

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on March 2, 2006 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department
Terri Weber, Kansas Legislative Research Department
Ken Wilke, Office of Revisor of Statutes
Bev Beam, Committee Secretary

Conferees appearing before the committee:

Jarrold Forbes, Kansas Insurance Dept.

The Chair called the meeting to order. She called on Jarrod Forbes, Kansas Insurance Department, to testify on **(HB 2691) an act concerning insurance; pertaining to HIPAA compliance.**

Mr. Forbes said this is a bill the federal government requires us to pass each year. **(HB 2691)** amends the Kansas Mental Health Parity Law by extending the sunset date for one more year to December 31, 2006. The controlling federal legislation was recently passed and signed into law, he said. Kansas, along with every other state, is required by this legislation to change its sunset date to December 31, 2006. Failure to do so would surrender regulatory control in this area to the federal government, he said. **(Attachment 1)**

The Chair asked for questions. The Chair said she was going to close the hearing on **(HB 2691)** and hold the bill for a few days.

The Chair called for final action on **(SB 539) - an act concerning casualty insurance companies; relating to certain requirements regarding filing rates, forms and premiums.** The Chair asked for questions concerning testimony that was heard.

The Chair said the committee asked to have the bill presented in a more easy to follow form.

The Chair asked Brad Smoot to walk through the balloons. **(Attachment 2)**

Bob Hayes testified regarding **(SB 539)**. He said there were some very technical changes but they do accomplish the task and he is comfortable with the bill.

Senator Barnett recommended the balloon as a substitute for (SB 539). Senator Brownlee seconded. Motion passed.

Senator Barnett moved the bill out. Senator Brownlee seconded. Motion passed to move the bill out favorably.

The Chair asked Ken Wilke to explain his substitute balloon to **(SB 322)**. **(Attachment 3)**

The Chair asked Mr. Wilke to draft a substitute bill for **(SB 322)** and said final action would be taken on Tuesday, March 7.

The meeting adjourned at 10:10 a.m. The next meeting of this Committee is scheduled for March 7, 2006.



Kansas Insurance Department

Sandy Praeger COMMISSIONER OF INSURANCE

COMMENTS
ON
HB 2691—HEALTH INSURANCE; HIPAA TECHNICAL CHANGE
SENATE FINANCIAL INSTITUTIONS AND INSURANCE
March 2, 2006

Madam Chair and Members of the Committee:

Thank you for the opportunity to visit with you on behalf of the Kansas Insurance Department. House Bill 2691 amends the Kansas Mental Health Parity Law (K.S.A. 40-2258) by extending the sunset date for one more year to December 31, 2006.

The controlling federal legislation was recently passed and signed into law. Kansas, along with every other state, is required by this legislation to change its sunset date to December 31, 2005. Failure to do so would surrender regulatory control in this area to the federal government.

Thank for the opportunity to speak today I would be happy to stand for any questions the committee may have.

Jarrod Forbes
Government Affairs Officer

*Senate FI&I Committee
Attachment 1
March 2, 2006*

SENATE BILL No. 539

By Committee on Financial Institutions and Insurance

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9 AN ACT concerning casualty insurance companies; relating to certain
10 requirements regarding filing rates, forms and premiums; amending
11 K.S.A. 40-954 and 40-955 and K.S.A. 2005 Supp. 40-216 and repealing
12 the existing sections.
13

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

15 Section 1. K.S.A. 2005 Supp. 40-216 is hereby amended to read as
16 follows: 40-216. (a) (1) No insurance company shall hereafter transact
17 business in this state until certified copies of its charter and amendments
18 thereto shall have been filed with and approved by the commissioner of
19 insurance. A copy of the bylaws and amendments thereto of insurance
20 companies organized under the laws of this state shall also be filed with
21 and approved by the commissioner of insurance. The commissioner may
22 also require the filing of such other documents and papers as are nec-
23 essary to determine compliance with the laws of this state. ~~No contract~~
24 ~~of insurance or indemnity shall be issued or delivered in this state until~~
25 ~~the form of the same has been filed with the commissioner of insurance,~~
26 ~~nor if the commissioner of insurance gives written notice within 30 days~~
27 ~~of such filing, to the company proposing to issue such contract, showing~~
28 ~~wherein the form of such contract does not comply with the requirements~~
29 ~~of the laws of this state, but~~

30 (2) ~~[Except for contracts pertaining to large risks as defined in K.S.A.~~
31 ~~40-955(i), and amendments thereto, which are exempt from the filing~~
32 ~~requirements of this section, each contract of insurance or indemnity is-~~
33 ~~sued or delivered in this state shall be effective on filing, or any subsequent~~
34 ~~date selected by the insurer, unless the commissioner disapproves such~~
35 ~~contract of insurance within 30 days after filing because the rates are~~
36 ~~determined to be inadequate, excessive, unfairly discriminatory or oth-~~
37 ~~erwise fail to meet the requirements of this act. The failure of any insur-~~
38 ~~ance company to comply with this section shall not constitute a defense~~
39 ~~to any action brought on its contracts. An insurer may satisfy its obligation~~
40 ~~to file its contracts of insurance or indemnity either individually or by~~
41 ~~authorizing the commissioner to accept on its behalf the filings made by~~
42 ~~a licensed rating organization or another insurer.~~

43 (3) Under such rules and regulations as the commissioner of insur-

(A) Except as provided in subparagraph (B), each contract of insurance or indemnity issued or delivered in this state shall be effective on filing, or any subsequent date selected by the insurer, unless the commissioner disapproves such contract of insurance within 30 days after filing because the rates are determined to be inadequate, excessive, unfairly discriminatory or otherwise fail to meet the requirements of this act.

(B) The following contracts of insurance or indemnity shall not be subject to the provisions of subsection (A):

- (I) Contracts pertaining to large risks as defined in K.S.A. 40-955(i), and amendments thereto, which are exempt from the filing requirements of this section;
- (ii) personal lines contracts filed in accordance with paragraph (3) of this section;
- (iii) any form filing for the basic coverage required by K.S.A. 40-3401 et seq. and amendments thereto; and
- (iv) form filing for workers compensation.

No form filing listed in clauses (iii) and (iv) of this subparagraph shall be used in this state by any insurer until such form filing has been approved by the commissioner.

(3) Each personal lines contract of insurance or indemnity issued or delivered in this state shall be on file for a period of 30 days before becoming effective unless the commissioner disapproves such personal lines contract if the rates are determined by the commissioner to be inadequate, excessive, unfairly discriminatory or otherwise fail to meet the requirements of this act. For the purposes of this paragraph, the term "personal lines shall mean insurance for noncommercial automobile, homeowners, dwelling, fire and renters insurance policies as defined by the commissioner by rules and regulations.

(4)

Senate FI & I Committee
Attachment 2-1
March 2, 2006

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1 ance shall adopt, the commissioner may, by written order, suspend or
2 modify the requirement of filing forms of contracts of insurance or in-
3 demnity, which cannot practicably be filed before they are used. Such
4 orders, rules and regulations shall be made known to insurers and rating
5 organizations affected thereby. The commissioner may make an exami-
6 nation to ascertain whether any forms affected by such order meet the
7 standards of this code.

8 (b) The commissioner of insurance shall allow any insurance company
9 authorized to transact business in this state to deliver to any person in
10 this state any contract of insurance or indemnity, including any explana-
11 tory materials, written in any language other than the English language
12 under the following conditions:

13 (1) The insured or applicant for insurance who is given a copy of the
14 same contract of insurance or indemnity or explanatory materials written
15 in the English language;

16 (2) the English language version of the contract for insurance or in-
17 demnity or explanatory materials delivered shall be the controlling ver-
18 sion; and

19 (3) any contract of insurance or indemnity or explanatory materials
20 written in any language other than English shall contain a disclosure state-
21 ment in 10 point boldface type, printed in both the English language and
22 the other language used, stating the English version of the contract of
23 insurance or indemnity is the official or controlling version and that the
24 version is written in any language other than English is furnished for
25 informational purposes only.

26 (c) All contracts of insurance or indemnity that are required to be
27 filed with the commissioner of insurance shall be accompanied by any
28 version of such contract of insurance or indemnity written in any language
29 other than the English language.

30 (d) Any insurance company or insurer, including any agent or em-
31 ployee thereof, who knowingly misrepresents the content of a contract of
32 insurance or indemnity or explanatory materials written in a language
33 other than the English language shall be deemed to have violated the
34 unfair trade practice law.

35 (e) For the purposes of this section, the term "contract of insurance
36 or indemnity" shall include any rider, endorsement or application per-
37 taining to such contract of insurance or indemnity.

38 Sec. 2. K.S.A. 40-954 is hereby amended to read as follows: 40-954.
39 In determining whether rates are not excessive or inadequate or not un-
40 fairly discriminatory:

41 (a) Due consideration shall be given to:

42 (1) Past and prospective loss and expense experience within and out-
43 side the state;

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(5) The failure of any insurance company to comply with this section shall not constitute a defense to any action brought on its contracts. An insurer may satisfy its obligation to file its contracts of insurance or indemnity either individually or by authorizing the commissioner to accept on its behalf the filings made by a licensed rating organization or another insurer.

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(f) (1) If at any time after a filing becomes effective, the commissioner finds that such filing does not comply with this act, after the commissioner shall send written notice to every insurer and rating organization making such filing that a hearing concerning such filing will be held in not less than 10 days.
(2) After the hearing, the commissioner shall issue an order stating:
(A) The reasons why such filing failed to comply with the act; and
(B) the date, within a reasonable time after the date the order is issued, upon which such filing shall no longer be effective.
(3) A copy of the commissioner's order shall be sent to every insurer and rating organization that made such filing.
(4) No order issued pursuant to this subsection shall affect any contract or policy made or issued under such filing prior to the date specified upon which such filing shall no longer be effective.

1 (a) Every insurer shall file with the commissioner, except as to inland
 2 marine risks where general custom of the industry is not to use manual
 3 rates or rating plans, every manual of classifications, rules and rates, every
 4 rating plan, policy form and every modification of any of the foregoing
 5 which it proposes to use. Every such filing shall indicate the proposed
 6 effective date and the character and extent of the coverage contemplated
 7 and shall be accompanied by the information upon which the insurer
 8 supports the filings. A filing and any supporting information shall be open
 9 to public inspection after it is filed with the commissioner. An insurer
 10 may satisfy its obligations to make such filings by authorizing the com-
 11 missioner to accept on its behalf the filings made by a licensed rating
 12 organization or another insurer. Nothing contained in this act shall be
 13 construed to require any insurer to become a member or subscriber of
 14 any rating organization.

15 (b) Any rate filing for the basic coverage required by K.S.A. 40-3401
 16 *et seq.* and amendments thereto, loss costs filings for workers compen-
 17 sation, and rates for assigned risk plans established by article 21 of chapter
 18 40 of the Kansas Statutes Annotated or rules and regulations established
 19 by the commissioner shall require approval by the commissioner before
 20 its use by the insurer in this state. ~~Policy forms shall require approval by~~
 21 ~~the commissioner before use by insurers in this state, consistent with the~~
 22 ~~requirements of K.S.A. 40-216 and amendments thereto.~~ As soon as rea-
 23 sonably possible after such filing has been made, the commissioner shall
 24 in writing approve or disapprove the same, except that any filing shall be
 25 deemed approved unless disapproved within 30 days of receipt of the
 26 filing.

27 (c) ~~Any other rate filing, except personal lines filings, shall become~~
 28 ~~effective on filing or any prospective date selected by the insurer, subject~~
 29 ~~to the commissioner disapproving the same if unless the commissioner~~
 30 ~~disapproves such rate filing because the rates are determined to be in-~~
 31 ~~adequate, excessive, unfairly discriminatory or otherwise fails to meet the~~
 32 ~~requirements of this act. Personal lines rate filings shall be on file for a~~
 33 ~~waiting period of 30 days before becoming effective, subject to the com-~~
 34 ~~missioner disapproving the same if the rates are determined to be inad-~~
 35 ~~equade, excessive, unfairly discriminatory or otherwise fail to meet~~
 36 ~~requirements of this act. The term "personal lines" shall mean insurance~~
 37 ~~for noncommercial automobile, homeowners, dwelling fire and renters~~
 38 ~~insurance policies, as defined by the commissioner by rules and regula-~~
 39 ~~tions. A filing complies with this act unless it is disapproved by the com-~~
 40 ~~missioner within the waiting period or pursuant to subsection (e).~~

41 (d) In reviewing any rate filing the commissioner may require the
 42 insurer or rating organization to provide, at the insurer's or rating organ-
 43 ization's expense, all information necessary to evaluate the reasonableness

Any other rate filing, except personal lines filings, shall become effective on filing or any prospective date selected by the insurer, subject to the commissioner disapproving the same if the rates are determined to be inadequate, excessive, unfairly discriminatory or otherwise fails to meet the requirements of this act. Personal lines rate filings shall be on file for a waiting period of 30 days before becoming effective, subject to the commissioner disapproving the same if the rates are determined to be inadequate, excessive, unfairly discriminatory or otherwise fail to meet requirements of this act. The term "personal lines" shall mean insurance for noncommercial automobile, homeowners, dwelling fire-and-renters insurance policies, as defined by the commissioner by rules and regulations. A filing complies with this act unless it is disapproved by the commissioner within the waiting period or pursuant to subsection (e)

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1 established, and that such grounds otherwise justify holding such a hear-
2 ing, the commissioner shall, within 30 days after receipt of the application,
3 hold a hearing on not less than 10 days' written notice to the applicant
4 and every insurer and rating organization that made such filing.

5 (C) Every rating organization receiving a notice of hearing or copy of
6 an order under this section, shall promptly notify all its members or sub-
7 scribers affected by the hearing or order. Notice to a rating organization
8 of a hearing or order shall be deemed notice to its members or
9 subscribers.

10 (f) No insurer shall make or issue a contract or policy except in ac-
11 cordance with filings which have been filed or approved for such insurer
12 as provided in this act.

13 (g) The commissioner may adopt rules and regulations to allow sus-
14 pension or modification of the requirement of filing and approval of rates
15 as to any kind of insurance, subdivision or combination thereof, or as to
16 classes of risks, the rates for which cannot practicably be filed before they
17 are used.

18 (h) Except for workers compensation and employer's liability line, the
19 following categories of commercial lines risks are considered special risks
20 which are exempt from the filing requirements in this section:

- 21 (1) Risks that are written on an excess or umbrella basis;
- 22 (2) commercial risks, or portions thereof, that are not rated according
23 to manuals, rating plans, or schedules including "a" rates;
- 24 (3) large risks; and
- 25 (4) special risks designated by the commissioner, including but not
26 limited to risks insured under highly protected risks rating plans, com-
27 mercial aviation, credit insurance, boiler and machinery, inland marine,
28 fidelity, surety and guarantee bond insurance risks.

29 (i) For the purposes of this subsection, "large risk" means:

- 30 (1) ~~An insured that has total insured property values of \$5,000,000~~
31 ~~\$3,000,000 or more;~~
- 32 (2) an insured that has total annual gross revenues of ~~\$10,000,000~~
33 ~~\$5,000,000 or more;~~ or
- 34 (3) an insured that has in the preceding calendar year a total paid
35 premium of ~~\$50,000 or more for property insurance, \$50,000 or more for~~
36 ~~general liability insurance, or \$100,000 or more for multiple lines policies~~
37 ~~annual aggregate paid premium of \$25,000 or more.~~

38 (j) The exemption for any large risk contained in subsection (h) shall
39 not apply to workers compensation and employer's liability insurance,
40 insurance purchasing groups, and the basic coverage required by K.S.A.
41 40-3401 *et seq.* and amendments thereto.

42 (k) Underwriting files, premium, loss and expense statistics, financial
43 and other records pertaining to special risks written by any insurer shall

An insured that has total insured property values of \$5,000,000 or more;

(2) an insured that has total annual gross revenues of \$10,000,000 or more; or

(3) an insured that has in the preceding calendar year a total paid premium of \$50,000 or more for property insurance, \$50,000 or more for general liability insurance, or \$100,000 or more for multiple lines policies.

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1 be maintained by the insurer and shall be subject to examination by the
2 commissioner.

3 New Sec. 4. (a) Insurers may increase or decrease premiums on a
4 given risk basis without documentation up to 40% based on any factor,
5 except the rate adjustment made pursuant to this section cannot:

6 (1) Be based upon the race, creed, national origin or religion of the
7 insured.

8 (2) Apply to insurance covering:

9 (A) Risks of a personal nature, including insurance for homeowners,
10 tenants, private passenger nonfleet automobiles, mobile homes and other
11 property and casualty insurance for personal, family or household needs;

12 [or]

13 (B) farms and ranches, including crop insurance. (b) By rules and
14 regulations adopted in accordance with the rules and regulations filing
15 act, the commissioner of insurance may broaden the range of plus or
16 minus 40% for any line or type of insurance subject to K.S.A. 40-955, and
17 amendments thereto, if the commissioner of insurance finds that the:

18 (1) Utilization of this section by the insurance industry has produced
19 a significant number of rate modifications at or near the upper limit and
20 at the lower limit of the allowable range of modification; and

21 (2) modifiers at and near the upper and lower limits of the allowable
22 range of modification appear to be predominantly correlated with indi-
23 vidual risk factors that relate to expected losses and expenses.

24 (c) By rules and regulations adopted in accordance with the rules and
25 regulations filing act, the commissioner of insurance may reduce the
26 range of plus or minus 40% for any line or type of insurance subject to
27 K.S.A. 40-955, and amendments thereto, if the commissioner of insurance
28 finds that modifiers at or near the upper or lower limits of the allowable
29 range of modification are not predominantly correlated with individual
30 risk factors that relate to expected losses and expenses, but such reduction
31 shall not reduce the range to less than plus or minus 25%. (d) Any in-
32 surer aggrieved by the commissioner's findings pursuant to this section
33 may appeal the same pursuant to the Kansas administrative procedure
34 act.

35 Sec. 5. K.S.A. 40-954 and 40-955 and K.S.A. 2005 Supp. 40-216 are
36 hereby repealed.

37 Sec. 6. This act shall take effect and be in force from and after its
38 publication in the statute book.

(C) workers compensation; or
(D) coverage required by K.S.A. 40-3401 et seq. and amendments
thereto

Senate FI: I Committee
Attachment 3
March 2, 2006

1 or use of any motor vehicle described in this subsection. A self-insurer
2 shall provide liability coverage subject to the provisions of subsection (e)
3 of K.S.A. 40-3107, and amendments thereto, arising out of the ownership,
4 operation, maintenance or use of a self-insured motor vehicle in those
5 instances where the lessee or the rental driver, if not the lessee, does not
6 have a motor vehicle liability insurance policy or insurance coverage pur-
7 suant to a motor vehicle liability insurance policy or certificate of insur-
8 ance or such insurance policy for such leased or rented vehicle. Such
9 liability coverage shall be provided to any person operating a self-insured
10 motor vehicle with the expressed or implied consent of the self-insurer.

11 Upon notice and a hearing in accordance with the provisions of the
12 Kansas administrative procedure act, the commissioner of insurance may
13 cancel a certificate of self-insurance upon reasonable grounds. Failure to
14 provide liability coverage or personal injury protection benefits required
15 by K.S.A. 40-3107 and 40-3109, and amendments thereto, or pay any
16 liability imposed by law arising out of the ownership, operation, mainte-
17 nance or use of a motor vehicle registered in such self-insurer's name, or
18 to otherwise comply with the requirements of this subsection shall consti-
19 tute reasonable grounds for the cancellation of a certificate of self-
20 insurance. Reasonable grounds shall not exist unless such objectionable
21 activity occurs with such frequency as to indicate a general business
22 practice.

23 Self-insureds shall investigate claims in a reasonably prompt manner,
24 handle such claims in a reasonable manner based on available information
25 and effectuate prompt, fair and equitable settlement of claims in which
26 liability has become reasonably clear.

27 As used in this subsection, "liability imposed by law" means the stated
28 limits of liability as provided under subsection (e) of K.S.A. 40-3107, and
29 amendments thereto.

30 Nothing in this subsection shall preclude a self-insurer from pursuing
31 all rights of subrogation against another person or persons.

32 (g) (1) ~~Any person violating~~ Upon a first conviction of a violation of
33 any provision of this section, a person shall be guilty of a class B misde-
34 meanor and shall be subject to a fine of not less than \$300 nor more than
35 \$1,000 or confinement in the county jail for a term of not more than six
36 months, or both such fine and confinement.

37 (2) ~~Any person convicted of violating~~ On a second conviction of a
38 violation of any provision of this section ~~within three years of any such~~
39 ~~prior conviction,~~ a person shall be guilty of a class A misdemeanor and
40 shall be ~~subject to a fine of~~ not less than \$800 nor more than \$2,500.

41 (3) ~~On a third or subsequent conviction of a violation of any provision~~
42 ~~of this section,~~ a person shall be guilty of a severity level 9, nonperson
43 ~~felony.~~

a person shall be guilty of a nonperson felony and sentenced to not less than 90 days nor more than one year's imprisonment and fined not less than \$1,500 nor more than \$2,500. The person convicted shall not be eligible for release on probation, suspension or reduction of sentence or parole until the person has served at least 90 days' imprisonment. The 90 days' imprisonment mandated by this subsection may be served in a work release program only after such person has served 48 consecutive hours' imprisonment, provided such work release program requires such person to return to confinement at the end of each day in the work release program. The court may place the person convicted under a house arrest program pursuant to K.S.A. 21-4603b, and amendments thereto, to serve the remainder of the minimum sentence only after such person has served 48 consecutive hours' imprisonment.

within five years of any such prior conviction

fined

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1 (h) In addition to any other penalties provided by this act for failure
2 to have or maintain financial security in effect, the director, upon receipt
3 of a report required by K.S.A. 8-1607 or 8-1611, and amendments
4 thereto, or a denial of such insurance by the insurance company listed on
5 the form prescribed by the secretary of revenue pursuant to subsection
6 (d) of this section, shall, upon notice and hearing as provided by K.S.A.
7 40-3118, and amendments thereto:

8 (1) Suspend:

9 (A) The license of each driver in any manner involved in the accident;

10 (B) the license of the owner of each motor vehicle involved in such
11 accident, unless the vehicle was stolen at the time of the accident, proof
12 of which must be established by the owner of the motor vehicle. Theft
13 by a member of the vehicle owner's immediate family under the age of
14 18 years shall not constitute a stolen vehicle for the purposes of this
15 section;

16 (C) if the driver is a nonresident, the privilege of operating a motor
17 vehicle within this state; or

18 (D) if such owner is a nonresident, the privilege of such owner to
19 operate or permit the operation within this state of any motor vehicle
20 owned by such owner; and

21 (2) revoke the registration of all vehicles owned by the owner of each
22 motor vehicle involved in such accident.

23 (i) The suspension or revocation requirements in subsection (h) shall
24 not apply:

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

29 (2) to the driver, if not the owner of the vehicle involved in the ac-
30 cident, if there was in effect at the time of the accident an automobile
31 liability policy with respect to such driver's driving of vehicles not owned
32 by such driver;

33 (3) to any self-insurer as defined by subsection (u) of K.S.A. 40-3103,
34 and amendments thereto;

35 (4) to the driver or owner of any vehicle involved in the accident
36 which was exempt from the provisions of this act pursuant to K.S.A. 40-
37 3105, and amendments thereto;

38 (5) ~~to the owner of a vehicle described in subsection (a)(2).~~ (1)

39 (j) For the purposes of provisions (1) and (2) of subsection (i) of this
40 section, the director may require verification by an owner's or driver's
41 insurance company or agent thereof that there was in effect at the time
42 of the accident an automobile liability policy as required in this act.

43 [Any suspension or revocation effected hereunder shall remain in effect]

1 [until satisfactory proof of financial security has been filed with the director
 2 as required by subsection (d) of K.S.A. 40-3118, and amendments thereto,
 3 and such person has been released from liability or is a party to an action
 4 to determine liability pursuant to which the court temporarily stays such
 5 suspension pending final disposition of such action, has entered into an
 6 agreement for the payment of damages, or has been finally adjudicated
 7 not to be liable in respect to such accident and evidence of any such fact
 8 has been filed with the director and has paid the reinstatement fee herein
 9 prescribed. Such reinstatement fee shall be \$100 except that if the reg-
 10 istration of a motor vehicle of any owner is revoked within one year fol-
 11 lowing a prior revocation of the registration of a motor vehicle of such
 12 owner under the provisions of this act such fee shall be \$300.

13 (k) The provisions of this section shall not apply to motor carriers of
 14 property or passengers regulated by the corporation commission of the
 15 state of Kansas.

16 (l) The provisions of subsection (d) shall not apply to vehicle dealers,
 17 as defined in K.S.A. 8-2401, and amendments thereto, for vehicles being
 18 offered for sale by such dealers.]

1 ~~[(3) to any self insurer as defined by subsection (u) of K.S.A.
 2 40-3103, and amendments thereto;~~

3 ~~[(4) to the driver or owner of any vehicle involved in the acci-
 4 dent which was exempt from the provisions of this act pursuant to
 5 K.S.A. 40-3105, and amendments thereto;~~

6 ~~[(5) to the owner of a vehicle described in subsection (a)(2).~~

7 ~~[(j) (1) For the purposes of provisions (1) and (2) of subsection
 8 (i) of this section, the director may require verification by an
 9 owner's or driver's insurance company or agent thereof that there
 10 was in effect at the time of the accident an automobile liability
 11 policy as required in this act.~~

12 ~~[Any suspension or revocation effected hereunder shall remain in effect
 13 until satisfactory proof of financial security has been filed with the director
 14 as required by subsection (d) of K.S.A. 40-3118, and amendments thereto,
 15 and such person has been released from liability or is a party to an action
 16 to determine liability pursuant to which the court temporarily stays such
 17 suspension pending final disposition of such action, has entered into an
 18 agreement for the payment of damages, or has been finally adjudicated
 19 not to be liable in respect to such accident and evidence of any such fact
 20 has been filed with the director and has paid the reinstatement fee herein
 21 prescribed. Such reinstatement fee shall be \$100 except that if the reg-
 22 istration of a motor vehicle of any owner is revoked within one year fol-
 23 lowing a prior revocation of the registration of a motor vehicle of such
 24 owner under the provisions of this act such fee shall be \$300.~~

25 ~~[(2) Subject to the provisions of subsection (k), any suspension or
 26 revocation effected hereunder shall remain in effect until such person:~~

27 ~~[(A) Has filed satisfactory proof of financial security with the director
 28 as required by subsection (d) of K.S.A. 40-3118 and amendments thereto;~~

29 ~~[(B) has paid the reinstatement fee herein prescribed; and~~

30 ~~[(C) (i) has been released from liability;~~

31 ~~[(ii) is a party to an action to determine liability pursuant to which
 32 the court temporarily stays such suspension pending final disposition of
 33 such action;~~

34 ~~[(iii) has entered into an agreement for the payment of damages; or~~

35 ~~[(iv) has been finally adjudicated not to be liable in respect to such
 36 accident and evidence of any such fact has been filed with the director.~~

37 ~~[(3) The reinstatement fee shall be \$100 except that if the registration
 38 of a motor vehicle of any owner is revoked within one year following a
 39 prior revocation of the registration of a motor vehicle of such owner under
 40 the provisions of this act such fee shall be \$300.~~

41 ~~[(k) (1) Whenever any person whose license has been suspended or
 42 revoked pursuant to this section is involved in an accident and has entered
 43 into an agreement with any driver, or such driver's insurer, who has been~~

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19 Sec. 4 2. K.S.A. 40-3104 and K.S.A. 2005 Supp. 21-3436 are is
 20 hereby repealed.
 21 Sec. 5 3. This act shall take effect and be in force from and after its
 22 publication in the statute book.

1 damaged or whose vehicle has been damaged to pay for such damage and
 2 such person defaults on payments under such agreement, the driver or
 3 the driver's insurer, as appropriate, shall notify the director within 60
 4 days of the date of default.
 5 [(2) Upon receipt of the notice of default, the director shall immedi-
 6 ately suspend such person's license and registration. If such person is a
 7 nonresident, the director shall immediately suspend such person's non-
 8 resident's privilege to operate a motor vehicle in this state.
 9 [(3) Except as provided in paragraph (4), such person's driver's li-
 10 cense, registration and nonresident's operating privilege shall remain so
 11 suspended and shall not be renewed, nor shall any such license or regis-
 12 tration be thereafter issued in the name of such person, including any
 13 such person not previously licensed, unless and until:
 14 [(A) the director receives notice payments under the agreement re-
 15 ferred to in paragraph (1) have been resumed and that payments under
 16 such agreement are no longer in default;
 17 [(B) such person has filed satisfactory proof of financial responsibility
 18 with the director as required by subsection(d) of K.S.A. 40-3118 and
 19 amendments thereto; and
 20 [(C) the reinstatement fee required by subsection (j) has been paid.
 21 [(4) Upon due notice to the director that the conditions of paragraph
 22 (3) have been fulfilled, such person may obtain from the director an order
 23 restoring such person's driver's license, registration and nonresident's op-
 24 erating privilege to operate a motor vehicle in this state conditioned upon
 25 such person's continued compliance with the agreement referred to in
 26 paragraph (1).
 27 [(5) In the event such person fails to make any further payment under
 28 the agreement referred to in paragraph (1) when such payment is due,
 29 the director, upon receipt of notice of such default, shall immediately
 30 suspend the license, registration or nonresident's operating privilege of
 31 such person until all payments have been made under the agreement re-
 32 ferred to in paragraph (1). No suspension of such person's license, regis-
 33 tration or nonresident's privilege to operate a motor vehicle in this state
 34 shall be reinstated pursuant to paragraph (4).
 35 ~~[(k) (l) The provisions of this section shall not apply to motor~~
 36 ~~carriers of property or passengers regulated by the corporation~~
 37 ~~commission of the state of Kansas.~~
 38 ~~[(H) (m) The provisions of subsection (d) shall not apply to ve-~~
 39 ~~hicle dealers, as defined in K.S.A. 8-2401, and amendments~~
 40 ~~thereto, for vehicles being offered for sale by such dealers.]~~
 41 ~~Sec. 4 [5.] K.S.A. 8-262 and[,] 8-287 [and 40-3104] and K.S.A.~~
 42 ~~2005 Supp. 21-4701 are hereby repealed.~~
 43