

Approved: 2/15/93 _____
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Richard Bond at 9:12 a.m. on February 12, 1993 in Room 529-S of the Capitol.

Members present: Senators Corbin, Lee, 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: John S. Anderson, City of Overland Park
David Ross, Kansas Assn. of Life Underwriters

Others attending: See attached list

A motion was made by Senator Corbin and seconded by Senator Steffes to approve the minutes of the meeting of February 11 as submitted. The motion carried.

Senator Petty made a motion to introduce the bill requested by Senator Salisbury. Senator Praeger seconded the motion. The motion carried. The bill amends the life guaranty association act to increase the aggregate limit on life insurance death benefits liability from \$100,000 to \$300,000.

The chairman explained that **SB 190**, accident and health insurance, uniform provisions, employee dismissal, was originally scheduled for hearing on Wednesday, February 10; however, no conferees were in attendance and the hearing was continued to today's meeting. Due to a clerical oversight, the official agenda was not revised to indicate that **SB 190** would be heard today; therefore, the hearing will be continued until Tuesday, February 16. Since John S. Anderson, City of Overland Park, was in attendance at today's meeting, his testimony in favor of this bill was heard. (Attachment #1.) In response to Senator Petty's question, Mr. Anderson explained that the grievance procedure followed would depend on whether the employer was a public agency or a private company. Senator Lee requested clarification on who pays the COBRA premium when an employee terminates and Mr. Anderson advised that the premium is paid by the individual, but at group rates. As stated above, the hearing on **SB 190** was continued until Tuesday, February 16, 1993.

The hearing was opened on **SB 239** --Uniform transfer on death security registration act. David Ross, Kansas Association of Life Underwriters, appeared before the committee to testify as a proponent of this legislation. (Attachment #2.) Senator Petty questioned whether securities held in joint tenancy would require the signature of both spouses to designate a beneficiary. Mr. Ross responded that any change in the contract would require both spouses' signatures. The chairman questioned the language on page 1, line 28-30, specifically the reference to property, real or personal. The Revisor will research to determine if such language is necessary. The hearing on **SB 239** is continued pending clarification of the language in question.

The committee adjourned at 9:45 a.m.

The next meeting is scheduled for Monday, February 15, 1993.

GUEST LIST

SENATE

COMMITTEE: FINANCIAL INSTITUTIONS AND INSURANCE

DATE:

2/12/93

[illegible]

TESTIMONY IN SUPPORT OF SENATE BILL NO. 190

TO: The Honorable Richard Bond, Chairman
and Members of the Senate Committee on Financial
Institutions and Insurance
Kansas Legislature
Room 529-S
Kansas State Capitol
Topeka, KS 66612

Date: February 12, 1993

RE: Senate Bill No. 190

THE PROBLEM

Under current state statute, K.S.A. 1992 Supp. 40-2209, a terminated employee and covered dependents are entitled to have health care coverage continued, at his/her own expense, under the former employer's group health care policy for a period of six months and at the end of such period, are entitled to a policy of health insurance issued to them by the insurer. The statute provides continuation of benefits regardless of the reason that the employee was terminated.

Under federal law -- the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272) (COBRA) - the terminated employee and his/her spouse and dependent children are entitled to continuation of health insurance coverage up to eighteen (18) months from the termination date. However, if the employee is terminated for "gross misconduct", the terminated employee and the spouse and dependent children are not entitled to continuation of health coverage.

BACKGROUND

Over the past several years, two Overland Park employees have pled guilty to embezzlement of large amounts of City funds. Although strong sentiment existed on the City Council and among City management not to provide continued health care coverage to former City employees who have pled guilty to theft of City funds, the City Law Department advised that although COBRA does not require continued coverage, Kansas law requires continued coverage regardless of the nature and severity of the offense. We have been unable to articulate a public purpose for allowing employees and covered dependents to be provided continued health care coverage when the employee is terminated for gross misconduct.

SOLUTION


In order to bring uniformity to the issue, the City of Overland Park, Kansas, recommends that the continuation of health

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care coverage for terminated employees and covered dependents be predicated upon the same standard of conduct under the state law as under federal law. The proposed amendment to K.S.A. 1992 Supp. 40-2209 will accomplish this objective by providing that employees and their covered dependents will not be eligible for continuation of health care coverage if the employee is terminated for gross misconduct.

The City of Overland Park urges that you consider passage of Senate Bill No. 190.

Respectfully submitted,



John S. Anderson
Senior Assistant City Attorney

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Mr. Chairman, members of the Committee,

I am David A. Ross representing the Kansas Association of Life Underwriters.

I appreciate the opportunity to appear before you today in support of SB239.

Presently, owners of non-qualified mutual funds and other securities must title them in joint tenancy. Upon the death of the owner or last surviving owner, the mutual fund or other security must pass through the probate process before distribution can be made to heirs. This can sometimes be a lengthy process. Additionally, the joint tenancy registration of securities normally entails a sharing of lifetime entitlement and control working satisfactorily only so long as the co-owners cooperate. Therefore, is it not attractive when parents wish to transfer the security to children, when a person wished to transfer the property to a private institution, or for many other situations because it would require joint ownership with the other party.

SB239 would enact the uniform transfer on death security registration act. Its passage would permit mutual fund and security owners the option to designate a beneficiary to arrange a non probate transfer at the death of the security owner.

The model was drafted in 1989 by the National Conference of Commissioners on uniform state laws and has been adopted in seven states. I would appreciate your support.

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