

Approved:

03-30-2012

(Date)

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

The meeting was called to order by Chairperson Ruth Teichman at 9:30 AM on Wednesday, March 14, 2012 in 152-S of the Capitol.

All members were present except:

Senator Holland

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department

Heather O'Hara, Kansas Legislative Research Department

Ken Wilke, Revisor of Statutes Office

Marilyn Arnone, Committee Assistant

Speakers appearing before the Committee:

Doug Mays, on behalf of Allstate Insurance Company

Kris Kellim, Kansas Insurance Department

Others in attendance:

See attached list.

The Chair opened the meeting by saying this was an informational meeting on two bills that were not yet in the committee.

Discussion was opened regarding combining life insurance with certain other riders such as for specific illness or disease coverage.

The Chair called on Doug Mays for information. Mr. Mays said this is a simple bill that would permit a rider to be on life insurance policies. The rider would pay a lump sum for a specific illness such as a stroke, kidney failure, major organ transplant, or heart attack. Both the rider and the life policy can be sold in Kansas and this bill would make a technical change in the law to permit these two coverages to be sold together. The Kansas Department of Insurance has been consulted to be certain that all coverages and combinations contemplated by this legislation

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CONTINUATION SHEET

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continue to meet all insurance regulatory standards required under Kansas law. The bill also contains multiple safeguards to assure appropriate regulation. ([Attachment 1](#))

Bob Tomlinson, Assistant Commissioner of the Kansas Insurance Department contributed written support of this proposed bill. The Department approves of this amendment. ([Attachment 2](#))

Mr. Mays answered questions from the Committee.

Ken Wilke explained the amendment. This bill was originally introduced last year and has carried over. Technical changes have been made along with the rider requirements. ([Attachment 3](#))

The Chair called on Kevin Davis of the Insurance Department for comment. Mr. Davis said the Insurance Department had worked with Mr. Mays and Allstate for acceptable language. To clarify, this is a life insurance policy with a health rider. These products have not typically been sold together.

The Chair closed discussion on regarding combining life insurance with certain other riders such as for specific illness or disease coverage.

The Chair opened discussion concerning the Insurance Holding Company act and asked Mr. Wilke to speak to the issue. Mr. Wilke said this bill updates the Insurance Holding Company act. This bill would allow the Insurance Department some extra tools to work with international holding companies. A mechanism called a Supervisory College would allow the Insurance Commissioner to work with Insurance Commissioners of other states or insurance officials of other countries if there is a problem that involves a holding company. The bill also cleans up technical errors as the removal of the term “and its affiliates” in several places and the change of a penalty amount from \$5,000 to \$1,000 for delay in providing information to the Insurance Commissioner. ([Attachment 4](#))

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Kris Kellim offered information on the Insurance Holding Company act. An insurance holding company refers to a company that consists of two or more business entities, at least one of which is an insurer. The importance of state based insurance holding company regulation has been brought to light by the unfortunate circumstances involving AIG and the recent crisis. **HB 2508** would make a series of changes to modernize and improve existing insurance holding company laws. The ultimate purpose of this bill is to protect consumers who buy insurance from a domestic insurer from hazardous conditions within the insurer's holding company system. The Department is not aware of any opposition to this bill and is, in fact, it is supported by a number of industry professionals, companies and associations. (Attachment 5)

The Chair expressed interest in working these bills when they reached the Committee. She also said that the remaining bills would be worked in the last meeting tomorrow.

Senator Schmidt introduced Pages Monica Michaud and Hannah Michaud from Hays and Carl Parker, Tanner Madden, and Braeden Corman from Larned.

The meeting adjourned at 10:20 AM. The next meeting will be on March 15, 2012.