

SESSION OF 2006

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 442**

As Amended by House Committee on  
Insurance

**Brief\***

SB 442, as amended, would amend the current requirements for certain lienholders and mortgagees in KSA 40-955. Specifically, the bill would provide that an applicant be allowed to identify the lienholder listed on motor vehicle certificates of title on application forms for collision or comprehensive coverage on personal motor vehicles. The bill also would provide that an applicant be allowed to identify the mortgagee listed on a mortgage on applications for property insurance on real property.

The bill also would amend several surety bond provisions in Kansas law to authorize bonds with sufficient surety by eliminating the current requirements for multiple sureties. The bill would make a number of technical amendments, including the replacement of references to multiple sureties.

The bill also would amend the coverage provision for HMOs in KSA 40-3209 to allow that the amount of time that an enrollee has health insurance under any group policy that provides similar benefits would count toward the requirement of three months of continuous coverage.

**Background**

SB 442 was requested by the Insurance Commissioner whose representative indicated that the intent of the bill was to reduce the occurrence of banks, credit unions and other lending institutions not having their name included on loss payee payments. Representatives of financial institutions indicated that lenders expect to be included on insurance claim checks when the damaged property is collateral used to secure a loan or mortgage, but often a number of claim checks now issued do not include the lienholders or mortgagees as joint payees.

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\*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>

The bill was supported by the Kansas Bankers Association, the Heartland Community Bankers Association, and the Kansas Credit Union Association.

The House Committee on Insurance amended the bill to insert the provisions of 2006 SB 422 (as recommended by the Senate Committee on Financial Institutions and Insurance) and 2006 HB 2693 (as recommended by the House Committee on Insurance).

Under current law, the Insurance Commissioner is permitted to adopt rules and regulations to allow suspension or modification of the requirement of filing and approval of rates as to any kind of insurance, subdivision or combination thereof, or as to classes of risks, the rates for which cannot practicably be filed before they are used.

The fiscal note prepared by the Division of the Budget on the introduced version of the bill indicates that passage of the bill would have no fiscal effect.