

Approved: March 9, 1993
Date

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson William Bryant at 3:30 p.m. on March 8, 1993 in Room 527-S of the Capitol.

All members were present except:

Committee staff present: William Wolff, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: David Douglas, S&L Commissioner
Jeffrey Sonnich, Kansas-Nebraska League of S&L Institutions
Jim Maag, Kansas Bankers Association
Swede Malm, Bank Compensation Strategies
Kevin Glendening, Kansas Banking Department

Others attending: See attached list

Representative Cox moved that the minutes of February 23 and 24 be approved with the addition of requesting that HB 2096 be recommended for study in an interim committee in the minutes of February 24.
Representative Gilbert seconded the motion . The motion carried.

Hearing on SB 58: Abolishing savings and loan board and commissioner, transferring powers.

Dr. Wolff stated the effective date of this proposed legislation would be June 18, 1993, rather than the usual July 1 because the budget and payroll for employees begins on the 18th of the month and runs to the 17th of the following month. The amendments added in the Senate include not mandatorily transferring employees to the Banking Department.

David Douglas, Savings and Loan Commissioner, reiterated the need for the abolishment of the department as federal laws and regulations have eliminated any real difference between state and federal savings and loan charters. The state charter currently is an additional expense and has no perceived benefit (Attachment 1).

Jeffrey D. Sonnich, Vice-President of Kansas-Nebraska League of Savings Institutions, presented testimony supporting the bill (Attachment 2). The conversion to a federal charter eliminates a third examination/assessment cost. 11 of the 13 existing S&L's will convert to federal charters this year which would leave only 2 or 3 to sustain an independent department. State-chartered institutions in Minnesota, Iowa, and Nebraska are all under the proposed system.

Representative Cornfield moved to pass the bill favorably. Representative Crabb seconded the motion. The motion carried.

Hearing on SB 37: Bank power to buy life insurance on employees and officers.

Dr. Wolff gave the history of the bill which would allow the bank to buy insurance on key-employees with a limitation on the amount of the policy.

Jim Maag, Kansas Bankers Association, reviewed the restrictions which would be placed on the legislation which would grant state-chartered banks the authority to purchase and hold an interest in life insurance policies on the life of its executive officers and directors, and to purchase life insurance policies in connection with employee compensation and benefit plans (Attachment 3). The bill would allow deferred compensation packages in order to make employment more attractive to top level executives. The federally chartered banks are already allowed to do this.

Swede Malm, Bank Compensation Strategies, stated that the bill will provide the state banks with the authority to purchase life insurance while at the same time provide the banking department and the banks with guidelines and limitations that are a part of the Kansas banking code (Attachment 4).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
Room 527-S Statehouse, at 3:30 p.m. on March 8, 1993.

Kevin Glendening, Kansas State Banking Department, voiced support of the bill which would offer non-qualified deferred compensation with insurance to select employees. The limitations apply to cash surrender amounts. The policy is not accessed to make payments or for cash funding of benefits. The policies would always be owned by the bank.

Hearing on SB 32: Preferred stocks of banks, rights.

Kevin Glendening, Kansas Banking Department, presented testimony supporting the bill which is an amendment addressing the rights and immunities of preferred stockholders (Attachment 5). The bill deletes certain obsolete and convoluted language which is more currently defined in other existing statutes under the General Corporation Code.

The meeting adjourned at 4:40 p.m. The next meeting is scheduled for March 9, 1993.

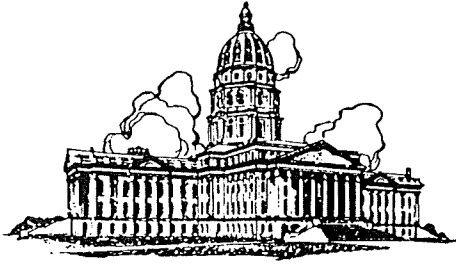
GUEST LIST

COMMITTEE: Young, Fols

DATE: March 8, '93

[illegible]

STATE OF KANSAS



Savings and Loan Department

Room ~~800~~ 802
~~Kansas State Office Building~~
700 ~~800~~ Jackson
TOPEKA, KANSAS ~~66612-2201~~

March 8, 1993

JOAN FINNEY, Governor
DAVID DOUGLASS, Commissioner

I am here to support Senate Bill No. 58, which abolishes the Savings and Loan Department, my position, and the Savings and Loan Board. Federal laws and regulations have eliminated any real difference between state and federal savings and loan charters, as well as real differences between state and national bank charters. The state charter finally comes down to an additional expense and no perceived benefit. Nearly all, if not all, Kansas associations will have a Federal charter by July 1. I am encouraging the change in charter. There will be no role for the state in the examination and regulation of savings and loan associations.

There are now 30 savings and loan associations headquartered in Kansas. By year's end that number will probably decline to 25 after mergers and sales to banks and out-of-state companies. There were more than 120 at one time and the homes in our towns were constructed and purchased with the help of hometown savings and loan associations. Sadly, their days have passed.

As a next step, I recommend the removal of the savings and loan code from Kansas law. It is badly outdated and is not an acceptable vehicle for persons entering the thrift business. Only marginal operators who imagine some advantage in dealing with state government will try to obtain a state charter under the present law.

Finally, I see a number of small departments and agencies in our state government that could be consolidated to achieve greater efficiency and reduce duplication in overhead, space, personnel, and equipment. While consolidations raise loud objections from special interests, I believe the citizens will be better served, state government better managed, and waste reduced through the elimination of some other separate units of state government.

David Douglass

David Douglass
Attachment 1
March 8, 1993



Jeffrey D. Sonnich, Vice-President

Suite 512
700 Kansas Avenue
Topeka, Kansas 66603
(913) 232-8215

March 8, 1993

TO: HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE
FROM: JEFF SONNICH
RE: S.B. 58 (SAVINGS AND LOAN DEPARTMENT)

The Kansas-Nebraska League of Savings Institutions appreciates the opportunity to appear before the Senate Committee on Financial Institutions and Insurance in support of S.B. 58 which would abolish the State Savings and Loan Department, Board, and Commissioner and transfer the powers, duties, and functions to the State Banking Department.

For over 50 years an independent Savings and Loan Department has been sustained by the fees and assessments of the State-Chartered savings and loans in Kansas. The diminished number of State-Chartered, combined with the Federal pre-emptions of powers contained in the 1989 FIRREA law, has created a situation where an independent agency can no longer be financially sustained by the remaining State-Chartered thrifts.

Presently there are thirty-two Savings and Loan Associations in Kansas with combined assets in excess of \$8.5 Billion. Thirteen of these associations are State Chartered, eleven of which have initiated plans to convert to Federal charters which we anticipate being completed by June 30 of this year. The conversion to a Federal charter eliminates a third examination/assessment cost. Since it would be expensive and inefficient for 2 or 3 remaining S&Ls to attempt to sustain an independent department we support the abolition and transfer to the State Banking Department as provided in S.B. 58.

Finally, we would point out that this is not a unique development. In recent years State-Chartered institutions in Minnesota and Iowa were either converted or transferred to the Banking Department and the State-Chartered thrifts in Nebraska have been housed in one consolidated State agency for many years.

Accordingly, we would request the Committee report S.B. 58 favorably for passage.

Jeffrey D. Sonnich
Vice President

JDS:bw
Encl.

House F&L

Attachment 2

March 8, 1993

STATE CHARTERED ASSOCIATIONS IN KANSAS

CHANUTE - Home Savings Association

ELLIS - Golden Belt Banking and Savings Association

FORT SCOTT - Liberty Savings and Loan Association

HUGOTON - Southwestern Savings and Loan Association

KANSAS CITY - Argentine Savings and Loan Association

KINSLEY - Investors Savings and Loan Association

LEAVENWORTH - Citizens Savings and Loan Association

LEAVENWORTH - Mutual Savings Association

NEODESHA - Neodesha Savings and Loan Association

OVERLAND PARK - Pioneer Savings and Loan Association

SALINA - Security Savings and Loan Association

TOPEKA - Postal Savings and Loan Association

WICHITA - United Savings and Loan Association



The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

March 8, 1993

TO: House Committee on Financial Institutions and Insurance

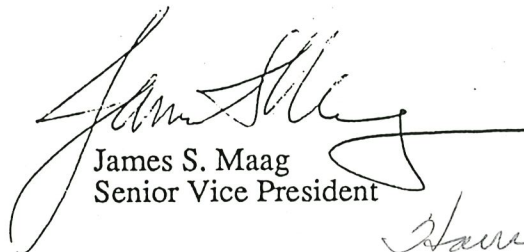
RE: **SB 37** - Authorizing the purchase of insurance for executive officers

Mr. Chairman and Members of the Committee:

The State Affairs Committee of the KBA has requested the introduction and consideration of **SB 37** which would grant state-chartered banks the authority to purchase and hold an interest in life insurance policies on the life of its executive officers and directors, and to purchase life insurance policies in connection with employee compensation and benefit plans. Numerous restrictions are placed on the purchase of such insurance under the provisions of subsections (a) (i) through (b) (vii) of K.S.A. 9-1101.

In June of 1992 the State Bank Commissioner issued a memorandum (see attached) to all state-chartered banks pointing out there was no authority in K.S.A. 9-1101 for state-chartered banks to engage in this type of activity. That memo further indicated the Commissioner would work with the KBA to draft legislation to empower state banks to invest legally in various insurance products. We appreciate very much the input from the Commissioner's office during the drafting of **SB 37**.

Once again the issue of maintaining a viable dual banking system comes into play since national banks currently have the authority to purchase such insurance (see the attached memo from the Comptroller of the Currency). In order to assure state banks can remain competitive with nationally-chartered banks we believe passage of **SB 37** is necessary. Your favorable consideration will be greatly appreciated.


James S. Maag
Senior Vice President

James S. Maag
Attachment 3

March 8, 1993

Office of Executive Vice President • 1500 Merchants National Building
Eighth and Jackson • Topeka, Kansas 66612 • (913) 232-3444
FAX (913) 232-3484



: All State Chartered Banks
FROM: Frank D. Dunnick, Bank Commissioner
DATE: June 19, 1992
RE: Bank Investments in Life Insurance Products

On August 1, 1988 this office remitted to all Kansas State Chartered Banks a memorandum covering a variety of topics. One such topic was that of Single Premium Whole Life and Indexed Rate Annuities as Investment Securities. The following summary is a direct restatement of the 1988 discussion.

We have received several inquiries regarding the authority to purchase the referenced insurance policies (single premium whole life and indexed rate annuities) as investment securities serving as substitutes for the traditional acquisition of government or municipal obligations. We have determined that such insurance policies do not qualify as legal investment securities as defined in K.A.R. 17-11-1 and 17-11-2. These regulations establish that investment securities must be in the form of bonds, notes and debentures and must be a marketable obligation.

However, as a bank insures against the loss of funds and property, this office does not object to insuring against the loss of a key employee provided the level of insurance and the related cost is clearly justified and represents a risk the bank should not economically be exposed to. In this regard, the bank's board is to document its decision to purchase such insurance by identifying the economic risk and the related reasons why such a risk should not be assumed by the bank.

To summarize, a state chartered bank cannot purchase the referenced insurance as a bank investment. It may be purchased to provide reasonable and justifiable protection against a potential burdensome loss, (i.e. key man insurance). This office will only object if the board's action is not factually documented.

Within the last year this office has again received numerous inquiries regarding the use of various insurance instruments by state chartered banks, particularly "split dollar life insurance". Usually an investment in an insurance product, other than key man, is made to provide an employee benefit or for estate planning purposes. However, the purchase of such insurance products do represent an investment; an investment the bank is not authorized by law to make. The position of this department regarding insurance products as an investment remains unchanged from that previously relayed in August of 1988. A bank can purchase life insurance for purposes incidental to the business of banking, and in an amount which closely approximates the bank's risk of loss. This office does not object to insuring against the loss of a key employee provided the level of insurance and the related cost is clearly justified and represents a risk the bank should not, economically, be exposed to. A state chartered bank is not, however, empowered under K.S.A. 9-1101 to invest in insurance policies or insurance companies.

In the hope of avoiding further confusion or misinterpretation, the banking department has reviewed this issue with the Kansas Bankers Association (KBA) and has offered our assistance in drafting legislation that would empower state chartered banks to legally invest in various insurance products, provided appropriate safety and soundness considerations are incorporated into such legislation.

resently, there may exist some state chartered banks that have invested in insurance arrangements to provide either benefits or tax planning assistance to their employees. In an effort to minimize any potential disruptive effects of this policy clarification, those banks which have previously invested in this type of insurance product will not be cited for a violation or required to dispose of the product at this time. However, as there is presently no legal authority for state chartered banks to invest in these products, any bank which does so after the date of this memorandum will be cited for a violation of law and required to dispose of the investment. The results of any legislative action on this issue will determine future rulings by this department.

If you have any questions regarding this policy, please feel free to contact this office.

FDD:JMS:KOG:dsl

cc: Memo Book Holders
File R - All Bank Mailings, C

BANKING ISSUANCE

Comptroller of the Currency
Administrator of National Banks

Type: Banking Circular

Subject: Bank Purchases of Life
Insurance

TO: Chief Executive Officers of all National Banks, Department and
Division Heads, and all Examining Personnel

PURPOSE

This circular provides general guidelines for national banks to use in determining whether they may legally purchase a particular life insurance product.

BACKGROUND

In the past, bank purchases of term life insurance and traditional forms of permanent life insurance have raised few legal questions or supervisory concerns. Recently, however, the OCC has become concerned about bank purchases of insurance products with a significant investment component, such as single premium life insurance. In some cases, those purchases have raised serious questions about whether the bank has made an illegal investment in the cash surrender value (CSV) of life insurance. The OCC is also concerned because the unsecured cash surrender value of these policies has sometimes constituted a significant percentage of the bank's capital.

LEGAL AUTHORITY FOR PURCHASING LIFE INSURANCE

The authority for national banks to purchase and hold an interest in life insurance is found in 12 U.S.C. § 24(7). The law provides that national banks may exercise "all such incidental powers as shall be necessary to carry on the business of banking." The OCC has further delineated the scope of that authority through regulations, interpretive rulings, and letters addressing the use of life insurance for purposes incidental to banking. Those purposes include: key-person insurance, life insurance on borrowers, life insurance purchased in connection with employee compensation and benefit plans, and life insurance taken as security for loans. There is no authority under 12 U.S.C. § 24(7) for national banks to purchase life insurance for their own account as an investment.

BANKING ISSUANCE

**Comptroller of the Currency
Administrator of National Banks**

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Insurance

POLICY GUIDELINES

A national bank may purchase or take an interest in life insurance for a purpose incidental to the business of banking. The amount of such insurance must closely approximate the bank's risk of loss or obligation arising from its relationship with the insured. National banks may not purchase life insurance as an investment.

A life insurance policy will be considered to be purchased and held for non-investment purposes if it satisfies either of the following tests:

(A) When the bank purchases life insurance to indemnify itself against the death of an individual (as in the case of key-person insurance or insurance purchased on a borrower), the amount of insurance coverage must closely approximate the risk of loss. For purposes of measuring insurance coverage, the OCC considers the amount of insurance to be the total death benefit to be received upon the death of the insured. This includes the face amount of the policy, any premium to be returned, and accrued interest and/or dividends.

or

(B) When the bank purchases life insurance in conjunction with providing employee compensation or benefits, or when the insurance constitutes all or part of the benefit (as in so-called "split dollar" or other life insurance plans), the following condition must be satisfied:

Based upon reasonable actuarial benefit and financial assumptions, the present value of the projected cash flow from the policy must not substantially exceed the present value of the projected cost of the associated compensation or benefit program liabilities. The bank may include the insurance premiums paid and the associated time value of money in its calculation of the total cost of the liabilities.

Date: May 9, 1991

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BANKING ISSUANCE

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The following sections provide more detailed guidance on the specific purposes for which national banks may purchase life insurance.

KEY-PERSON INSURANCE

Interpretive Ruling 7.7115 (Insuring lives of bank officers), 12 C.F.R. § 7.7115, addresses those situations in which a national bank may obtain life insurance to protect itself against the loss of "key persons" in bank management. The ruling allows a national bank to purchase insurance on the life of an officer whose death would be of such consequence to the bank as to give it an insurable interest in his or her life. Interpretive letters have expanded the scope of this ruling to recognize the possibility that certain directors of the bank may also be key persons.

Key-person insurance must comply with non-investment test (A) of these guidelines. The bank's board of directors must adequately document the basis on which it determines an officer or director to be a key person. Similarly, the board of directors must adequately document the basis for determining the amount of insurance needed to indemnify the bank against the death of each key person. Interpretive Ruling 7.7115 does not authorize the purchase of life insurance on an individual who is not demonstrably a key-person. Nor does the Ruling permit the purchase of life insurance in an amount that is not reasonably related to the bank's potential loss.

The bank's authority to hold life insurance on a key person lapses if the individual, because of retirement, resignation, discharge, change of responsibilities, or for any other reason, is no longer a key person for the bank. The desire to obtain the return of the premium paid, interest, or dividends on the policy does not provide an independent basis under 12 U.S.C. § 24(7) and Interpretive Ruling 7.7115 for retaining life insurance on an individual who no longer qualifies as a key person. Therefore, the economic consequences of terminating the insurance, or the ability to transfer the coverage to another key person, should be considerations in selecting a key-person insurance policy.



BANKING ISSUANCE

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LIFE INSURANCE ON BORROWERS

State law generally recognizes that a lender has an insurable interest in the life of a borrower to the extent of the borrower's obligation to the lender. Interpretive Rulings 7.7495 (Debt cancellation contracts), 12 CFR § 7.7495, and 12 CFR § 2.6(c) and (f) (Methods of selling credit life insurance) are relevant for national banks. They recognize that national banks may protect themselves against the risk of loss from the death of a borrower. That protection may be provided through self-insurance in the form of debt cancellation contracts, or by the purchase of life insurance policies on borrowers.

Life insurance purchased on borrowers must comply with non-investment test (A) of these guidelines. For borrowers who are in good standing, a bank's potential loss is generally the principal balance of the borrower's obligations to the bank, including the maximum amount that could be borrowed under a line of credit, at the time the insurance is purchased. That amount would, therefore, be the maximum insurance coverage the bank could purchase on the borrower.

The purchase of life insurance on a borrower is not an appropriate mechanism for effecting a recovery on obligations that have been (or are expected to be) charged-off. Such life insurance purchases are not incidental to banking within the meaning of 12 U.S.C. § 24(7) because the insurance does not protect the bank against a risk of loss. In the case of charged-off loans, the bank has already realized the loss, and the purchase of life insurance more closely resembles an investment to recover on that loss.

LIFE INSURANCE PURCHASED IN CONNECTION WITH COMPENSATION AGREEMENTS
AND BENEFIT PLANS

Under 12 U.S.C. § 24(5) and 12 CFR § 7.5220, national banks may enter into employment agreements with their officers and employees upon reasonable terms and conditions. It is the responsibility of the board of directors to establish and be able to justify the reasonableness of the compensation provided to bank employees under these agreements.

BANKING ISSUANCE

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Insurance

A national bank may provide life insurance benefits to its employees through individual or group policies for which the bank pays all or part of the premium. A national bank also may provide deferred compensation and retirement programs for bank employees. Similarly, a national bank may establish programs that permit directors to defer payment of all or a portion of their director fees.

Interpretive letters have established that a national bank may protect itself against its contractual obligations under such agreements through the purchase of life insurance. However, except as part of a reasonable compensation agreement or benefit plan, a national bank may not purchase life insurance as an estate management device for the benefit of officers, directors, or employees who are also controlling shareholders of the bank.

Life insurance purchased in connection with compensation agreements and benefit plans must comply with non-investment test (B) of these guidelines. Such policies may be held for as long as the bank continues to have any liability under the compensation or benefit plans for which the policies were initially purchased. A bank may, therefore, purchase insurance on a group of persons and continue to hold the insurance as long as it has any liability under the associated compensation or benefit plan.

LIFE INSURANCE AS SECURITY FOR LOANS

National banks may take an interest in an existing life insurance policy as security for a loan. National banks may also make loans to individuals for the purpose of purchasing life insurance, taking a security interest in the insurance policy. As with any other type of lending, extensions of credit secured by life insurance must be made on terms that are consistent with safe and sound banking principles. For instance, the borrower must be obligated to repay the loan according to an appropriate amortization schedule.

Generally, a national bank may not rely on its security interest in a life insurance policy to extend credit on terms that excuse the borrower from making interest and principal payments during the life of the borrower with the result that the bank is repaid only when the policy matures at the death of the insured. Lending on such terms

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may be treated as an illegal investment in life insurance under 12 U.S.C. § 24(7) since the bank would be looking to the life insurance benefits as its sole return on the funds it advanced.

OTHER CONSIDERATIONS

Life insurance death benefits and cash surrender values are unsecured obligations of the insurance company. Cash surrender value of insurance should be reported as an "Other asset" on the bank's financial statements.

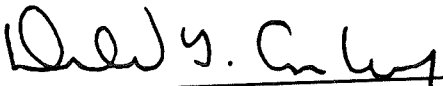
Before purchasing a life insurance policy, the bank should evaluate the financial condition of the insurance company and continue to monitor its condition on an ongoing basis. The bank should consider the effect of any significant holdings of this ordinarily long-term asset on the bank's capital and liquidity. It should also determine the tax and other economic consequences of surrendering the insurance before the death of the insured should that become necessary.

APPLICATION OF THE GUIDELINES

Examiners will evaluate all current holdings and future purchases of life insurance by national banks in light of the guidelines in this circular.

ORIGINATING OFFICE

Questions about this circular should be directed to the Office of the Chief National Bank Examiner (202) 447-1164.


Donald G. Coonley
Chief National Bank Examiner

Date: May 9, 1991

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SENATE BILL # 37

MY NAME IS SWEDE MALM AND I AM A BANK BENEFIT
CONSULTANT LOCATED IN OVERLAND PARK.

I AM ASSOCIATED WITH THE BANK COMPENSATION
STRATEGIES GROUP OF MINNEAPOLIS, MINNESOTA AND WE
WORK EXCLUSIVELY WITH BANKS, PRIMARILY IN THE NON
QUALIFIED BENEFIT AREA. OUR PROGRAMS ARE ENDORSED
BY THE KANSAS BANKERS ASSOCIATION, THE AMERICAN
BANKERS ASSOCIATION AND 27 OTHER STATE BANKING
ORGANIZATIONS. WE HAVE OVER 500 BANK CLIENTS AND
OUR OBJECTIVE IS TO PROVIDE AFFORDABLE BENEFIT
PLANS FOR COMMUNITY BANKS.

NON QUALIFIED BENEFIT PLANS ARE ESPECIALLY
IMPORTANT TO THE COMMUNITY BANK AS THEY
COMPETE WITH LARGER BANKS FOR KEY PERSONNEL.
NON QUALIFIED PLANS ARE GENERALLY FUNDED WITH LIFE
INSURANCE AND CAN MAKE FOR A MORE LEVEL PLAYING
FIELD FOR THAT COMMUNITY BANK AND IN MOST INSTANCES
PROVIDE A MORE COST EFFICIENT METHOD OF OBTAINING
THESE BENEFITS.

House DSD
Attachment 4
March 8, 1993

SINCE JUNE 19TH OF 1992, STATE BANKS IN KANSAS HAVE NOT BEEN ABLE TO PURCHASE LIFE INSURANCE POLICIES DUE TO A KANSAS BANKING DEPARTMENT'S INTERPRETATION OF EXISTING REGULATIONS OR I SHOULD SAY LACK OF EXISTING AUTHORITY OR GUIDELINES. SENATE BILL # 37 WILL AGAIN PROVIDE OUR STATE BANKS WITH THE AUTHORITY TO PURCHASE LIFE INSURANCE WHILE AT THE SAME TIME, PROVIDE THE BANKING DEPARTMENT AND THE BANKS WITH GUIDELINES AND LIMITATIONS THAT ARE A PART OF THE KANSAS BANKING CODE.

SENATE BILL # 37 FOR THE FIRST TIME, WILL PROVIDE KANSAS STATE BANKS WITH CLEAR GUIDELINES TO FOLLOW WHEN ESTABLISHING A NON QUALIFIED BENEFIT PLAN.

THIS BILL AMONG OTHER THINGS, WILL:

- * ALLOW BANKS TO CONSIDER A COST EFFECTIVE ALTERNATIVE OF PROVIDING BENEFITS TO CERTAIN KEY EXECUTIVE OFFICERS
- * ALLOW STATE COMMUNITY BANKS TO BE COMPETITIVE IN THE HIRING AND RETAINING OF KEY PERSONNEL
- * CLEARLY OUTLINE WHAT BENEFITS ARE OR ARE NOT PERMITTED
- * CLEARLY OUTLINE WHO CAN BE INSURED AND FOR HOW LONG
- * ALLOW COMMUNITY BANKS TO PROPERLY PLAN FOR THE CONTINUITY OF BANK MANAGEMENT AND THE CONTINUITY OF BANK OWNERSHIP

WE ENCOURAGE YOUR ADOPTION OF THIS BILL WHICH PROVIDES FOR MEANINGFUL GUIDANCE TO THE STATE BANKS OF KANSAS.

2 of 4

STATE OF KANSAS

Frank D. Dunnick
Bank Commissioner

Judi M. Stork
Deputy Commissioner



OFFICE OF

BANKING DEPARTMENT
TOPEKA

Kevin C. Glendening
Assistant Deputy Commissioner

Ruth E. Glover
Administrative Officer

TESTIMONY BEFORE

THE HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

Monday, March 8, 1993

Good afternoon.

SENATE BILL 32, if approved, would amend K.S.A. 9-909, pertaining to preferred stock of a state bank or trust company. This statute addresses the rights and immunities of preferred stockholders. This amendment is simply a technical revision to eliminate duplication. It deletes certain obsolete and convoluted language which is more currently defined in other existing statutes under the General Corporation Code (K.S.A. 17-6401). This bill originated last year and was passed in the House; however, at our request, it received no action by the Senate committee due to the attachment of an amendment affecting deposit caps.

House F.D.D.
Attachment 5
March 8, 1993