

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 January 27, 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, Office of the Revisor of Statutes
Nancy Shaughnessy, Committee Secretary

Conferees appearing before the committee:
Jarrod Forbes, Kansas Insurance Department

Others attending:
See Attached List.

Senator Teichman asked for approval of the minutes for January 13th, 14th and 15th. So moved.

Bill Introduction:

Ron Gaches appearing on behalf of KS. Association of Financial Services, a trade group of some prime lenders. KASF is asking for introduction of a bill(Attachment 1) which deals with two topics, and would amend the Kansas UCCC , Chapter 16A. The first component would be to allow a fee to be charged by lenders when a borrower contacts a lender to authorize a payment to be made electronically from their bank account. This is a service that lenders are providing currently to their borrowers but because it is not an enumerated fee in UCCC they are not able to charge for it. The bill asks for a maximum of a five dollar (\$5) fee for providing this service. The second component of the bill would seek to amend a notification requirement under the current law. Under current law if a borrower submits an insufficient funds check the lender is authorized to charge the borrower an insufficient funds fee. However the fee can only go on the balance due of the borrower falling notification of the lender to the borrower. KASF is requesting that lenders be allowed to put the fee on the statement that is received each month. Kansas is one of the very few states that is required to provide a separate notice of the fee.

Senator Salmans made a motion to accept the bill as introduced which was seconded by Senator Barnett. Motion passed.

Laura Howard, Deputy Secretary SRS, appeared to introduce legislation(Attachment 2) that the State Children's health insurance program would remove the requirement that the program be capitated. This would give SRS some flexibility with the management of the program.

Senator Barnett made a motion to accept the bill as introduced which was seconded by Senator Buhler. Motion passed.

Chuck Stones of the KBA, Kansas Banker's Association, introduced two separate bills(Attachment # 3) which both had to do with lienholders. The first one is in the case of a towed vehicle and the second one is a notice to lienholder in the case of seized property.

Senator Salmans made a motion to accept the bill as introduced which was seconded by Senator Buhler. Motion passed.

Peggy Hanna of the State Treasurer's office introduced a bill(attachment # 4) which amends the unclaimed property act. The bill is presented to the Insurance Committee because it has to do with the demutualization of life insurance companies.

Senator Salmans made a motion to accept the bill as introduced which was seconded by Senator Barnett. Motion passed.

The Chair opened the hearing on **SB 340** regarding risk-based capital requirements (RBC).

CONTINUATION SHEET

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE at 9:30 a.m. on January 27, 2004 in Room 234-N of the Capitol.

(Attachment#5) Jarrod Forbes of the Kansas Insurance Department indicated that the bill changes the date for risk based capital requirements. The RBC is the method the Department uses to evaluate the solvency of insurance companies.

The Chair asked the Committee if they would be comfortable moving the bill to the consent agenda.

Senator Buhler made a motion to move the bill out to the consent agenda. Seconded by Senator Brungardt. Motion passed.

The meeting adjourned at 10:14 A.M..

The next meeting is scheduled for Wednesday January 28th, 2004