

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Richard Bond at 9:00 a.m. on January 14, 1993 in Room 529-S of the Capitol.

Members present were: Senators Hensley, Lawrence, Lee, Moran, Petty, Praeger, and Steffes.

Committee staff present: William Wolff, Legislative Research Department  
Fred Carman, Revisor of Statutes  
June Kossover, Committee Secretary

Conferees appearing before the committee: Frank Dunnick, Kansas Bank Commissioner  
Judi Stork, Deputy Bank Commissioner

Others attending: See attached list

Frank Dunnick, Kansas Bank Commissioner, appeared before the committee to introduce his staff, Judi Stork, Deputy Commissioner, Kevin Glendening, Assistant Deputy Commissioner, and Bill Grant, Counsel.

Judi Stork, representing Commissioner Dunnick, requested introduction of the following legislation:

Proposal #1: An amendment to K.S.A.9-1902 through 9-1907 and 9-1801B to define "critically undercapitalized" bank and establish certain criteria for the regulatory oversight of banks which fall into this category. The changes are necessary to ensure state authority remains in parity with existing federal powers. Senator Hensley made a motion, seconded by Senator Steffes, to introduce the legislation. The motion carried.

Proposal #2: This proposal amends K.S.A.9-532 to clarify direct and indirect control as it pertains to interstate banking, reiterating the prohibition on a holding company not in the existing interstate pact acquiring control of a Kansas bank ("anti-leapfrogging"), and establishing some oversight to ensure that proposed out-of-state acquisitions by Kansas holding companies do not adversely affect the safety of their Kansas banks. Senator Lawrence made a motion, seconded by Senator Praeger, to introduce this legislation. The motion carried.

Proposal #3: This bill represents new legislation to establish guidelines for banks which desire to operate Loan Production Offices, or LPO's. Senator Steffes made a motion, seconded by Senator Praeger, to introduce this legislation. The motion carried.

Proposal #4: This bill is a carryover from the 1992 Session and is a clean up measure to delete certain obsolete or convoluted language in K.S.A.9-909 relating to the treatment of preferred stock. Senator Lee made a motion, seconded by Senator Lawrence, to introduce this legislation. The motion carried.

Jim Maag, Kansas Bankers Association, appeared before the Committee to request introduction of the following legislation:

Proposal #1: A bill to clarify the definition of what constitutes an "Executive Officer" and the ability of state chartered banks to purchase split dollar or key man insurance. Senator Moran made a motion, seconded by Senator Praeger, to introduce this legislation. The motion carried.

Proposal #2: A bill to allow a bank with trust powers to contract for services with other banks in the same manner that a trust company can. Senator Lee made a motion, seconded by Senator Lawrence, to introduce this legislation. The motion carried.

Proposal #3: This bill would allow the use of bank holding company stock as collateral for a loan to the director of the bank, but only as extra or additional security collateral. Senator Steffes made a motion, seconded by Senator Praeger, to introduce this legislation. The motion carried.

There being no further requests for the introduction of legislation, the meeting was adjourned at 9:37 a.m.

## GUEST LIST

SENATE

COMMITTEE: FINANCIAL INSTITUTIONS AND INSURANCE

DATE: 1-14-93

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