

SESSION OF 2007

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2112

As Amended by Senate Committee on
Financial Institutions and Insurance

Brief*

HB 2112, as amended, would amend a current law requirement for the authentication of documents for insurance companies conducting business in Kansas. The bill also would amend the current law provision that allows any insurance company to unite, merge, or consolidate with any other company engaged in like business to include similar authority for health maintenance organizations (HMOs). Finally, the bill would amend the current filing requirements for the payment of taxes and fees by insurance companies conducting business in Kansas.

Document Authentication

The bill would amend a current law requirement for insurance companies conducting business in the State of Kansas. Currently, the law requires that a document submitted to the Kansas Insurance Department that provides consent to service of process on the Insurance Commissioner if a company is sued in court in Kansas be authenticated by the seal of the corporation. The bill would remove the requirement of the application of a corporate seal to the document for authentication. (Section 1)

HMO Merger Authority

The bill also would amend the current law provision that allows any insurance company to unite, merge, or consolidate with any other company or companies engaged in like business, provided certain conditions are met and with the

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

approval of the Insurance Commissioner. The bill would provide the same authority for HMOs. (Section 2)

Filing Requirements

The bill also would amend the current filing requirements for the payment of taxes and fees by insurance companies that conduct business in Kansas with the Insurance Commissioner. Specifically, the bill would remove the following terms from the filing requirements law: “verified by affidavits,” “verified by oath,” and “under oath.” The bill would provide, instead, that the filings be “generated by or at the direction of company officers under penalty of KSA 21-3711.” KSA 21-3711 includes the crime of making false information. (Sections 3-6)

Background

HB 2112 was requested by the Insurance Commissioner whose representative indicated that the corporate seal requirement has become an antiquated requirement that is unnecessary for the purposes of approving insurance companies to do business in the state. The representative also noted that the Department has taken steps recently to have company filings done in an electronic format with the intention of reducing the Department’s use of paper.

The Senate Committee on Financial Institutions and Insurance recommended an amendment to the bill to include the provisions of HB 2110 (as amended by the House Committee on Insurance and Financial Institutions) and HB 2106 (as recommended by the House Committee on Insurance and Financial Institutions).

The fiscal note prepared by the Division of the Budget indicates that passage of the bill would have no fiscal effect on the Kansas Insurance Department. Insurance companies, according to the note, could incur reduced costs in the form of staff time when applying to transact business in Kansas as a result of having to obtain authentication with a corporate seal; however, there is no way to estimate these expenses.