

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 January 23, 2008 in Room 136-N of the Capitol.

All members were present.

Committee staff present:

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

Conferees appearing before the committee:

Bill Sneed on behalf of America's Health Insurance Plans  
John Meetz, Kansas Insurance Department

Others attending:

See attached list.

The Chair called the meeting to order and welcomed everyone to the meeting.

The Chair called on Melissa Calderwood, Legislative Research, for a report of the Electronic Motor Vehicle Financial Security Verification System Task Force. Ms. Calderwood said while the Task Force makes no recommendation on an electronic verification system, it does encourage continued monitoring of a number of issues identified during its meetings. She continued that the Task Force encourages the American Association of Motor Vehicle Administrators, the National Association of Insurance Commissioners and the National Conference of Insurance Legislators to adopt standards for states to use in developing their electronic financial security verification systems. She also noted that the Task Force calls on the Legislature to evaluate lower-cost insurance options and review the compulsory requirements for proof of auto insurance.

The Chair called on John Meetz, Kansas Insurance Department for comments on renewal of the Auto Insurance Verification Task Force Resolution. Mr. Meetz said the Task Force was charged with finding a solution to the problem of uninsured motorists in Kansas. He said this year the Kansas Insurance Department is proposing the Auto Insurance Verification Task Force (SCR 1616) be reauthorized to continue its job. He continued that the Task Force members have agreed to urge the Kansas Legislature for a reauthorization of the Task Force in hopes that further research and discussion will manifest a workable, cost-effective solution to the uninsured motorist problem. (Attachment 1)

Hearing on:

SB 209 - pertaining to accident and health insurance; relating to rate and form filings.

The Chair called Bill Sneed, Legislative Counsel for America's Health Insurance Plans (AHIP), who testified in support of SB 209. Mr. Sneed said during the 2007 legislative session, AHIP requested introduction of SB 209. He said SB 209 is the National Association of Insurance Commissioners (NAIC) Model for rate and form filings. He said unfortunately, a bill was not drafted that could co-exist with Kansas Law. Mr. Sneed said at the time of introduction, he requested that the bill be referred to an interim committee to allow his client and staff to work on redrafting the bill so it would not be in conflict with current Kansas Law. Attached to Mr. Sneed's testimony is a balloon draft of a substitute bill. Mr. Sneed continued that the balloon represents the NAIC Model except in one instance. He noted that currently Kansas law requires the Department to act upon a filing within 30 days. He said the NAIC Model allows up to 60 days. This period was arrived at as a compromise as there were many states that provided for 90 days, and even a few for 120 days for review, he said. He noted that there are states who are not willing at this time to move to a 30-day review process like Kansas currently employs. Mr. Sneed requested that SB 209 be amended as a Substitute Bill. (Attachment 2)

## CONTINUATION SHEET

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John Meetz, Kansas Insurance Department, also testified in support of SB 209. Mr. Meetz said this bill codifies elements of the Kansas statute dealing with accident and health insurance.

He continued that the bill is an attempt by AHIP to provide consistency and uniformity in the rate and form filing process for companies heavily involved in business across state lines. He said all provisions of the bill can be easily integrated into the current rate and form approval procedure. Mr. Meetz noted that SB 209 prohibits the use of “desk drawer” rules, which the Insurance Commissioner has been committed to removing since she has taken office. The Insurance Commissioner is committed to creating a consistent regulatory environment that allows insurance companies to more effectively conduct business in this state and across the nation, he said. (Attachment 4)

The meeting adjourned at 10:25 a.m.