

MINUTES OF THE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 a.m. on March 15, 2011, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes
Melissa Calderwood, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Beverly Beam, Committee Assistant

Conferees appearing before the Committee:

Others attending:

See attached list.

The Chair called the meeting to order.

Hearing on

HB 2076 -- Increasing the amount of time in which filings made to the commissioner of municipal pools must be reviewed

Melissa Calderwood, Legislative Research, gave an overview of the bill. Miss Calderwood stated that under current law, an application for a certificate of authority to operate a municipal group insurance pool must be made to the Commissioner of Insurance within 30 days of the proposed inception date of the pool. She said this bill would allow municipal pools to submit an application for a certificate of authority up to 60 days prior to the proposed inception date of the pool. In addition, the bill would extend the amount of time a municipal pool has to submit a certified independent audited financial statement to the Commissioner of Insurance from the current requirement of 90 days to 150 days after the end of the pool's fiscal year. She said passage of **HB 2076** would have no fiscal effect on state operations.

Kevin Davis, Kansas Insurance Department, testified in support of **HB 2076**. Mr. Davis said this bill makes two minor changes in the time requirements provided for in the municipal group-funded pools statutes. The first would require an application for a certificate of authority to operate a municipal group-funded pool be made to the Commissioner of Insurance not less than 60 days prior to the proposed inception date of the pool instead of the current provision of 30 days. He said the second change would also allow municipal group-funded pools to submit their certified independent audited financial statement no later than 150 days after the end of the pool's fiscal year end versus the current 90 days. He added that in order to have consistency as appropriate among the entities the Kansas Insurance Department regulates, these amendments have been proposed. (Attachment 1)

The Chair closed the hearing on **HB 2076**.

Hearing on

HB 2077 -- Increasing the amount of time worker's compensation pools have to file their end of year financial statements.

The Chair opened the hearing on **HB 2077**

Melissa Calderwood gave an overview of the bill. Miss Calderwood stated that under current law, a group-funded insurance pool has 90 days after the end of the pool's fiscal year to submit a certified independent audited financial statement to the Commissioner of Insurance. She said **HB 2077** would allow group-funded insurance pools to submit such a financial statement up to 150 days after the close of the pool's fiscal year. She noted that passage of this bill would have no fiscal effect on state operations.

CONTINUATION SHEET

The minutes of the Financial Institutions & Insurance Committee at 9:30 a.m. on March 15, 2011, in Room 152-S of the Capitol.

Kevin Davis, Kansas Insurance Department, testified in support of **HB 2077**. (Attachment 2)

The Chair closed the hearing on **HB 2077**.

Senator Steineger made a motion to amend the contents **HB 2075 and 2077 into HB 2076**. Senator Schmidt seconded. Motion passed.

Senator Steineger made a motion to pass **HB 2076** out favorably as amended. Senator Olson seconded. Motion passed.

Action on

HB 2074 - Rate filings; disclosure of trade secrets or copyrighted material

Senator Olson moved to put **HB 2074** on the Consent Calendar. Senator Schmidt seconded. Motion passed.

The next meeting is scheduled for March 16, 2011.

The meeting was adjourned at 10:00 a.m.

SENATE FINANCIAL INSTITUTIONS & INS. COMMITTEE GUEST LIST

DATE: 2-15-11

[illegible]



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

**TESTIMONY ON
HB 2076
SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE
March 15, 2011**

Madam Chair and Members of the Committee:

I am Kevin Davis with the Kansas Insurance Department and with me today is Ken Abitz, Director of our Financial Surveillance Division.

Thank you for the opportunity to testify in support of HB 2076. This bill makes two minor changes in the time requirements provided for in the municipal group-funded pools statutes. The first in K.S.A. 12-2618 would require an application for a certificate of authority to operate a municipal group-funded pool be made to the Commissioner of Insurance not less than 60 days prior to the proposed inception date of the pool instead of the current provision of 30 days. This proposed change is in line with the same requirement of group-funded workers compensation pools pursuant K.S.A. 44-582.

The second change is in K.S.A. 12-2620 which would also allow municipal group-funded pools to submit their certified independent audited financial statement no later than 150 days after the end of the pool's fiscal year end versus the current 90 days. We have had on average requests from at least 50% of the municipal group-funded pools over the past several years requesting to file the audited financial statements after the filing due date. In addition, the proposed new due date to file the audited financial statements is the same as that required of insurance companies.

In order to have consistency as appropriate among the entities the Kansas Insurance Department regulates, we have proposed these amendments. Thank you for the opportunity to appear in support of this bill. I would be happy to take any questions you may have at this time.

Kevin R. Davis
Director of Consumer Assistance and Government Affairs

*FI&I Committee
3-15-11
Attachment 1*



Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

TESTIMONY ON HB 2077

SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE March 15, 2011

Madam Chair and Members of the Committee:

I am Kevin Davis with the Kansas Insurance Department and with me today is Ken Abitz, Director of our Financial Surveillance Division.

Thank you for the opportunity to testify in support of HB 2077. This bill would amend K.S.A. 44-584 to allow for group-funded workers compensation pools to submit its certified independent audited financial statement no later than 150 days after the end of the pool's fiscal year end versus the current 90 days. We have had on average requests from at least 50% of the group-funded workers compensation pools over the past several years requesting to file the audited financial statements after the filing due date. In addition, the proposed new due date to file the audited financial statements is the same as that required of insurance companies.

In order to have consistency as appropriate among the entities the Kansas Insurance Department regulates, we have proposed these amendments. The Department makes every effort to allow financially viable entities of good character to operate in Kansas and this bill is a request for some additional latitude to continue doing that job.

Thank you for the opportunity to appear in support of this bill. I would be happy to take any questions at this time.

Kevin R. Davis
Director of Consumer Assistance and Government Affairs

*FI&I Committee
3-15-11
Attachment 2*