

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 5, 2004 in Room 234-N of the Capitol.

All members were present except:
Senator David Adkins- Absent

Committee staff present:
Bill Wolff, Legislative Research
Ken Wilke, Revisor of Statutes Office
Nancy Shaughnessy, Committee Secretary

Conferees appearing before the committee:
Senator Phil Journey
Joseph P. Zingher
Kansas Banker's Association
Matthew Goddard
K.C.. Blodgett
Ron Gaches

Others attending:
See Attached List.

Senator Teichman introduced Roderick Bremby, Secretary of the Kansas Dept. Of Health and Environment. Secretary Bremby presented an overview (Attachment 1) of the Department and specifically the health care data collection to support health policy development. The outgrowth of data base seeded at KDHE is the development of a database called the KHIS(Kansas Health Insurance Information System).KHIS is a claims database the Commissioner uses to address information mandates, insurance mandates and other health insurance issues.

This information has been used on several occasions to support legislative mandate discussion. KHIS is a model for other states in that it provides cost information, not only claims information. Future goals for enhanced service includes obtaining health utilization data, provider specific data that includes financial information, quality and outcome data. The Governor's office has recently expanded the Board to include 3 (three) additional members, two members would represent business, large and small and the third will be a member at large.

Senator Barnett commented he appreciated hearing the report to the Committee. This kind of data will be critically important in the future as the legislature makes decisions regarding health care issues.

The Chair then opened the hearings on **SB 333-ATM-PIN reverse protection** and introduced the first conferee.

Senator Phil Journey presented his testimony(Attachment 2) and commented it was the first bill he had filed in his brief legislative career. ATM crime is a growing problem and this bill would require in the installation of ATM machines a system which would allow the customer to initiate a distress signal being relayed to local law enforcement agencies. The conferee then introduced a technical witness and inventor of the ATM software to explain it's function.

Mr. Joseph Zingher, owner of the SafetyPIN system testified(Attachment3) as a proponent of the bill. He stated that all an emergency PIN system would require is a new set of instructions being added to software already in place and it would provide enhanced protection of ATM customers. He addressed the primary objections of cost and the problem of the panicky customer.

Chuck Stones of the KBA(Kansas Bankers Association) testified in opposition to the bill.(Attachment 4) He assured the Committee that customer safety was of the utmost concern to the financial institutions that he represents. However, research shows that of all the steps that can be taken to improve customer security, careful attention to the "3L's", location, lighting and landscaping, plus education produce the best results.The financial institutions are concerned that the measures they take be effective and this

CONTINUATION SHEET

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particular product does not appear to meet that standard.

Matthew Goddard of the Heartland Community Bankers Association presented testimony in opposition to the bill. (Attachment 5) HCBA and their member institutions are committed to providing ATM users with a safe banking experience. They are opposed, however, to legislation requiring ATM owners to use a specific and unproven security program.

K.C. Blodgett, Supervisor of Security Personnel, Commerce State Bank presented testimony (Attachment 6) opposing **SB 333**. He stated that in his past experience as a police officer, indicates he does not feel that this is a common crime. His personal belief is that the bill would not be beneficial to anyone, the victim, the financial institution or law enforcement.

Ron Gaches representing bank clients testified before the Committee in opposition to the bill. (Attachment 7) He addressed the significant amount of security measures that his client banks have taken to assure the safety of their customers. The reverse PIN technology mandated in **SB 333** has not been demonstrated to improve the security of ATM users. It is worth noting, that mandates similar to this one has been discussed in several states but adopted by none.

Bill Henry of the Kansas Credit Union Association submitted written testimony in opposition to the bill. (Attachment 8)

The Chair asked the Committee if there were any questions, hearing none, the hearing on **SB 333** was closed.

Meeting adjourned at 10:35 A.M.

The next meeting was scheduled for: Tuesday Feb. 10, 2004