

As Amended by House Committee

As Amended by Senate Committee

Session of 2004

SENATE BILL No. 342

By Committee on Financial Institutions and Insurance

1-22

12 AN ACT concerning insurance; **pertaining to motor vehicle insur-**
13 **ance; pertaining to contracts by stock insurance companies;** per-
14 taining to required provisions of certain accident and health policies;
15 amending K.S.A. **8-173, 40-306 and 40-2202** and repealing the ex-
16 isting section sections.
17

18 *Be it enacted by the Legislature of the State of Kansas:*

19 **Section 1. K.S.A. 8-173 is hereby amended to read as follows:**
20 **8-173. (a) An application for registration of a vehicle as provided**
21 **in article 1 of chapter 8 of the Kansas Statutes Annotated and**
22 **amendments thereto, shall not be accepted unless the person mak-**
23 **ing such application shall exhibit:**

24 (1) **A receipt showing that such person has paid all personal**
25 **property taxes levied against such person for the preceding year,**
26 **including taxes upon such vehicle, except that if such application**
27 **is made before June 21 such receipt need show payment of only**
28 **one-half the preceding year's tax; or**

29 (2) **evidence that such vehicle was assessed for taxation pur-**
30 **poses by a state agency, or was assessed as stock in trade of a mer-**
31 **chant or manufacturer or was exempt from taxation under the laws**
32 **of this state.**

33 (b) **An application for registration of a vehicle as provided in**
34 **article 1 of chapter 8 of the Kansas Statutes Annotated shall not**
35 **be accepted if the records of the county treasurer show that the**
36 **applicant is delinquent and owes personal property taxes levied**
37 **against the applicant for any preceding year.**

38 (c) **An application for registration or renewal of registration of**
39 **a motor vehicle shall not be accepted until the applicant signs a**
40 **certification, provided by the director of motor vehicles, certifying**
41 **that the applicant has and will maintain, during the period of reg-**
42 **istration, the required insurance, self insurance or other financial**
43 **security required pursuant to K.S.A. 40-3104 and amendments**

1 **thereto.**

2 (d) **An application for registration or renewal of registration of**
3 **a vehicle shall not be accepted if the applicant is unable to provide**
4 **proof of the insurance, self insurance or other financial security**
5 **required by article 31 of chapter 40 of the Kansas Statutes Anno-**
6 **tated. Proof of insurance shall be verified by examination of the**
7 **insurance card or other documentation issued by an insurance**
8 **company, a certificate of self insurance issued by the commis-**
9 **sioner, a binder of insurance, a certificate of insurance, a motor**
10 **carrier identification number issued by the state corporation com-**
11 **mission, proof of insurance for vehicles covered under a fleet pol-**
12 **icy, a commercial policy covering more than one vehicle or a policy**
13 **of insurance required by K.S.A. 40-3104, and amendments thereto**
14 **and for vehicles used as part of a drivers education program, a**
15 **dealership contract and a copy of a motor vehicle liability insur-**
16 **ance policy issued to a school district or accredited nonpublic**
17 **school. Examination of a photocopy or facsimile of any of these**
18 **documents shall suffice for verification of registration or renewal.**
19 **Proof of insurance may also be verified on-line or electronically**
20 *and the commissioner of insurance may require, by duly adopted rules*
21 *and regulations, any motor vehicle liability insurance company author-*
22 *ized to do business in this state to provide verification of insurance in that*
23 *manner. Any motor vehicle liability insurance company which is provid-*
24 *ing verification of insurance on-line or electronically on the day preceding*
25 *the effective date of this act may continue to do so in the same manner*
26 *and shall be deemed to be in compliance with this section.*

27 **Sec. 2. K.S.A. 40-306 is hereby amended to read as follows: 40-**
28 **306. The board of directors shall elect from their number a pres-**
29 **ident and vice-president, and shall appoint a secretary, treasurer**
30 **and such other officers as shall be prescribed in the bylaws, and**
31 **shall fill any vacancy that may occur. They shall also have power**
32 **to appoint any agents necessary for transacting the business of the**
33 **company, pay such salaries and require such bonds as they may**
34 **deem reasonable; and it shall be their duty to keep full and correct**
35 **entries of their transactions, which shall at all times be open to the**
36 **inspection of the stockholders. All contracts made by the company**
37 ~~shall be signed by the president or vice-president, and secretary, but such~~
38 ~~requirement shall not apply to any contract now in existence or hereafter~~
39 ~~entered into between the company and its agents.~~

40 ~~Section 1 2.~~ K.S.A. 40-2202 is hereby amended to read as follows:
41 40-2202. (a) No policy of accident and sickness insurance shall be deliv-
42 ered or issued for delivery to any person in this state unless:

43 (1) The entire money and other considerations therefor are expressed

1 therein;

2 (2) the time at which the insurance takes effect and terminates is
3 expressed therein;

4 (3) it purports to insure only one person, except that a policy may
5 insure, originally or by subsequent amendment, upon the application of
6 an adult member of a family who shall be deemed the policyholder, any
7 two or more eligible members of such family, including husband, wife,
8 dependent children or any children under a specified age which shall not
9 exceed nineteen years and any other person dependent upon the
10 policyholder;

11 (4) the style, arrangement and over-all appearance of the policy give
12 no undue prominence to any portion of the text, and unless every printed
13 portion of the text of the policy and of any endorsements or attached
14 papers is plainly printed in lightfaced type of a style in general use, the
15 size of which shall be uniform and not less than 10-point with a lower-
16 case unspaced alphabet length not less than 120-point (the "text" shall
17 include all printed matter except the name and address of the insurer,
18 name or title of the policy, the brief description if any, and captions and
19 subcaptions);

20 (5) the exceptions and reductions of indemnity are set forth in the
21 policy and, except those which are set forth in K.S.A. 40-2203 and amend-
22 ments thereto, are printed, at the insurer's option, either included with
23 the benefit provision to which they apply, or under an appropriate caption
24 such as "Exceptions," or "Exceptions and reductions," provided, that if
25 an exception or reduction specifically applies only to a particular benefit
26 of the policy, a statement of such exception or reduction shall be included
27 with the benefit provision to which it applies;

28 (6) each such form, including riders and endorsements, shall be iden-
29 tified by a form number in the lower left-hand corner of the first page
30 thereof;

31 (7) it contains no provision purporting to make any portion of the
32 charter, rules, constitution, or bylaws of the insurer a part of the policy
33 unless such portion is set forth in full in the policy, except in the case of
34 the incorporation of, or reference to, a statement of rates or classification
35 of risks, or short-rate table filed with the commissioner of insurance; and

36 (8) any provision purporting to base the payment of benefits on
37 "usual, customary and reasonable charges" or a standard of similar import
38 is specifically defined; ~~or~~ and the determination of payable benefits is
39 developed from a statistically valid sample which: (A) Equitably recog-
40 nizes geographic variations; (B) is produced at least every six months; and
41 (C) is collected on the basis of the most current codes and nomenclature
42 developed and maintained by recognized authorities.

43 (b) If any policy is issued by an insurer domiciled in this state for

1 delivery to a person residing in another state, and if the official having
2 responsibility for the administration of the insurance laws of such other
3 state shall have advised the commissioner of insurance that any such pol-
4 icy is not subject to approval or disapproval by such official, the commis-
5 sioner of insurance may by ruling require that such policy meet the stan-
6 dards set forth in subsection (a) of this section and in K.S.A. 40-2203 and
7 amendments thereto.

8 Sec. ~~2~~ **3**. K.S.A. ~~40-2202~~ **8-173, 40-306 and 40-2202** are hereby
9 repealed.

10 Sec. ~~3~~ **4**. This act shall take effect and be in force from and after its
11 publication in the statute book.