

SENATE BILL No. 42

By Committee on Financial Institutions and Insurance

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

36 (B) insurance company systems shall respond to each request for

1 verification of motor vehicle liability insurance with a prescribed response
2 upon evaluation of the data provided in such request;

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

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

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

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

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

19 (B) vehicle identification number;

20 (C) policy number;

21 (D) verification date; or

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

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

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

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

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

43 (c) Each property and casualty insurance company that is licensed to

1 issue motor vehicle liability insurance or is authorized to do business in
2 Kansas shall provide verification of liability insurance for every motor
3 vehicle insured in Kansas by such company as required by this act.

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

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

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

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

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

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

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

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

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

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

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

41 (b) An application for registration of a vehicle as provided in article 1
42 of chapter 8 of the Kansas Statutes Annotated, and amendments thereto,
43 shall not be accepted if the records of the county treasurer show that the

1 applicant is delinquent and owes personal property taxes levied against the
2 applicant for any preceding year.

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

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

42 (e) ~~On and after January 1, 2018,~~ An application for registration or
43 renewal of registration of a vehicle shall not be accepted, if the records of

1 the division show that after three attempts by the Kansas turnpike authority
2 to contact the registered owner, including at least one registered letter, the
3 registered owner of such vehicle has unpaid tolls and ~~that~~ the director of
4 the Kansas turnpike authority or the director's designee has instructed the
5 division to refuse to accept the registration or renewal of registration,
6 pursuant to K.S.A. 68-2020a, and amendments thereto, unless the owner or
7 registered owner makes payment to the county treasurer at the time of
8 registration or renewal of registration. Of such moneys collected, 15%
9 shall be retained by the county treasurer and the remainder shall be
10 remitted to the Kansas turnpike authority.

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

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