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MEMORANDUM

To: Chairman Sutton and the House Committee on Insurance

From: Office of Revisor of Statutes

Date: February 3, 2025

Subject: **HB 2087 – Authorizing certain nonadmitted insurers to transact certain business in Kansas and requiring the commissioner of insurance to maintain a list of eligible nonadmitted insurers.**

HB 2087 would amend current law to allow certain nonadmitted insurers to provide motor vehicle liability insurance to motor vehicle dealers. The bill replaces the phrase, "insurer not authorized to do business in this state," with "eligible nonadmitted insurer," and would require the commissioner to maintain a list of eligible nonadmitted insurers for review. The bill also makes changes to capital requirements for such insurers to appear on the list and would remove the \$200 filing fee required of such insurers to submit their annual statement for review in order to be included on the commissioner's list. Finally, the bill states that a nonadmitted insurer (not included on the list) would be able to do business in the state if such nonadmitted insurer meets the eligibility requirements of 15 U.S.C. § 8204.

Section 1 amends K.S.A. 8-2405, pertaining to liability insurance required of motor vehicle dealers. Under current law, in order to be licensed in Kansas, a dealer must carry motor vehicle liability insurance. If such insurance lapses or is canceled, the dealer's license also is canceled. This section would allow an eligible nonadmitted insurer to also issue such insurance.

Section 2 amends K.S.A. 40-246b, pertaining to excess lines coverage insurance. In this section, the amendments made were primarily to update language from "insurers not authorized to do business in this state," to "eligible nonadmitted insurers.

Section 3 amends K.S.A. 40-246e, pertaining to the commissioner's list of eligible nonadmitted insurers. The bill updates the capital requirement for such an insurer to appear on the list, increasing it from \$4.5M to \$15M. This section also would eliminate the \$200 filing fee for an eligible nonadmitted insurer to file its annual report in order to appear on the list.