

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Vice-Chairman Spaniol at  
Chairperson

3:30 ~~xxx~~ p.m. on February 15, 1984 in room 521 S of the Capitol.

All members were present except:

Rep. Hoy and Rep. Peterson, who were excused.

Committee staff present:

Wayne Morris, Legislative Research  
Gordon Self, Revisor's Office  
Mary Sorensen, Committee Secretary

Conferees appearing before the committee:

|             |                    |
|-------------|--------------------|
| Sgt. Jacobs | G. Frederick Sabol |
| Brian Ellis | L. M. Cornish      |
| John Smith  | Dick Scott         |
| Dick Brock  |                    |

Others Present:

See List: (Attachment 1)

HB 2861 was first on the agenda. This bill, by Rep. Turnquist and others, concerns Motor Vehicle Liability Insurance, statement concerning legal consequences of driving under the influence.

Wayne Morris, of Legislative Research, briefly explained the bill, which would require insurance companies to send a statement with all of their new and renewal policies explaining the legal consequences of driving under the influence.

Sgt. Jacobs of the Highway Patrol spoke briefly in support of the bill. He said they felt this bill might be helpful in the safety area, as everytime a person received a new or renewal policy it would remind them of their responsibilities.

G. Frederick Sabol, Seaman High School Student and representing the Seaman chapter of SADD (Students Against Drunken Drivers), spoke in support of HB 2861. He said he thought if his dad was reminded each time he received a policy renewal that he would also be reminded of the possible consequences of drinking and driving. It might help some young person, and their group supports the bill.

Rep. Turnquist then spoke to the bill, saying people were becoming increasingly aware of the problems caused by drinking and driving. He said he had also introduced a resolution to require driver's education teachers to give more explanation of the financial and moral responsibilities of drinking and driving; and that driver's license textbooks now have a section on that subject and the tests include some questions on it. He asked committee support for HB 2861.

Brian Ellis, from Topeka West High School, and also a member of SADD, spoke in favor of the bill.

L. M. Cornish, representing the Kansas Association of Property and Casualty Insurance Companies, then spoke in opposition to HB 2861. He gave statistics as to the number of automobiles in the State, the number of insurance policies and renewals issued each year, and estimates as to how much this would cost the insurance companies. He stated that insurance companies were allowed a certain percentage of profit each year, and any additional costs to them would be passed on to the policy holders, thereby raising the cost of automobile insurance. Rep. L. Johnson said that many automobile accidents are caused by drinking and driving and much of the money collected by the insurance companies is paid out in claims for accidents involving drunken drivers. He asked if, as a result of this bill, there might be less of this and therefore a saving to the insurance companies and the consumer. Mr. Cornish said he did not know if this bill would reduce the number of drinking accidents and he thought the warnings should be in liquor stores and automobile dealerships. Rep. Turnquist said the State mandated liability insurance but did not require anyone to go out and buy a car, and he felt it would be worth the small cost involved.

CONTINUATION SHEET

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John Smith, of the Department of Revenue, said it might be possible for the State to send a stuffer each year with registration reminders and it would not be expensive.

Dick Scott, of State Farm Insurance, said their companies support programs dealing with the drinking problem, but he questions if the insertion of a stuffer would really have an impact on the problem. He gave estimates on the cost to the insurance industry each year, in printing, labor in stuffing, and possible extra postage. He mentioned the possible alternative of having this flyer in license tag renewal notices, as some motorists are uninsured and so would not see it; or have more information in schools by the Highway Patrol. He also mentioned that the insurance industry was already over-regulated and there was no sunset provision in this bill, so it might go on and on forever, year after year. He asked the committee to seriously consider not reporting the bill favorably.

Dick Brock, of the Insurance Department, said their department had reviewed the bill and had no problem with it. He said the department would work with the companies in every way possible, and there would be no fiscal impact. They would provide the companies with the language to be included and then let them choose their own format.

HB 2614--Proof of Motor Vehicle Liability Insurance or Financial Responsibility, was next to be considered.

Gordon Self passed around the balloon amendments to the bill (Attachment 2), which were the result of subcommittee meetings. He briefly explained the changes from an earlier report of the subcommittee. Rep. Spaniol asked the committee to be ready for final action on this bill at any time.

Rep. Sutter moved to approve the minutes of the meeting of February 9, 1984.  
Rep. Fuller seconded. The motion carried.

The meeting adjourned at 4:30 PM.





# HOUSE BILL No. 2614

By Special Committee on Commercial and Financial Institutions

Re Proposal No. 7

12-19

Attachment 2

0018 AN ACT relating to motor vehicle liability insurance; concerning  
0019 the duty to provide information of liability insurance and  
0020 proof of financial security; amending K.S.A. 8-1604 and K.S.A.  
0021 1983 Supp. 40-3104 and repealing the existing sections.

and 40-3118

0022 *Be it enacted by the Legislature of the State of Kansas:*

0023 Section 1. K.S.A. 8-1604 is hereby amended to read as fol-  
0024 lows: 8-1604. (a) The driver of any vehicle involved in an  
0025 accident resulting in injury to or death of any person, or damage  
0026 to any vehicle or other property which is driven or attended by  
0027 any person, shall give ~~his or her~~ *such person's* name, address and  
0028 the registration number of the vehicle ~~he or she~~ *such person* is  
0029 driving, and upon request ~~and if available~~ shall exhibit ~~his or her~~  
0030 *such person's* license or permit to drive, the name of the com-  
0031 pany with which there is in effect a policy of motor vehicle  
0032 liability insurance covering the vehicle involved in the accident  
0033 and the policy number of such policy to any person injured in  
0034 such accident or to the driver or occupant of or person attending  
0035 any vehicle or other property damaged in such accident, and  
0036 shall give such information and upon request exhibit such li-  
0037 cense or permit and, ~~if available~~, the name of the insurer and  
0038 policy number, to any police officer at the scene of the accident  
0039 or who is investigating the accident and shall render to any  
0040 person injured in such accident reasonable assistance, including  
0041 the carrying, or the making of arrangements for the carrying, of  
0042 such person to a physician, surgeon or hospital for medical or  
0043 surgical treatment if it is apparent that such treatment is neces-  
0044 sary, or if such carrying is requested by the injured person.  
0045 (b) In the event that none of the persons specified are in

Atch. 2

0046 condition to receive the information to which they otherwise  
 0047 would be entitled under subsection (a) of this section, and no  
 0048 police officer is present, the driver of any vehicle involved in  
 0049 such accident after fulfilling all other requirements of K.S.A.  
 0050 8-1602, and amendments thereto, and subsection (a) of this  
 0051 section, insofar as possible on his or her such person's part to be  
 0052 performed, shall forthwith report such accident to the nearest  
 0053 office of a duly authorized police authority and submit thereto  
 0054 the information specified in subsection (a) of this section.

0055 (c) No person charged with failing to provide the name of  
 0056 such person's insurance company and policy number as re-  
 0057 quired in subsection (a), shall be convicted if such person  
 0058 produces in court or in the office of the arresting officer, within  
 0059 20 days of the date of arrest, evidence of financial security for  
 0060 the motor vehicle operated, which was valid at the time of  
 0061 arrest. For the purpose of this subsection, evidence of financial  
 0062 security shall be provided by a policy of motor vehicle liability  
 0063 insurance, an identification card issued to the policyholder by  
 0064 the insurer which provides the name of the insurer and the  
 0065 policy number, a certificate of self-insurance for the completion  
 0066 of a form prescribed by the secretary of revenue, which certifies  
 0067 that at the time of arrest, the motor vehicle was covered by  
 0068 motor vehicle liability insurance and such form is signed by the insurer  
 0069 or an agent of the insurer, or by the commissioner of  
 0070 insurance if a certificate of self-insurance was in force. A

0071 Sec. 2. K.S.A. 1983 Supp. 40-3104 is hereby amended to read  
 0072 as follows: 40-3104. (a) Every owner shall provide motor vehicle  
 0073 liability insurance coverage in accordance with the provisions of  
 0074 this act for every motor vehicle owned by such person, unless  
 0075 such motor vehicle is included under an approved self-insurance  
 0076 plan as provided in subsection (d) (f) or is expressly exempted  
 0077 from the provisions of this act.

0078 (b) An owner of an uninsured motor vehicle shall not permit  
 0079 the operation thereof upon a highway or upon property open to  
 0080 use by the public, unless such motor vehicle is expressly ex-  
 0081 empted from the provisions of this act.

0082 (c) No person shall knowingly drive an uninsured motor

signed by the commissioner of insurance

certifying that at the time of arrest the motor vehicle was covered by motor vehicle liability insurance.

When the evidence of financial security provided by the owner is an insurance policy, an identification card or a certificate of self-insurance, the information will be recorded by the office of the arresting officer or the court on the form prescribed by the secretary of revenue as authorized by this subsection and forwarded immediately to the department of revenue. When evidence of insurance is provided by the owner on the form prescribed by this subsection such form will also be forwarded immediately to the department.

Upon receipt of such form, the department will mail the form to the named insurance company for verification that such insurance was in force on the date stated. It shall be the duty of insurance companies to notify the department within 30 calendar days of the receipt of such forms of any insurance that was not in force on the date stated.

(g)

0083 vehicle upon a highway or upon property open to use by the  
0084 public, unless such motor vehicle is expressly exempted from  
0085 the provisions of this act.

0086 (d) Any person operating a motor vehicle upon a highway or  
0087 upon property open to use by the public shall display, upon  
0088 demand, evidence of financial security to a law enforcement  
0089 officer.

0090 ~~(e) No person charged with violating subsections (b), (c) or~~  
0091 ~~(d) shall be convicted if such person produces in court or in the~~  
0092 ~~office of the arresting officer, within 20 days of the date of~~  
0093 ~~arrest, evidence of financial security for the motor vehicle~~  
0094 ~~operated, which was valid at the time of arrest. For the purpose~~  
0095 ~~of this subsection, evidence of financial security shall be pro-~~  
0096 ~~vided by a policy of motor vehicle liability insurance, an iden-~~  
0097 ~~tification card issued to the policyholder by the insurer which~~  
0098 ~~provides the name of the insurer and the policy number, a~~  
0099 ~~certificate of self-insurance or the completion of a form pre-~~  
0100 ~~scribed by the secretary of revenue, which certifies that at the~~  
0101 ~~time of arrest, the motor vehicle was covered by motor vehicle~~  
0102 ~~liability insurance and such form is signed by the insurer or an~~  
0103 ~~agent of the insurer, or by the commissioner of insurance if a~~  
0104 ~~certificate of self-insurance was in force.~~

0105 (d) ~~(f)~~ Any person in whose name more than 25 motor vehi-  
0106 cles are registered may qualify as a self-insurer by obtaining a  
0107 certificate of self-insurance from the commissioner of insurance.  
0108 Upon application of any such person, the commissioner of in-  
0109 surance may issue a certificate of self-insurance, if the commis-  
0110 sioner is satisfied that such person is possessed and will continue  
0111 to be possessed of ability to pay any judgment obtained against  
0112 such person arising out of the ownership, operation, mainte-  
0113 nance or use of any motor vehicle registered in such person's  
0114 name.

0115 Upon not less than five days' notice and a hearing pursuant to  
0116 such notice, the commissioner of insurance may cancel a certifi-  
0117 cate of self-insurance upon reasonable grounds. Failure to pay  
0118 any judgment against a self-insurer, arising out of the ownership,  
0119 operation, maintenance or use of a motor vehicle registered in

(e) No person shall display or cause or permit to be displayed if demanded by a law enforcement officer to display or if required by K.S.A. 8-1604 and amendments thereto to display, any policy of motor vehicle liability insurance, certificate of motor vehicle liability insurance or certificate of self-insurance which such person knows is fictitious, or has been canceled or altered, or issued on the basis of knowingly concealing a material fact, or which such person knows that a fraud has been committed in the application for such insurance or self-insurance.

signed by the commissioner of insurance

certifying that at the time of arrest the motor vehicle was covered by motor vehicle liability insurance.

When the evidence of financial security provided by the owner is an insurance policy, an identification card or a certificate of self-insurance, the information will be recorded by the office of the arresting officer or the court on the form prescribed by the secretary of revenue as authorized by this subsection and forwarded immediately to the department of revenue. When evidence of insurance is provided by the owner on the form prescribed by this subsection such form will also be forwarded immediately to the department.

Upon receipt of such form, the department will mail the form to the named insurance company for verification that such insurance was in force on the date stated. It shall be the duty of insurance companies to notify the department within 30 calendar days of the receipt of such forms of any insurance that was not in force on the date stated.

(f)

(g)

0120 such self-insurer's name, within 30 days after such judgment  
0121 shall have become final, shall constitute reasonable grounds for  
0122 the cancellation of a certificate of self-insurance.

h) 0123 ~~(e) (g)~~ Any person violating any provision of this section  
0124 shall be guilty of a class B misdemeanor, except that any person  
0125 convicted of violating any provision of this section within three  
0126 years of any such prior conviction shall be guilty of a class A  
0127 misdemeanor.

, except for subsection (e),

Any person violating the provisions of subsection (e) shall be guilty of a misdemeanor punishable by a fine of at least \$50 but not more than \$500.

i) 0128 ~~(f) (h)~~ In addition to any other penalties provided by this act  
0129 for failure to have or maintain financial security in effect, the  
0130 director, upon receipt of the accident report required by K.S.A.  
0131 8-1607, and amendments thereto, shall, upon notice and hearing  
0132 as provided by K.S.A. 40-3118, and amendments thereto, sus-  
0133 pend:

or a denial of such insurance by the insurance company listed on the form prescribed by the secretary of revenue pursuant to subsection (f) of this section and K.S.A. 8-1604 and amendments thereto

0134 (1) The license of each driver in any manner involved in the  
0135 accident;

0136 (2) the license of the owner of each motor vehicle involved in  
0137 such accident, unless the vehicle was stolen at the time of the  
0138 accident;

proof of which must be established by the owner of the motor vehicle. Theft by a member of the vehicle owner's immediate family under the age of 18 years shall not constitute a stolen vehicle for the purposes of this section

0139 (3) the registrations of all vehicles owned by the owner of  
0140 each motor vehicle involved in such accident;

0141 (4) if the driver is a nonresident, the privilege of operating a  
0142 motor vehicle within this state;

0143 (5) if such owner is a nonresident, the privilege of such  
0144 owner to operate or permit the operation within this state of any  
0145 motor vehicle owned by such owner.

j) 0146 ~~(g) (h)~~ The suspension requirements in subsection ~~(f) (h)~~ (i)  
0147 shall not apply:

0148 (1) To the driver or owner if the owner had in effect at the  
0149 time of the accident an automobile liability policy as required by  
0150 K.S.A. 40-3107, and any amendments thereto, with respect to the  
0151 vehicle involved in the accident;

0152 (2) to the driver, if not the owner of the vehicle involved in  
0153 the accident, if there was in effect at the time of the accident an  
0154 automobile liability policy with respect to such driver's driving  
0155 of vehicles not owned by such driver;

0156 (3) to any person qualified as a self-insurer under subsection

0157 ~~(d) (f)~~ of this section;  
 0158 (4) to any person who has been released from liability, has  
 0159 entered into an agreement for the payment of damages, or has  
 0160 been finally adjudicated not to be liable in respect to such  
 0161 accident. Evidence of any such fact may be filed with the  
 0162 director;

(g)

0163 (5) to the driver or owner of any vehicle involved in the  
 0164 accident which was exempt from the provisions of this act pur-  
 0165 suant to K.S.A. 40-3105, and amendments thereto.

(k)

0166 ~~(h) (i)~~ For the purposes of provisions (1) and (2) of subsection  
 0167 ~~(g) (f)~~ of this section, the director may require verification by an  
 0168 owner's or driver's insurance company or agent thereof, that  
 0169 there was in effect at the time of the accident an automobile  
 0170 liability policy as required in this act.

(j)

0171 Any suspension affected hereunder shall remain in effect until  
 0172 satisfactory proof of financial security has been filed with the  
 0173 director and such person has met the requirements under sub-  
 0174 section ~~(g) (f)~~ and has paid the reinstatement fee herein pre-  
 0175 scribed. Such reinstatement fee shall be in the amount of \$25  
 0176 except that if the registration of a motor vehicle of any owner is  
 0177 suspended within one year following a prior suspension of the  
 0178 registration of a motor vehicle of such owner under the provi-  
 0179 sions of this act such fee shall be in the amount of \$75.

as required by subsection (d) of K.S.A. 40-3118 and amendments thereto

(j)

(1) The provisions of this section shall not apply to motor carriers of property or passengers regulated by the corporation commission of the state of Kansas.  
 Sec. 3. K.S.A. 1983 Supp. 40-3118 is hereby amended to read as follows: 40-3118. (See insert)

0180 Sec. ~~2.4~~ K.S.A. 8-1604 and K.S.A. 1983 Supp. 40-3104 are  
 0181 hereby repealed.

and 40-3118

0182 Sec. ~~2.5~~ This act shall take effect and be in force from and  
 0183 after its publication in the statute book.

40-3118. (a) No motor vehicle shall be registered or reregistered in this state unless the owner at the time of registration, has in effect a policy of motor vehicle liability insurance covering such motor vehicle, as provided in this act, or is a self-insurer thereof. As used in this section, the term "financial security" shall mean and include such policy or self-insurance. The director shall require that the owner certify that the owner has such financial security, and the owner of each motor vehicle registered in this state shall maintain financial security continuously throughout the period of registration. When an owner certifies that such financial security is a motor vehicle liability insurance policy meeting the requirements of this act, the director may require that the owner or owner's insurance company produce records to prove the fact that such insurance was in effect at the time the vehicle was registered and has been maintained continuously from that date. Failure to produce such records shall be prima facie evidence that no financial security exists with regard to the vehicle concerned. It shall be the duty of insurance companies, upon the request of the director, to ~~verify the accuracy of any owner's certification~~ notify the director within 30 calendar days of the date of mailing the receipt of such request by the director of any insurance that was not in effect on the date of registration and maintained continuously from that date.

(b) Except as otherwise provided in K.S.A. 40-276, 40-276a and 40-277, and any amendments thereto, and except for termination of insurance resulting from nonpayment of premium or upon the request for cancellation by the insured, no motor vehicle liability insurance policy, or any renewal thereof, shall be terminated by cancellation or failure to renew by the insurer until at least 30 days after mailing a notice of termination, by certified or registered mail or United States post-office certificate of mailing, to the named insured at the latest

address filed with the insurer by or on behalf of the insured. Time of the effective date and hour of termination stated in the notice shall become the end of the policy period. Every such notice of termination sent to the insured for any cause whatsoever shall include on the face of the notice a statement that financial security for every motor vehicle covered by the policy is required to be maintained continuously throughout the registration period, that the operation of any such motor vehicle without maintaining continuous financial security therefor is a class B misdemeanor and that the registration for any such motor vehicle for which continuous financial security is not provided is subject to suspension and the driver's license of the owner thereof is subject to suspension.

(c) The director of vehicles shall ~~randomly--select--and~~ verify a sufficient number of insurance certifications each calendar year as the director deems necessary to insure compliance with the provisions of this act. The owner or owner's insurance company shall verify the accuracy of any owner's certification upon request, as provided in subsection (a) of this section.

(d) In addition to any other requirements of this act, the director shall require a person to acquire insurance and for such person's insurance company to maintain on file with the division evidence of such insurance for a period of three years from the date such person's driving privileges are otherwise eligible to be reinstated after having been convicted in this or another state of any of the following violations: (1) Vehicular homicide, as defined by K.S.A. 21-3405 and amendments thereto, or as prohibited by any ordinance of any city in this state or any law of another state which is in substantial conformity with that statute;

(2) driving while under the influence of alcohol or drugs, as prohibited by K.S.A. 8-1567 and amendments thereto, or as prohibited by an ordinance of any city in this state or by any law of another state, which ordinance or law declares to be

unlawful the acts prohibited by that statute;

(3) driving while the privilege to operate a motor vehicle on the public highways of this state has been canceled, suspended or revoked, as prohibited by K.S.A. 8-262 and amendments thereto, or as prohibited by any ordinance of any city in this state or any law of another state which is in substantial conformity with that statute;

(4) any crime punishable as a felony, if a motor vehicle was used in the perpetration of the crime;

(5) failing to stop at the scene of an accident and perform the duties required by K.S.A. 8-1602 to 8-1604, inclusive, and amendments thereto, or required by any ordinance of any city in this state or a law of another state which is in substantial conformity with those statutes; and

(6) violating the provisions of K.S.A. 40-3104 and amendments thereto, relating to motor vehicle liability insurance coverage or an ordinance of any city in this state which is in substantial conformity with such statute.

The director shall also require any driver whose driving privileges have been suspended pursuant to K.S.A. 40-3104 or 40-3118 and amendments thereto, to maintain such evidence of insurance as required above.

The company of the insured shall immediately mail notice to the director whenever any policy required by this subsection to be on file with the division is terminated by the insured or the insurer for any reason. The receipt by the director of such termination shall be prima facie evidence that no financial security exists with regard to the person concerned.

For the purposes of this act, the term "conviction" includes pleading guilty or nolo contendere, being convicted or being found guilty of any violation enumerated in subsection (a) without regard to whether sentence was suspended or probation granted. A forfeiture of bail, bond or collateral deposited to secure a defendant's appearance in court, which forfeiture has not been vacated, shall be equivalent to a conviction. Also entering into

a diversion agreement in lieu of further criminal proceedings on a complaint alleging a violation of the offense described in subsection (a)(4) shall constitute a conviction for the purpose of this act.

The requirements of this subsection shall apply whether or not such person owns a motor vehicle.

~~(d)~~ (e) Whenever the director shall receive prima facie evidence, as prescribed by this section, that continuous financial security covering any motor vehicle registered in this state is not in effect, the director shall notify the owner by registered or certified mail or United States post-office certificate of mailing that, at the end of 30 days after the notice is mailed, the registration for such motor vehicle and the driving privileges of the owner of the vehicle shall be suspended, pursuant to such rules and regulations as the secretary of revenue shall adopt, unless: (1) Within the thirty-day period, such owner shall demonstrate proof of continuous financial security covering such vehicle to the satisfaction of the director; or (2) within the thirty-day period such owner shall request a hearing with the director. Upon receipt of a timely request for a hearing, the director shall afford such person an opportunity for hearing within the time and in the manner provided in K.S.A. 8-255, and amendments thereto. If, within the thirty-day period or at the hearing, such owner is unable to demonstrate proof of continuous financial security covering the motor vehicle in question, the director shall suspend the registration of such motor vehicle and the driving privileges of the owner of the vehicle, unless the failure is due to a cause beyond the reasonable control of the owner upon proof deemed satisfactory by the director.

~~(e)~~ (f) Whenever the registration of a motor vehicle and or the driving privileges of the owner of the vehicle are suspended for failure of the owner to maintain continuous financial security, such suspension shall remain in effect until ~~such owner demonstrates--to~~ satisfactory proof of insurance has been filed

with the director that--such--vehicle--is--currently--insured as required by subsection (d) and a reinstatement fee in the amount herein prescribed is paid to the division of vehicles. Such reinstatement fee shall be in the amount of \$25 except that if the registration of a motor vehicle of any owner is suspended within one year following a prior suspension of the registration of a motor vehicle of such owner under the provisions of this act such fee shall be in the amount of \$75. The division of vehicles shall, at least monthly, deposit such fees with the state treasurer, who shall credit such moneys to the state highway fund.

~~(f)~~ (g) In no case shall any motor vehicle, the registration of which has been suspended for failure to have continuous financial security, be reregistered in the name of the owner thereof, the owner's spouse, parent or child or any member of the same household, until the owner complies with subsection ~~(e)~~ (f). In the event the registration plate has expired, no new plate shall be issued until the motor vehicle owner complies with the reinstatement requirements as required by this act.

~~(g)~~ (h) Evidence that an owner of a motor vehicle, registered or required to be registered in this state, has operated or permitted such motor vehicle to be operated in this state without having in force and effect the financial security required by this act for such vehicle, together with proof of records of the division of vehicles indicating that the owner did not have such financial security, shall be prima facie evidence that the owner did at the time and place alleged, operate or permit such motor vehicle to be operated without having in full force and effect financial security required by the provisions of this act.

~~(h)~~ (i) Any owner of a motor vehicle registered or required to be registered in this state who shall make a false certification concerning financial security for the operation of such motor vehicle as required by this act, shall be guilty of a class B misdemeanor. Any person, firm or corporation giving

false information to the director concerning another's financial security for the operation of a motor vehicle registered or required to be registered in this state, knowing or having reason to believe that such information is false, shall be guilty of a class B misdemeanor.

~~(i)~~ (j) The director shall administer and enforce the provisions of this act relating to the registration of motor vehicles, and the secretary of revenue shall adopt such rules and regulations as may be necessary for its administration.

~~(j)~~ (k) Whenever any person has made application for insurance coverage and such applicant has submitted payment or partial payment with such application, the insurance company, if payment accompanied the application, shall upon declination of insurance coverage, refund the unearned portion of the payment to the applicant or agent with the notice of denial of coverage. If payment did not accompany the application to the insurance company but was made to the agent, the agent shall refund the unearned portion of the payment to the applicant upon receipt of the company's notice of denial.

~~(k)~~ (l) For the purpose of this act: "Declination of insurance coverage" means a final denial, in whole or in part, by an insurance company or agent of requested insurance coverage.