



Kansas Department of Insurance

Commissioner Vicki Schmidt

Proponent Testimony for HB 2047 – Establishing a Real-Time Auto Insurance Verification System, Cutting the Uninsured Motorist Rate

January 29, 2025

Chairman Sutton and Members of the Committee,

Thank you for the opportunity to testify in support of House Bill 2047.

House Bill 2047 amends K.S.A. 8-173 and establishes new law to create a real-time auto insurance verification system. The bill requires insurance companies to report their books of business to the state's new verification system, which can be cross referenced with the VIN numbers of the registered vehicles in Kansas to assist the state in identifying those without insurance.

Pursuant to K.S.A. 40-3104, every registered vehicle in the state of Kansas must be insured by a car insurance policy. Further, each policy must possess the minimum coverage limits, which include liability coverage and personal injury protection. Notwithstanding this, there are still Kansas vehicles that remain uninsured.

The Insurance Information Institute estimates that approximately 8.0% of the vehicles registered in Kansas are uninsured. During calendar years 2021 and 2022, insurance companies writing auto insurance in Kansas paid \$51.9 million in claims involving uninsured motorists. These claims are directly related to prospective premium rates.

While Kansas drivers must possess minimum uninsured and underinsured motorist coverage, in case an accident occurs with an uninsured motorist, Kansans will still see out-of-pocket expenses as they would be subject to their own deductible and policy limits.

House Bill 2047 presents a solution to the uninsured motorist problem in Kansas. The bill mirrors the Insurance Industry Committee on Motor Vehicle Administration's model law on real-time verification. Many of the 20 other states that have enacted legislation to create a real-time insurance verification system have utilized the same model and have reduced their uninsured motorist rate by half.

Currently, uninsured motorists are caught when they get stopped for a traffic violation or get in a car accident. This bill would provide another tool to law enforcement, the court system, the Kansas Department of Revenue, and County Treasurers, who are required to verify insurance.

This bill does not change the current penalties for driving without insurance. K.S.A. 40-3104 subjects any person that violates this law to a class B misdemeanor and shall be subject to fine of not less than \$300 nor more than \$1,000 or confinement in the county jail for a term of not more than six months or both. In addition, there may be administrative penalties including license suspension.

The bill creates the framework that would allow the Kansas Department of Insurance to issue an RFP and contract with a company to assist the state in lowering the uninsured motorists rate. This bill will replace antiquated regulations and the new system would be entirely funded by the Kansas Department of Insurance.

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