

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Sandy Praeger at 9:30 a.m. on March 22, 2001 in Room 234-N of the Capitol.

All members were present except:

Committee staff present: Dr. Bill Wolff, Kansas Legislative Research Department
 Ken Wilke, Office of the Revisor of Statutes
 JoAnn Buntten, Committee Secretary

Conferees appearing before the committee:

 Rebecca Wempe, Assistant General Counsel, Security Benefit Life Insurance
 Don Gaskill, Director of Financial Surveillance Division, KID

Others attending: See attached list.

Hearing on HB 2473 - Life insurance companies; replication transactions

Rebecca Wempe, Assistant General Counsel, Security Benefit Life Insurance, testified before the Committee in place of Tom Swank of SBG in support of **HB 2473**. The bill would allow Kansas domiciled insurers additional flexibility in managing their investment portfolios. Ms. Wempe noted that currently insurance companies have two basic methods of obtaining exposure to an asset class. First, the insurance company can purchase individual securities, or second, it can purchase a mutual fund. The bill with amendments by the Kansas Insurance Department would provide a third method of obtaining that same exposure - - replication. Ms. Wempe explained to the Committee that replication is another way of obtaining exposure to an already permissible investment class as outlined in her written testimony. (Attachment 1)

Don Gaskill, Director of Financial Surveillance Division, KID, offered his support for the bill. He noted that the Kansas Insurance Department met with Security Benefit Life, Topeka, concerning **HB 2473**, and both agreed that passage of the bill would provide a flexible and efficient method of obtaining exposures to permitted asset classes and allow domestic life insurance companies to be competitive with other insurers domiciled in other states. (Attachment 2)

Written testimony in support of the bill was received from Bill Sneed, representing American Investors Life Insurance Company. (Attachment 3)

There were no opponents to the bill.

Senator Brungardt made a motion the Committee recommend **HB 2473** favorable for passage, seconded by Senator Barnett. The motion carried.

Discussion and Action on HB 2146 and HB 2247

The Chair briefed the Committee on the background of **HB 2247** which removes the sunset provision from the Business-Health Partnership Act. The bill had not been acted upon by the House Insurance Committee, and it was suggested to amend provisions of the bill into **HB 2146**, which was recently amended into another bill, and that a substitute bill be created.

Senator Feleciano made a motion to amend the provisions of **HB 2247** into **HB 2146** and create a substitute bill, and that the Committee recommend **Senate Substitute for HB 2146** favorable for passage, seconded by Senator Teichman. The motion carried.

CONTINUATION SHEET

Discussion and Action on HB 2480 - Adoption of model regulation concerning privacy of financial and health information of consumers

The Chair briefed the Committee on the history and provisions contained in **HB 2480** which is called the privacy bill. A balloon of the bill was discussed that contained an amendment offered by the Kansas Association of Health Plans and approved by the Kansas Insurance Department at a previous Committee meeting. Since the time the bill was passed by the House, the compliance date for the federal HIPAA privacy regulations had been delayed from February 26, 2003 to April 14, 2003. The amendment offered would replace the effective date of the NAIC Model to February 1, 2003, since February 26 is no longer a relevant date and would replace the second reference to February 26, 2003 to April 14, 2003 to be consistent with the HIPAA regulations.

Senator Feleciano made a motion to adopt the amendments changing the implementation dates, and that the Committee recommend **HB 2480 as amended** favorable for passage, seconded by Senator Teichman. The motion carried.

The Chair also noted that because of the delayed implementation, a summer interim this year would allow concerns addressed by the property-casualty insurance companies to be studied, and recommendations if needed for changes could be made for the next legislative session.

Adjournment

The meeting was adjourned at 10:30 a.m.