

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on February 28, 2007 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department  
Terri Weber, Kansas Legislative Research Department  
Ken Wilke, Office of Revisor of Statutes  
Bev Beam, Committee Secretary

Conferees appearing before the committee:

John Campbell, General Counsel, KID; Kathy Damron, Prudential Insurance; John Meetz, Legislative Liaison, KID

Others attending:

See attached list.

The Chair called the meeting to order.

Hearing on:

**HB 2108 - relating to insurance; concerning unfair trade practices.**

John Campbell, General Counsel, Kansas Insurance Department, testified in support of Substitute for HB 2108. Mr. Campbell testified that the language for the HB 2108 comes from Military Sales Working Group of the National Association of Insurance Commissioners. The original language has now been refined by the Working Group. He said a Kansas specific version of the new language has been developed by the Insurance Department and is Substitute for HB 2108.

Kathy Damron testified on behalf of Prudential Financial in support of HB 2108. Ms. Damron testified that Prudential Financial is the long time administrator of the federal Servicemembers Group Life Insurance (SGLI) program that provides life insurance coverage to military personnel. She said Prudential is concerned that Kansas HB 2108, as currently drafted, could potentially permit the state of Kansas to regulate elements of the federal SGLI program. She said Prudential respectfully requests that HB 2108 be amended to include the following language: Line 19 "Except for federal insurance programs under subchapter III of chapter 19 of title 38 United States Code and any other provisions of law and ...." This amendment would permit the Kansas Insurance Commissioner to regulate dishonest and predatory insurance sales practices in Kansas without interfering with the Federal SGLI program.

The Chair closed the hearing on HB 2108.

Hearing on:

**HB 2110 - concerning insurance companies, pertaining to merger authority**

John Meetz, Legislative Liaison, Kansas Insurance Department, testified in support of HB 2110. He said K.S.A. 40-309 was written before the advent of Health Maintenance Organizations (HMO's), thus HMOs are not subject to the same merger requirements as insurance companies. HB 2110 would explicitly add HMO's to the law that outlines merger requirements for all other insurance companies. The Kansas Insurance Department does not feel it is prudent to allow the possibility of an unauthorized merger to take place in the future.

The Chair closed the hearing on HB 2110.

Hearing on:

**HB 2112 - concerning insurance companies; relating to corporate seals.**

## CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on February 28, 2007 in Room 234-N of the Capitol.

John Meetz testified in support of HB 2112. He said K.S.A. 40-218 requires that each company must submit forms that have been authenticated by the seal of the corporation. HB 2112 deletes this requirement. The Kansas Insurance Department feels this is an antiquated requirement that is unnecessary for purposes of approving insurance companies to do business in the state of Kansas, he said. The use of electronic signatures for authentication has proven to be a secure and reliable method for the purpose of online filings.

The Chair closed the hearing on HB 2112.

The meeting adjourned at 10:05 a.m.