

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{10}~~, and amendments
8 thereto, shall be known and may be cited as the Kansas real time motor
9 vehicle insurance verification act.

10 (b) As used in this act:

11 (1) "Act" means the Kansas real time motor vehicle *insurance*
12 *verification* act.

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

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

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

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

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

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

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

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

33 (1) (A) Transmit requests to insurers for verification of motor vehicle
34 liability insurance via web services established by the insurers in

1 compliance with specifications and standards prescribed by the
2 commissioner in rules and regulations; and

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

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

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

14 (4) be interfaced, wherever appropriate, with existing state systems;
15 and

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

19 ***Such information shall be*** limited to:

20 (A) Insurer national association of insurance commissioners company
21 code number;

22 (B) vehicle identification number;

23 (C) policy number;

24 (D) verification date; or

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

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

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

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

40 (b) Insurer systems shall be permitted reasonable system downtime
41 for maintenance and other work with advance notice to KDOR. Insurers
42 shall not be subject to enforcement fees or other penalties under such
43 circumstances or when systems are unavailable because of emergency,

1 outside attack or other unexpected outages not planned by the insurer and
2 that are reasonably outside its control as determined by KDOR.

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

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

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

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

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

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

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

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

32 ***{New Sec. 10. Establishing compliance with the provisions of***
33 ***K.S.A. 40-3104, and amendments thereto, through the insurance***
34 ***verification system shall not be the primary cause for law enforcement to***
35 ***stop a vehicle.}***

36 Sec. ~~10~~**11**. K.S.A. 8-173 is hereby amended to read as follows: 8-
37 173. (a) An application for registration of a vehicle as provided in article 1
38 of chapter 8 of the Kansas Statutes Annotated, and amendments thereto,
39 shall not be accepted unless the person making such application shall
40 exhibit:

41 (1) A receipt showing that such person has paid all personal property
42 taxes levied against such person for the preceding year, including taxes
43 upon such vehicle, except that if such application is made before May 11,

1 such receipt need show payment of only ~~one-half~~ ^{1/2} the preceding year's
2 tax; or

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

6 (b) An application for registration of a vehicle as provided in article 1
7 of chapter 8 of the Kansas Statutes Annotated, and amendments thereto,
8 shall not be accepted if the records of the county treasurer show that the
9 applicant is delinquent and owes personal property taxes levied against the
10 applicant for any preceding year.

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

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

1 rules and regulations, any motor vehicle liability insurance company
2 authorized to do business in this state to provide verification of insurance
3 in that manner. ~~Any motor vehicle liability insurance company which is~~
4 ~~providing verification of insurance on-line or electronically on the day~~
5 ~~preceding the effective date of this act may continue to do so in the same~~
6 ~~manner and shall be deemed to be in compliance with this section.~~

7 (e) ~~On and after January 1, 2018,~~ An application for registration or
8 renewal of registration of a vehicle shall not be accepted, if the records of
9 the division show that after three attempts by the Kansas turnpike authority
10 to contact the registered owner, including at least one registered letter, the
11 registered owner of such vehicle has unpaid tolls and ~~that~~ the director of
12 the Kansas turnpike authority or the director's designee has instructed the
13 division to refuse to accept the registration or renewal of registration,
14 pursuant to K.S.A. 68-2020a, and amendments thereto, unless the owner or
15 registered owner makes payment to the county treasurer at the time of
16 registration or renewal of registration. Of such moneys collected, 15%
17 shall be retained by the county treasurer and the remainder shall be
18 remitted to the Kansas turnpike authority.

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

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