

## HOUSE BILL No. 2047

By Committee on Insurance

Requested by Eric Turek on behalf of the Kansas Insurance Department

1-21

1 AN ACT concerning motor vehicle liability insurance; providing for the  
2 establishment of a web-based online insurance verification system for  
3 the verification of evidence of motor vehicle liability insurance;  
4 amending K.S.A. 8-173 and repealing the existing section.  
5

6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. (a) Sections 1 through 9, and amendments thereto,  
8 shall be known and may be cited as the Kansas real time motor vehicle  
9 insurance verification act.

10 (b) As used in this act:

11 (1) "Act" means the Kansas real time motor vehicle act.

12 (2) "Commercial vehicle coverage" means any coverage provided to  
13 an insured, regardless of number of vehicles covered, under a commercial  
14 coverage form and rated from a commercial manual approved by the  
15 department.

16 (3) "Commissioner" means the commissioner of insurance.

17 (4) "Department" means the Kansas insurance department.

18 (5) "Insurance verification system" means the web-based system for  
19 online verification of motor vehicle liability insurance.

20 (6) "KDOR" means the Kansas department of revenue.

21 New Sec. 2. (a) The commissioner shall establish a web-based system  
22 for online verification of motor vehicle insurance and require motor  
23 vehicle insurers to establish functionality for such system, as specified in  
24 this act. Implementation of the insurance verification system, including  
25 any exceptions as provided for in this act, supersedes any existing motor  
26 vehicle liability insurance verification system requirements and shall be  
27 the sole electronic system used for the purpose of verifying motor vehicle  
28 liability insurance as required by the laws of Kansas.

29 (b) The commissioner shall adopt such reasonable rules and  
30 regulations as are necessary to effectuate the provisions of this act.

31 New Sec. 3. (a) The insurance verification system shall:

32 (1) (A) Transmit requests to insurers for verification of motor vehicle  
33 liability insurance via web services established by the insurers in  
34 compliance with specifications and standards prescribed by the  
35 commissioner in rules and regulations; and

1 (B) insurance company systems shall respond to each request for  
2 verification of motor vehicle liability insurance with a prescribed response  
3 upon evaluation of the data provided in such request;

4 (2) include appropriate provisions to secure its data against  
5 unauthorized access in accordance with applicable data privacy protection  
6 laws;

7 (3) be used for verification of motor vehicle liability insurance as  
8 prescribed by the laws of Kansas and shall be accessible to authorized  
9 personnel of the department, KDOR division of vehicles, the courts, law  
10 enforcement agencies and other entities authorized by state or federal  
11 privacy laws;

12 (4) be interfaced, wherever appropriate, with existing state systems;  
13 and

14 (5) include information that shall enable authorized personnel to  
15 make inquiries of insurers of motor vehicle liability insurance by using  
16 multiple data elements for greater matching accuracy, including, but not  
17 limited to:

18 (A) Insurer national association of insurance commissioners company  
19 code number;

20 (B) vehicle identification number;

21 (C) policy number;

22 (D) verification date; or

23 (E) any other information required by the commissioner or KDOR to  
24 operate the insurance verification system.

25 New Sec. 4. The commissioner may conduct a competitive bid and  
26 contract with a private service provider that has successfully implemented  
27 similar systems in other states to assist in establishing, implementing and  
28 maintaining the insurance verification system.

29 New Sec. 5. The department shall provide funding for the  
30 implementation, ongoing maintenance and enhancement of the insurance  
31 verification system created by this act from the insurance department  
32 regulation service fund, established under K.S.A. 40-112, and amendments  
33 thereto.

34 New Sec. 6. (a) Insurers shall cooperate with the commissioner and  
35 KDOR in establishing and maintaining the insurance verification system  
36 and provide motor vehicle insurance policy status information as provided  
37 in rules and regulations established by the commissioner.

38 (b) Insurer systems shall be permitted reasonable system downtime  
39 for maintenance and other work with advance notice to KDOR. Insurers  
40 shall not be subject to enforcement fees or other penalties under such  
41 circumstances or when systems are unavailable because of emergency,  
42 outside attack or other unexpected outages not planned by the insurer and  
43 that are reasonably outside its control as determined by KDOR.

1 (c) Each property and casualty insurance company that is licensed to  
2 issue motor vehicle liability insurance or is authorized to do business in  
3 Kansas shall provide verification of liability insurance for every motor  
4 vehicle insured in Kansas by such company as required by this act.

5 (d) This act shall not apply to vehicles insured under commercial  
6 motor vehicle coverage, except that insurers of such vehicles may  
7 participate on a voluntary basis.

8 (e) Insurers shall not be required to verify evidence of insurance for  
9 vehicles registered in other jurisdictions.

10 (f) Insurers shall be immune from civil and administrative liability for  
11 good faith efforts to comply with the terms of this act.

12 (g) Nothing in this section shall prohibit an insurer from using the  
13 services of a third-party vendor to facilitate the insurance verification  
14 program required by this act.

15 New Sec. 7. The commissioner may establish, through rules and  
16 regulations, an alternative method for verifying motor vehicle liability  
17 insurance for insurers that insure 1,000 or fewer vehicles within Kansas.

18 New Sec. 8. All information and data provided by insurance  
19 companies to the insurance verification system, and all reports, responses  
20 or other information generated for the purposes of the insurance  
21 verification system shall be confidential by law and privileged, shall not be  
22 subject to the open records act, K.S.A. 45-215, and amendments thereto,  
23 and shall not be subject to discovery or admissible as evidence in any  
24 private civil action.

25 New Sec. 9. The insurance verification system shall be fully  
26 operational not later than July 1, 2026, following an appropriate testing  
27 period of not less than nine months. No enforcement action shall be taken  
28 based on information obtained from the insurance verification system until  
29 such system has successfully completed the testing period.

30 Sec. 10. K.S.A. 8-173 is hereby amended to read as follows: 8-173.

31 (a) An application for registration of a vehicle as provided in article 1 of  
32 chapter 8 of the Kansas Statutes Annotated, and amendments thereto, shall  
33 not be accepted unless the person making such application shall exhibit:

34 (1) A receipt showing that such person has paid all personal property  
35 taxes levied against such person for the preceding year, including taxes  
36 upon such vehicle, except that if such application is made before May 11,  
37 such receipt need show payment of only ~~one-half~~  $\frac{1}{2}$  the preceding year's  
38 tax; or

39 (2) evidence that such vehicle was assessed for taxation purposes by a  
40 state agency, ~~or~~ was assessed as stock in trade of a merchant or  
41 manufacturer or was exempt from taxation under the laws of this state.

42 (b) An application for registration of a vehicle as provided in article 1  
43 of chapter 8 of the Kansas Statutes Annotated, and amendments thereto,

1 shall not be accepted if the records of the county treasurer show that the  
2 applicant is delinquent and owes personal property taxes levied against the  
3 applicant for any preceding year.

4 (c) An original application for registration of a motor vehicle shall  
5 not be accepted until the applicant signs a certification, provided by the  
6 director of motor vehicles, certifying that the applicant has and will  
7 maintain, during the period of registration, the required insurance, self-  
8 insurance or other financial security required pursuant to K.S.A. 40-3104,  
9 and amendments thereto.

10 (d) An application for registration or renewal of registration of a  
11 vehicle shall not be accepted if the applicant is unable to provide proof of  
12 the insurance, self-insurance or other financial security required by article  
13 31 of chapter 40 of the Kansas Statutes Annotated, and amendments  
14 thereto. Proof of insurance shall be verified by examination of the  
15 insurance card or other documentation issued by an insurance company, a  
16 certificate of self-insurance issued by the commissioner, a binder of  
17 insurance, a certificate of insurance, a motor carrier identification number  
18 issued by the state corporation commission, proof of insurance for vehicles  
19 covered under a fleet policy, a commercial policy covering more than one  
20 vehicle or a policy of insurance required by K.S.A. 40-3104, and  
21 amendments thereto, and for vehicles used as part of a drivers education  
22 program, a dealership contract and a copy of a motor vehicle liability  
23 insurance policy issued to a school district or accredited nonpublic school.  
24 Examination of a photocopy, facsimile or an image displayed on a cellular  
25 phone or any other type of portable electronic device of any of these  
26 documents shall suffice for verification of registration or renewal. Any  
27 person to whom such image of proof of insurance, self-insurance or other  
28 financial security required by article 31 of chapter 40 of the Kansas  
29 Statutes Annotated, and amendments thereto, is displayed, shall view only  
30 such image displayed on such cellular phone or other portable electronic  
31 device. Such person shall be prohibited from viewing any other content or  
32 information stored on such cellular phone or other portable electronic  
33 device. Proof of insurance may also be verified ~~on-line~~ *online* or  
34 electronically, *in accordance with the provisions of the Kansas real time*  
35 *insurance verification act and sections 1 through 9, and amendments*  
36 *thereto*, and the commissioner of insurance may require, by duly adopted  
37 rules and regulations, any motor vehicle liability insurance company  
38 authorized to do business in this state to provide verification of insurance  
39 in that manner. ~~Any motor vehicle liability insurance company which is~~  
40 ~~providing verification of insurance on-line or electronically on the day~~  
41 ~~preceding the effective date of this act may continue to do so in the same~~  
42 ~~manner and shall be deemed to be in compliance with this section.~~

43 (e) ~~On and after January 1, 2018,~~ An application for registration or

1 renewal of registration of a vehicle shall not be accepted, if the records of  
2 the division show that after three attempts by the Kansas turnpike authority  
3 to contact the registered owner, including at least one registered letter, the  
4 registered owner of such vehicle has unpaid tolls and ~~that~~ the director of  
5 the Kansas turnpike authority or the director's designee has instructed the  
6 division to refuse to accept the registration or renewal of registration,  
7 pursuant to K.S.A. 68-2020a, and amendments thereto, unless the owner or  
8 registered owner makes payment to the county treasurer at the time of  
9 registration or renewal of registration. Of such moneys collected, 15%  
10 shall be retained by the county treasurer and the remainder shall be  
11 remitted to the Kansas turnpike authority.

12 Sec. 11. K.S.A. 8-173 is hereby repealed.

13 Sec. 12. This act shall take effect and be in force from and after its  
14 publication in the statute book.