

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 a.m. on February 23, 2004 in Room 234-N of the Capitol.

Senator Adkins-Absent
Senator Buhler-Absent
Senator Barnett-Excused
Senator Helgerson-Absent
Senator Brungardt-Excused

Committee staff present:

Bill Wolff, Legislative Research
Ken Wilke, Office of the Revisor of Statutes
Nancy Shaughnessy, Committee Secretary

Conferees appearing before the committee:

Jarrold Forbes, Kansas Insurance Department
Larry Bruning, Kansas Insurance Department
Dave Hanson, Kansas Property and Casualty Life Insurance Companies

Others attending:

See Attached List.

The Chair announced that she had several bills that she wanted to work today and if the Committee did not have a quorum, she would call a meeting later in the day at the rail.

Jarrold Forbes of the KID was introduced and testified as a proponent of **SB508-Standard nonforfeiture law for individual deferred annuities.** (Attachment 1) The legislation would apply to companies offering individual deferred annuities. It would lower the current maximum surrender rate from 35% to 12.5 % and would allow companies to index the guarantee rate to the five-year treasury rate.

Larry Bruning stated that the guaranteed interest rate that accumulates the premium deposits that a policyholder would deposit into their annuity was guaranteed at 3% in the old law. The guarantee was revisited after 9-11-2002 and even a 3% was difficult to guarantee due to the economic climate. At that time the legislative body put in a sunset provision that lowered the guarantee to 1 ½ %. That guarantee is due to expire in June 30th of 2005 and will revert back to 3%. One area of the new legislation would allow a company to tie that guaranteed interest rate to a 5 yr.cost of maturity treasury and it will revert back to the 3%.

The Chair questioned if the interest rates would fluctuate as the economic times improved? Mr. Bruning replied that 3% was the minimum that a customer could receive.

Dave Hanson of the Kansas Property and Casualty Life Insurance Companies that they were in support of the bill and appreciated the Department bringing this bill forward. Written testimony was also presented by James Hall, the American Council of Life Insurers.(Attachment 2)

The Chair closed the hearing on **SB 508.** She stated that since there was no quorum there would be a meeting at the rail and they would work **SB508,**

SB509–Credit service organizations inclusion of debt management services. The chair explained that this bill had been brought by Kevin Glendening of the Kansas bank Commission and it's purpose was primarily to change some of the definitions of debt management and is a consumer friendly bill.

SB 392–Authorizing the committee on surety bonds and insurance to competitively negotiate certain contracts. The Chair stated that the bill was brought to the Committee by Senator Oleen and asked Bill Wolff to comment. The two existing statutes have been reconciled and there is some additional language added to assure this bill only applies to those agencies that have the authority to purchase insurance. The Chair stated that Senator Oleen was very interested in this bill because it would create some savings for the Universities and all higher education in their ability to bid. Insurance and surety bonds. (Attachment

CONTINUATION SHEET

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SB 367–Removal of capitated managed care requirement. Dr. Wolff stated that a new balloon had been received from SRS which puts the word capitated back into the bill and addresses the issues of prescription drugs and transportation only. The changes add in the three exceptions dental, prescription and transportation.(Attachment 4)

Ken Wilke indicated there was some minor language change in **SB509** and the chair decided to work that bill in the next day's committee meeting rather than at the rail meeting she had called for later today.

Meeting adjourned at 10:00am.

The next Meeting was scheduled at the rail for today's date immediately upon adjournment of the session.