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MEMORANDUM

To: Chair Dietrich and the Senate Committee on Financial Institutions and Insurance

From: Office of Revisor of Statutes

Date: February 12, 2025

Subject: **SB 42 – Providing for the establishment of an online verification system for the verification of evidence of motor vehicle liability insurance.**

SB42 would create nine sections of new law, enacting the Kansas real time motor vehicle insurance verification act and would require the commissioner to establish an online verification system of motor vehicle liability insurance.

Section 1 provides definitions for and the citation to the act.

Section 2 provides the actual directive for the commissioner to establish the system and require motor vehicle insurers to establish the functionality of the system. This section also establishes that the real-time system will supersede any other form or system of motor vehicle insurance verification.

Section 3 describes the system requirements and states that the system be used for verification of motor vehicle liability insurance and shall be accessible to authorized personnel of the Kansas Insurance Department, KDOR division of vehicles, the courts, law enforcements and any other entities authorized by state or federal privacy laws.

Section 4 states that the commissioner may conduct a competitive bid and contract with a private service provider that has successfully implemented similar systems in other states.

Section 5 states that the Kansas Insurance Department shall provide the funding for the implementation, ongoing maintenance, and enhancement of the system from the Insurance Department regulation service fund.

Section 6 requires that insurers cooperate with the commissioner and KDOR in establishing and maintaining the insurance verification system and provide vehicle insurance policy information as established in rules and regulations. This section also provides that insurers' systems be permitted reasonable downtime for maintenance and other work with advance notice, and that they shall not be subject to enforcement fees or penalties under such situations. Additionally, the system requires that every property and casualty insurance company licensed to provide motor vehicle liability insurance or that is authorized to do business in the state shall provide verification of liability insurance for every motor vehicle insured in the state. The section stipulates that insurers shall not be required to verify evidence of insurance for vehicles registered in other jurisdictions and that insurers shall be immune from civil and administrative liability for good faith efforts to comply with the provisions of this act. Commercial motor vehicles registered in the state shall not be subject to this act.

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Section 7 would allow the commissioner to establish an alternative method for verifying motor vehicle liability insurance for insurers that insure fewer than 1,000 vehicles in the state.

Section 8 would make all information and data provided by insurance companies to the verification system and all reports, responses, and other information generated for the use by the system confidential and privileged and not subject to the Kansas Open Records Act.

Section 9 requires that the system be fully operational by July 1, 2026.

Section 10 amends K.S.A. 8-173, which is the transportation statute relating to the verification of insurance. Here, the statute has been updated to reflect the establishment of the new verification system, and strikes the statement that online or electronic verification systems already in effect would satisfy the requirements of the statute.