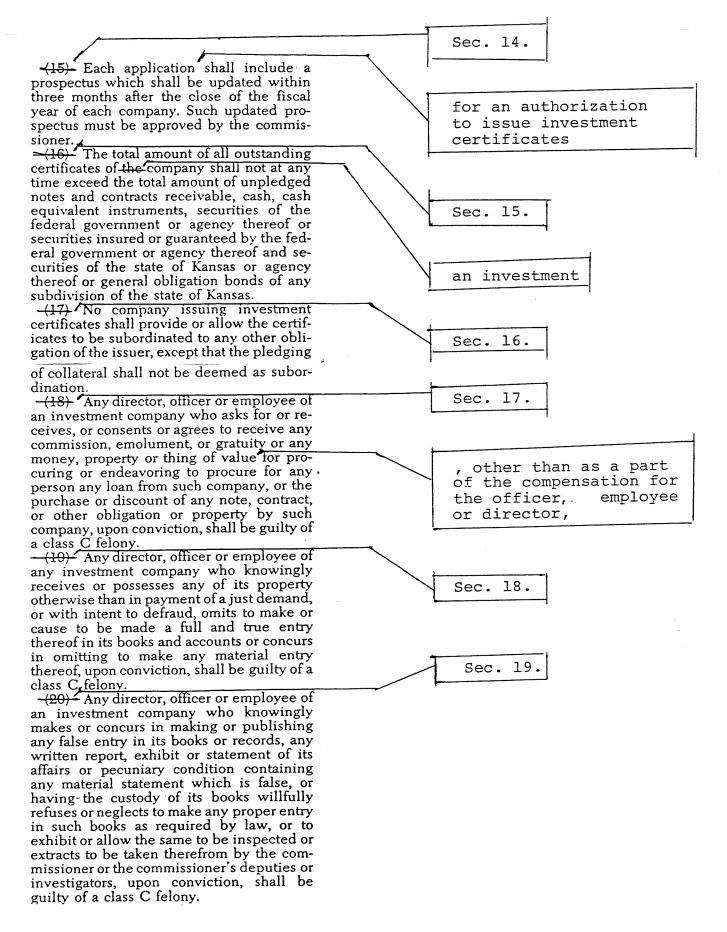
the federal or state govern-

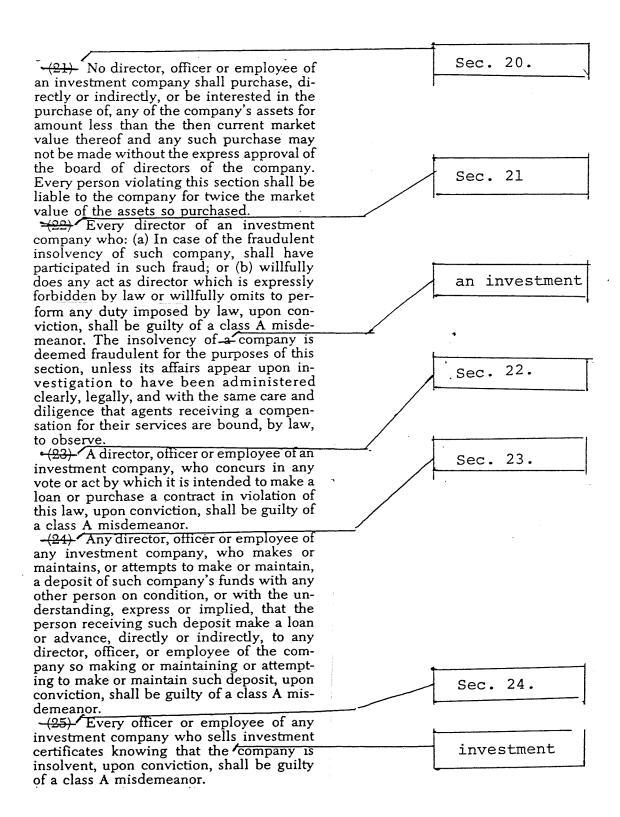
ment or an agency thereof or

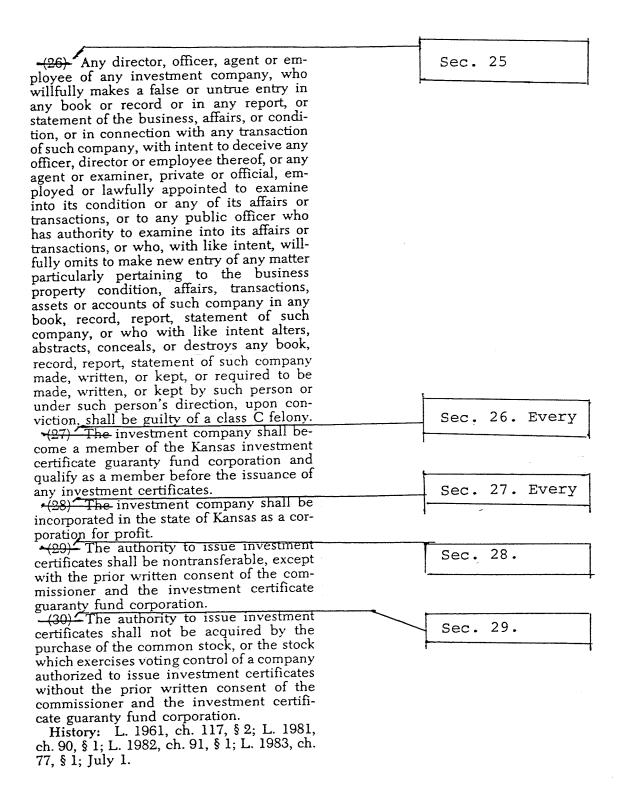
by a private mortgage

insurance company









Sec. 30. K.S.A. 16-601 is hereby repealed.

Sec. 31. This act shall take effect and be in force from and after its publication in the statute book.

## State Department of Social and Rehabilitation Services

# Testimony in Support of S.B. 105

#### Mr. Chairman and Members of the Committee:

I appear today in support of S.B. 105 which prohibits discrimination in the insurance industry against blind or partially blind persons solely on the basis of blindness or partial blindness. Without the bill, discrimination can occur through refusing to insure or continue to insure; limiting the amount, extent or kind of coverage available to an individual; or charging a different rate solely because of blindness or partial blindness. SRS supports any action which will prevent discrimination in the insurance industry or elsewhere against blind, partially blind, or other disabled individuals solely on the basis of respective disabilities. SRS urges passage of S.B. 105.

Richard Schutz, Director

Division of Services for the Blind

Rehabilitation Services

Social and Rehabilitation Services

296-4454

February 11, 1987

# State Department of Social and Rehabilitation Services

#### Statement Regarding S.B. 105

- 1. <u>Title</u> -- An act relating to insurance; defining certain acts or omissions in regard to insuring blind or partially blind individuals to be unfair or deceptive acts or practices; amending K.S.A. 40-2404 and repealing the existing section.
- 2. Purpose -- The purpose of this bill is to prevent discrimination in the insurance industry against blind or partially blind persons solely because of blindness or partial blindness.
- 3. <u>Background</u> Discrimination can occur in the insurance industry against blind or partially blind persons solely on the basis of blindness or partial blindness. Discrimination includes refusal to insure or continue to insure; limiting the amount, extent or kind of coverage; or charging a different rate for the same coverage solely because of blindness or partial blindness.
- 4. Effect of Passage -- The effect of passage will be to prohibit discrimination by the insurance industry against blind or partially blind persons solely because of blindness or partial blindness.

Robert C. Harder Secretary Social and Rehabilitation Services 296-3271 February 11, 1987



Date: February 10, 1987

To: The Honorable Neil Arasmith, Chairman, and

Honorable Members, Senate Committee on Financial

Institutions and Insurance

From: Wayne Morris (LG)

Re: S.B. 105 -- Blindness Discrimination

I am Wayne Morris, Assistant Counsel for Security Benefit Life Insurance Company.

I am appearing here today on behalf of the American Council of Life Insurance (ACLI). The ACLI consists of over 600 legal reserve life insurance companies which account for 95 percent of the life insurance in force in the United States. Security Benefit Life is a member of the ACLI.

The ACLI does wish to express its support for S.B. 105. The ACLI seeks the adoption of this National Association of Insurance Commissioners (NAIC) model law on unfair discrimination on the basis of blindness or partial blindness in all 50 states. This support is based on both the substance of the legislation and the belief that any legislation in this area should be enacted on the state, rather than the federal, level.

Thank you for the opportunity to make the statement, and please let me know if you have any questions.

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