

Approved: February 19, 1993
Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Richard Bond at 9:15 a.m. on February 18, 1993 in Room 529-S of the Capitol.

Members present: Senators Corbin, Hensley, Lawrence, 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: Richard Brock, Insurance Department

Others attending: See attached list

Senator Lawrence made a motion, seconded by Senator Praeger to approve the minutes of the meeting of February 17, 1993 as submitted. The motion carried.

The hearing was opened on **HB 2075**--Insurance agents, increasing application fee. Richard Brock, State Insurance Commissioner's Office, appeared before the committee to explain that this bill would increase to \$30.00 the one time fee for agent's insurance license to offset the cost of a KBI records check. (Attachment #1.) There were no further conferees and the hearing was closed. Senator Lawrence made a motion, seconded by Senator Steffes, to pass HB 2075 favorably and to place it on the Consent Calendar. The motion carried.

The hearing was opened on **HB 2080**--Insurance agents, suspension or revocation of license. Richard Brock, State Insurance Commissioner's Office, appeared as a proponent of this legislation. (Attachment #2.) In response to Senator Bond's question, Mr. Brock explained that this bill would apply only to suspension or revocation of a license; any problems with agents applying for a new license would be found by the KBI upon application. Senator Steffes inquired whether there have been problems that this bill would address and Mr. Brock replied in the affirmative and stated that the action of suspension or revocation of a license is optional. There being no further questions and no other conferees, the hearing was closed. Senator Steffes made a motion to move HB 2080 favorably. The motion was seconded by Senator Praeger. The motion carried. Senator Corbin will carry the bill.

The hearing was opened on **HB 2082**--Automobile club agents, increasing fee. Richard Brock, State Insurance Commissioner's Office, also appeared as a proponent of this bill. (Attachment #3.) Mr. Brock explained that this bill is very similar to **HB 2075** also heard at today's meeting; however, this bill applies to automobile club agents. The House amended the bill to make the fee biennial instead of annual. There were no questions and no other conferees; the hearing was closed. Senator Praeger moved to pass the bill favorably and to place it on the Consent Calendar. Senator Corbin seconded the motion. The motion carried.

The committee adjourned at 9:25 a.m.

The next meeting is scheduled for Friday, February 19, 1993.

GUEST LIST

SENATE

COMMITTEE: FINANCIAL INSTITUTIONS AND INSURANCE

DATE: 2-18-93

[illegible]

Testimony on
House Bill No. 2080

by

Dick Brock

Kansas Insurance Department

House Bill No. 2080 restructures the statute which prescribes the reasons an insurance agent may be penalized or have his or her license suspended or revoked. Such restructuring is intended to clarify the statute by itemizing the reasons such action may be taken.

In addition to this editorial change, the more substantive amendment is the addition of a conviction for certain misdemeanors or felonies as a specific reason an agent's license may be suspended or revoked or some other allowable penalty assessed. Historically, the Department has had to determine that such convictions either adversely affected the agent's good business reputation so the person was no longer qualified to hold a license; or, determine that such conviction would result in the interests of the insurer or the insurable interests of the public not being properly served under such license. Rather than being required to approach suspension or revocation so indirectly because of a conviction relevant to the activities of an insurance agent, the statute and process would be much more straightforward if troublesome convictions could be directly addressed.

House Bill No. 2080 would make this change.

Senate 7141
2-18-93
Attachment #2

Testimony on
House Bill No. 2082

by

Dick Brock

Kansas Insurance Department

Although House Bill No. 2082 contains an editorial revision to K.S.A. 40-2508 to make its provisions gender neutral, the only substantive change appears in new subsection (c) of the bill as amended by the House Committee. Specifically, the fee for the initial registration of an automobile club agent is increased from \$2 to \$15 and a biennial renewal registration of \$15 is applied.

Automobile club agents are persons who solicit and sell memberships in auto clubs. Consequently, they are in constant contact with the public, making representations about the auto club services offered by their company, in some cases handling money and so forth. In addition, the statute requires the Commissioner to ascertain that the applicant is of good reputation before registering the person as an automobile club agent.

For these reasons, applicants for such registration are subjected to a records check by the Kansas Bureau of Investigation (KBI). The KBI now charges \$10 per applicant for performing this service. In addition, the current \$2 fee for registration has remained the same since the requirement was first enacted in 1967.

As originally proposed, the bill would simply have increased the annual fee from \$2 to \$15. However, the House Committee noted that the KBI cost was incurred only at the time of initial registration. Therefore, there was some question as to the need for the increased fee to apply on an annual basis. Because of this concern, the registration renewal was changed to a biennial period and the Department concurred with the change.

Senate 4/4/1
2-18-93
Attachment #3