

SESSION OF 2014

**CONFERENCE COMMITTEE REPORT BRIEF
HOUSE BILL NO. 2537**

As Agreed to April 2, 2014

Brief*

HB 2537 would amend provisions in the Insurance Code relating to certain disclosure statements and the confidential treatment of information disclosed in certain examinations; create new law to require municipalities to pay premiums for continuation under Consolidated Omnibus Budget Reconciliation Act health benefit provisions (COBRA) to a surviving spouse and eligible dependent children in the event of a line of duty death of any emergency personnel; amend current law to require state agencies and municipalities to pay premiums for continuation of coverage under COBRA to a surviving spouse and eligible dependent children in the event of a line of duty death of law enforcement officer who is employed by the Kansas Department of Corrections; and authorize the State Fair Board to purchase event cancellation and rain insurance coverage.

Disclosure Statements

Specifically, the bill would remove the ten-point boldface type printing requirement for the disclosure statement required to be included in any contract of insurance or indemnity or explanatory materials written in a language other than English, which are provided by insurance companies in the state.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

Extension of Confidential Treatment; Access to Examination Information

The bill also would extend the confidential treatment to information obtained or disclosed to the Insurance Commissioner in the course of an examination made under the Kansas Insurance Code that is not subject to subpoena and may not be made public, except to the extent specifically provided in the Kansas Open Records Act, to include the analysis by the Commissioner pertaining to either the financial condition or the market regulation of a company. The bill also would extend access to information obtained or disclosed in the course of an examination beyond the National Association of Insurance Commissioners to include its affiliates.

Continuation of COBRA Coverage

Emergency Personnel

The bill would enact new law to require municipalities to pay premiums for continuation of coverage under COBRA for the surviving spouse and eligible dependent children under the age of 26 of any emergency personnel who dies in the line of duty.

The payment of premiums for COBRA continuation coverage would be paid for 18 months and would be required only if the deceased emergency personnel was enrolled in a health benefit plan for which a municipality was paying premiums. A municipality would not be required to pay the premiums for a surviving spouse:

- On or after the end of the 18th calendar month after the date of the deceased emergency personnel's death;

- Upon the remarriage of the deceased emergency personnel's surviving spouse; or
- Upon the deceased emergency personnel's surviving spouse reaching the age of 65.

Under the bill, "emergency personnel" would be assigned the definition of "attendant" as specified in KSA 65-6112:

- A first responder, an emergency medical responder, emergency medical technician, emergency medical technician-intermediate, emergency medical technician-defibrillator, emergency medical technician-intermediate/defibrillator, advanced emergency medical technician, mobile intensive care technician or paramedic certified pursuant to this act.

Law Enforcement Officer—Kansas Department of Corrections Employees

The bill would amend current law requiring state agencies or municipalities to pay premiums for continuation of coverage under COBRA for the surviving spouse and eligible dependent children under the age of 26 of certain law enforcement officers who die in the line of duty. The bill would amend the definition of "law enforcement officer" to include employees who are employed by the Kansas Department of Corrections. Under current law that provides for the continuation of coverage under COBRA, a "law enforcement officer" is: an employee employed by a law enforcement agency whose principal duties are engagement in the enforcement of law and maintenance of order within this state and its political subdivisions; and who is certified pursuant to the provisions of the Kansas law enforcement training act.

State Fair Board—Event Cancellation and Rain Insurance Coverage

Finally, the bill authorize the State Fair Board to purchase event cancellation and rain insurance coverage in amounts deemed appropriate by the Board for the period of the annual State Fair and during the remainder of the year. The bill would further specify that insurance purchased pursuant to provisions of the bill would not be required to be acquired through the Committee on Surety Bonds and Insurance and its procedures for insurance contracts and coverage.

Conference Committee Action

The House agreed to the Senate amendments to the bill and further agreed to insert a provision pertaining to the purchase of event cancellation and rain insurance coverage by the State Fair Board (SB 315, as recommended by the Senate Committee on Financial Institutions and Insurance).

Background

HB 2537 was introduced at the request of a representative of the State Farm Insurance Companies. The representative testified at the House Committee hearing that, with the onset of electronic transmission of information, the size of font is determined by the computer of the recipient, and requiring insurance companies to send material in a predetermined font is unnecessary, time-consuming, and outside the norm within the industry. The representative stated the Kansas Insurance Department (KID) must approve all filings and the standard test of reasonableness would assure the font used would appropriately allow the insured to read his or her policy. There was no other testimony on the bill.

The House Committee recommended the bill be placed on the Consent Calendar.

The Senate Committee on Financial Institutions and Insurance amendments inserted provisions relating to the extension of confidential treatment to information disclosed in financial condition and market conduct examinations of insurance companies (HB 2515, as recommended by House Committee) and the continuation of COBRA coverage for the surviving spouse and eligible dependent children of any emergency personnel who dies in the line of duty (SB 388, as introduced).

The Senate Committee of the Whole amendment inserted a provision expanding continuation of coverage under COBRA for law enforcement officers to include employees employed by the Kansas Department of Corrections.

According to the fiscal note prepared by the Division of the Budget, enactment of the bill, as introduced, would have no fiscal effect on the Kansas Insurance Department. Fiscal information for HB 2515 and SB 388 is below.

HB 2515 Background

The bill was introduced by the House Committee on Insurance at the request of the KID. A KID representative testifying at the House Committee hearing indicated the bill is the product of discussion between KID and insurance industry representatives.

According to the fiscal note prepared by the Division of the Budget, enactment of HB 2515 would have no fiscal effect on KID.

SB 388 Background

The bill was introduced by the Senate Ways and Means Committee. At the Senate Financial Institutions and Insurance Committee hearing on the bill, the Kansas Emergency Medical Services Association (KEMSA) President and a private citizen who has experience in emergency medical services (EMS) and emergency nursing appeared in support of the bill. The conferees spoke to the relationship of EMS, fire and law enforcement personnel as members of a public safety team and the previous extension of continuation of COBRA coverage to surviving spouses and eligible dependent children of firefighters and law enforcement personnel. Written testimony in support of the bill was submitted by a representative of the Mid-America Regional Council's Emergency Rescue Committee and an EMS Division Chief with the Salina Fire Department.

Representatives of the Kansas Association of Counties and the League of Kansas Municipalities submitted written neutral testimony on the bill. Both representatives highlighted concerns about the continued creation of unfunded health care mandates on local governments.

The fiscal note prepared by the Division of the Budget states the League of Kansas Municipalities and the Kansas Association of Counties indicate a fiscal effect for SB 388 cannot be estimated because it is not known how many emergency personnel would die in the line of duty during a year and the number of potential beneficiaries.

The KEMSA representative provided information on the incidence of line of duty death in Kansas for EMS providers. The conferee indicated to the Senate Committee that, in the past 35 years, there have been 17 line of duty deaths and only 9 of those deaths were personnel who were employed by governmental entities. Of the 9 individuals, KEMSA was able to determine the status at the time of the death for 8 of the individuals who had a total 16 dependents. The KEMSA also provided an estimate for the number of municipal

agencies subject to the requirements of the bill, stating there are 124 municipal EMS agencies that are not part of an existing fire department in the state. Of those agencies, 102 agencies have full-time employees, and those agencies account for an estimated 1,070 EMS personnel who would be eligible for continuation of coverage.

Background – SB 315

Appearing at the hearing of the Senate Committee on Financial Institutions and Insurance Committee, the General Manager of the State Fair testified that current law does not allow state agencies to purchase insurance of any kind unless provided by legislation. As the State Fair already has this authority for the purchase of burglary and robbery insurance (KSA 2-224), the bill would streamline the process and better facilitate the purchase of rain and event cancellation insurance. The General Manager indicated the purchase would be funded from the State Fair Fee Fund and would utilize the purchasing process required by the Division of Procurement and Contracts. The co-owner of the Kansas Wine and Beer Garden suggested this streamlining could allow the State Fair Board and staff to book high profile acts in a more efficient manner. Proponent testimony also was provided by a representative of the Kansas Department of Agriculture. No neutral or opponent testimony was offered.

The fiscal note prepared by the Division of the Budget states the State Fair Board estimates expenditures of \$6,000 from the State Fair Fee Fund for insurance coverage for FY 2015. The Board states that without insurance coverage, revenues could be affected should a Grandstand event be canceled. Further, the Board indicates it could be liable for paying the performer while refunding tickets already purchased. Any fiscal effect associated with SB 315 is not reflected in *The FY 2015 Governor's Budget Report*.

insurance; disclosure of certain information; COBRA continuation; municipalities; law enforcement; State Fair
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