SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2865

<u>As Recommended by House Committee on
Insurance and Financial Institutions</u>

Brief*

HB 2865 would amend a statute governing the unearned premium reserves of title insurance companies. The bill would remove a requirement that a foreign title insurance company maintain unearned premium reserves in an amount no less than the amount that would be required of a domestic title insurance company.

Background

Current law requires foreign title insurance companies (companies not domiciled in Kansas) transacting business in Kansas to compute their unearned premium reserve as prescribed or permitted under the laws of the state in which the company is domiciled and to maintain unearned premium reserves in an amount equal to (or higher than) a domestic title insurance company.

The bill was introduced at the request of the First American Title Insurance Company whose representative indicated that the premium reserve requirements for out-of-state (foreign) title insurance companies under current law create difficulties for multi-state insurers by forcing the insurer to maintain unique reserve arrangements. The representative also stated the bill would reduce unnecessary costs for all concerned and bring Kansas in line with the majority of other states. The Kansas Insurance Department testified in support of the bill at the Committee hearing. Testimony in support of

—————————————

the bill was later provided to the Committee by the Kansas Land Title Association.

The fiscal note prepared by the Division of the Budget states the Kansas Insurance Department indicates there would be no fiscal effect associated with the enactment of the bill because so few companies would be affected, the agency's responsibilities would not be noticeably reduced.