

SESSION OF 2003

SUPPLEMENTAL NOTE ON SENATE BILL NO. 66

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 66 concerns title insurance and amends one section of the Kansas Unfair Trade Practice Act. The bill repeals that portion of the Act commonly referred to as the Kansas Controlled Business Law. That law prohibited real estate agents from placing title insurance business with a title insurance company in which the agent had a financial interest without first disclosing to the applicant for insurance that the agent had such a financial interest. Further, that law limited the amount of business the agent could place with a company in which the agent had a financial interest to not more than 20 percent of its gross operating revenues for the preceding six months. Finally, that law exempted counties 10,000 and under populations from the limitations on controlled business.

Background

SB 66 is recommended by the Kansas Realtors Association whose representatives explained that passage of the bill will allow "one-stop shopping" for the purchase of residential real estate, and increase competition for title insurance. Competition should benefit consumers with lower costs and increased levels of service.

The bill is opposed by the Kansas Land Title Association whose representative explained that the original law was passed to address significant problems involving controlled business title insurance companies which were detrimental to the healthy functioning of competition in the title insurance industry.

The fiscal note prepared by the Division of the Budget indicates passage of the bill will increase the number of title insurance compa-

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/klrd>

nies the Insurance Department will have to regulate; however, the Department would absorb any cost increase resulting from the bill.