

Approved: 2-15-11
Date

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 am. on February 10, 2011, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Ken Wilke, Office of the Revisor of Statutes
Melissa Calderwood, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Beverly Beam, Committee Assistant

Conferees appearing before the Committee:

Jim Hall, American Council of Life Insurers

Others attending:
See attached list.

Chairman Teichman welcomed everyone to the meeting.

Hearing on

SB 85 – Removal of mandatory participation requirements for group life insurance

Melissa Calderwood gave an overview of the bill. She said that SB 85 would remove mandatory participation requirements on premium payments of group life insurance policies. She said the bill would also expand the amount of insurance coverage available to the family members of an employee from 50.0 percent of the insurance available on the life of the insured employee to 100.0 percent of the insurance available on the life of the insured employee. She added that the Kansas Insurance Department said that implementation of SB 85 would increase the workload of the department; however, the additional workload is within the scope of expertise and training of the existing staff and could be handled within existing resources.

Jim Hall, Regional Vice President, State Relations, testified in support of SB 85. Mr. Hall stated that the group life insurance modernization provided by SB 85 is not a new development. He said the changes in the group insurance statutes have been occurring over the last twenty years in over forty states. He noted that at present, only three states, including Kansas, have not modernized their group life insurance laws. He said many Americans receive their life, health and disability insurance benefits through their employers. He said it is important that employers have the option of offering group insurance benefits as a way of attracting and keeping employees. In conclusion, Mr. Hall stated that group life insurance is a necessary vehicle of protection for those workers who can't afford individual insurance or can't buy it because of their health status. Mr. Hall said group life insurance and individual life insurance serve different markets. He said modernization of the group life insurance law will not adversely affect the individual life insurance market. He said by offering these voluntary life insurance products through an employer group, the employer can continue to offer their employees the advantages of payroll deduction, group rates, limited underwriting, and other efficiencies in administration. He said the enactment of SB 85 will make these opportunities available to Kansans.

Following brief discussion, the Chair closed the hearing on SB 85.

The Chair reopened the hearing on SB 71.

Melissa Calderwood refreshed the committee on the content of SB 71.

All conferees from the previous day were in attendance and were given an opportunity to speak.

CONTINUATION SHEET

Minutes of the Senate Judiciary Committee at 9:30 a.m. on February 10, 2011 in Room 548-S of the Capitol.

Following lengthy Q & A, the Chair suggested the proponents and opponents look at compromise with regard to the following: increase in Webinars and their availability; define clerical; are the full 24 hours of continuing education necessary; the issue of reciprocity; whether “company” classes could be offered with approval of the Kansas Insurance Department.

The next meeting is scheduled for February 15, 2011.

The meeting was adjourned at 10:25 am.