



Kansas Insurance Department

Sandy Praeger

COMMISSIONER OF INSURANCE

FOR IMMEDIATE RELEASE

June 5, 2006

For more information, contact:

Charlene Bailey

Public Information Officer

785-296-7807

Commissioner Sandy Praeger Comments on 2006 Legislative Session

TOPEKA, KS – With the sounding of the final gavel on May 25, 2006, Insurance Commissioner Sandy Praeger offered a summary of the outcome of several insurance-related bills.

Efforts to protect Kansans and Kansas insurance companies from insurance fraud have been strengthened. Initially, this legislation stalled in the 2005 session. Last summer and fall, Praeger worked with the interested groups to find a compromise that could win approval. An insurer or any other person that has knowledge or good reason to believe that a fraudulent insurance act is being or has been committed is now required to report that information. Additionally, each insurer will now be required to have anti-fraud initiatives in place to detect fraudulent insurance acts. This may include a fraud investigator who may be an employee of an insurer or an independent contractor. Additionally, an antifraud plan must be submitted to the Commissioner by insurers no later than July 1, 2007.

[\(H Sub for SB 207\)](#)

“With insurance fraud on the rise in every line of insurance, I am pleased that the law has been strengthened,” said Praeger. “The message in Kansas needs to be that insurance fraud is wrong and that we will take action against those that take advantage of others.”

Praeger continues to promote the modernization of insurance laws for Kansas businesses. “Regulatory bureaucracy should not stand in the way of Kansas businesses in their efforts to get the best insurance rates and policies to meet their needs,” Praeger noted. With Praeger’s endorsement, the Kansas Legislature enacted [SB 539](#), which will allow insurance carriers to more quickly develop and offer new commercial insurance products for large and medium-sized Kansas businesses. “While this new legislation does not apply to workers compensation and a few other specialized lines of insurance, it is another step toward a freer marketplace with more price and product competition. Kansas businesses will clearly benefit.” SB 539 was supported by various insurance carriers, trade groups and The Kansas Chamber.

Come July 1, 2006, patients will have additional appeal rights for adverse health care decisions made through a utilization review process. Passage of this legislation establishes a ‘Consumer Bill of Rights,’ enhancing the rights and protections of Kansans who must go through a health insurance company’s internal review or appeals process due to an adverse health care coverage decision. Praeger provided technical assistance to the legislature in drafting the bill and then provided testimony in support of its passage. ([SB 522](#))

- more -

Page Two – Commissioner Praeger Comments on 2006 Session

“Most people, at some point in their lives, will face a denial of benefits from a health insurance provider,” said Senator Barbara Allen, primary sponsor of the legislation. “Our new law provides significant safeguards for consumers facing denial of health care coverage. Individuals now are assured of the right to personally appear and be heard in the internal review process, to ask and receive answers to questions, to be represented at the hearing by an attorney or a physician, and to require members of the review committee to be present – physically or electronically – to hear the insured’s individual case.”

Thirty-nine other states have enacted similar or related legislation or regulations. Parts of the bill are based on the National Association of Insurance Commissioners (NAIC) Health Carrier Grievance Procedure Model Act.

Disappointment came with [HB 2553](#) which was an attempt to overturn a controversial decision by the Kansas Department of Revenue to allow private business offices to renew driver’s licenses. Passage of the legislation would have prohibited these offices, which also sell insurance, from contracting for drivers’ license renewal services. “This is an issue that will not go away,” said Praeger. “It clearly gives those locations an unfair advantage over agencies and independent agents to sell automobile and other lines of insurance at the time an individual comes in to renew a driver’s license. It is important that insurance products in Kansas are sold on a level playing field.” Praeger assures that she will make it a priority to bring the issue up again next year.

###

About the Kansas Insurance Commissioner

Sandy Praeger, Kansas Insurance Commissioner, oversees the activities of the Kansas Insurance Department (KID) which is headquartered in Topeka, Kansas. The overriding objective of Commissioner Praeger and KID is to protect consumers, and help maintain the financial stability of the insurance industry. KID regulates and monitors the activities of 22,546 resident agents, 52,069 non-resident agents and 1692 insurance companies licensed to do business in the state of Kansas. The Department offers financial, actuarial, legal, computer, research, market conduct and economic expertise. Visit www.ksinsurance.org for more information.