

SESSION OF 2004

SUPPLEMENTAL NOTE ON SENATE BILL NO. 342

As Amended by House Committee on
Insurance

Brief*

SB 342, as passed by the Senate, relates to policies of accident and sickness insurance and concerns the provisions such policies must contain for delivery in Kansas. The bill removes the word "or" and replaces it with the word "and" to require insurers to base the payment of benefits on both usual, customary, and reasonable charges, and upon a statistically valid sample which recognizes geographic variations, is produced at least every six months, and is collected on the basis of the most current codes and nomenclature.

House Committee amendments add the following two provisions:

- ! Pertaining to the verification of automobile liability insurance by county treasurers, the bill authorizes the Insurance Commissioner to require, through the adoption of rules and regulations, that all motor vehicle liability insurers authorized to do business in Kansas provide verification of insurance on-line or electronically. However, any motor vehicle liability insurance company already providing verification of insurance on-line or electronically on the day preceding the effective date of this act may continue to do so in the same manner and be deemed in compliance with this law.

- ! Concerning contracts made by insurance companies, the bill strikes from the law the requirement that all contracts made by an insurance company be signed by the president or vice-president and secretary.

*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>

Background

SB 342, as introduced, was requested by the Insurance Commissioner whose representative explained that currently insurance companies may choose between the two standards upon which to base payment of benefits. The resulting change proposed in the bill should benefit the consumer by requiring a more accurate standard for setting a reasonable benefit payment.

The county treasurers requested the language regarding on-line or electronic verification of automobile liability insurance coverage. Their request was contained in HB 2852 which was supported by the Insurance Commissioner. A representative for State Farm Insurance requested the amendment which would allow State Farm and other similarly situated companies to continue with their method of on-line or electronic verification of insurance.

Finally, the provision related to contract signatures was requested by Security Benefit Life Insurance Company.