

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 March 7, 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 Meetz, Government Affairs Liaison, KID; and Scott Heidner, Kansas Self Insurers Association

Others attending:

See attached list.

The Chair welcomed everyone to the meeting.

Hearing on:

HB 2107 - concerning insurance; relating to security deposits in financial institutions.

John Meetz, Government Affairs Liaison, Kansas Insurance Department, testified in support of HB 2107. He said this bill changes K.S.A. 40-229a regarding the definition of financial institutions as they pertain to security deposits. The main purpose of this proposed bill is to add trust companies to the list of allowed custodial entities for statutory deposits because they were not specifically identified in the law, he said. Mr. Meetz said the original version of this bill mistakenly omitted savings and loan associations and savings banks. This was done in accordance with the NAIC model law. After consulting with representatives of the savings banks, the Department would like to re-include them in the statute that defines financial institutions. (Attachment 1)

The Chair closed the hearing on HB 2107.

Hearing on:

HB 2115 - concerning the workers compensation group-funded pool; relating to the collection of the premium tax.

John Meetz again testified in support of HB 2115. Mr. Meetz testified that under the current statute, the collection of this tax is based on the gross manual premium calculation before any available premium discounts. He said this tax is necessary to cover the administration of the pools for the following year. The Insurance Department proposes that this tax be collected on the actual Kansas gross premium collected by each pool in the preceding fiscal year. The pools will still be able to make certain deductions from their collected premiums. The Insurance Department believes that collecting the premium tax upon the actual premium collected is a more accurate representation of the money that comes into workers compensation group-funded pools. (Attachment 2)

Scott Heidner, Executive Director, Kansas Self Insurers Association, also testified in support of HB 2115. He said this bill corrects a potential inconsistency in how the amount of premium taxes owed to the state by a self-insured pool is calculated. He said this bill confirms that those work comp pools pay premium taxes to the state on only those fees that are collected from pool members. (Attachment 3)

The Chair closed the hearing on HB 2115.

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on March 7, 2007 in Room 234-N of the Capitol.

Hearing on:

HB 2116 - concerning certain rules and regulations of the commissioner of insurance.

John Meetz testified in support of HB 2116 stating that this bill mostly makes technical changes to K.S.A. 40-2252 which currently states that the Insurance Commissioner and the Department of Health and Environment may adopt rules and regulations with regard to K.S.A. 40-2251. HB 2116 would simply change “secretary of health and environment” to “Kansas health policy authority,” in order to update K.S.A. 40-2252 with the changes made to K.S.A. 40-2251 last year. (Attachment 4)

The Chair closed the hearing on HB 2116.

Senator Wysong moved to approve the minutes of February 28 and March 6. Senator Steineger seconded. Motion carried.

Senator Brungardt moved HB 2107 out favorably for passage. Senator Steineger seconded. Motion carried.

Senator Brungardt moved HB 2116 out favorably for passage. Senator Steineger seconded. Motion carried.

The meeting was adjourned at 9:55 a.m.