

SESSION OF 2025

SUPPLEMENTAL NOTE ON SENATE BILL NO. 42

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

SB 42, as amended, would enact the Real Time Motor Vehicle Insurance Verification Act (Act). The Act would:

- Require the Commissioner of Insurance (Commissioner) to establish a web-based system for online verification of motor vehicle insurance;
- Require motor vehicle insurers to cooperate with the Commissioner to establish and maintain the system as specified in the Act; and
- Establish the web-based system created in the Act as the only electronic system to be used for the purpose of verifying motor vehicle liability insurance.

The bill would also make technical amendments.

Definitions (New Section 1)

The bill would define various terms as used in the Act, including:

- “Commercial vehicle coverage” would mean any coverage provided to an insured, regardless of the number of vehicles covered, under a commercial coverage form and rated from a commercial

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

manual approved by the Kansas Insurance Department (Department); and

- “Insurance verification system” would mean the web-based system for online verification of motor vehicle liability insurance.

***Insurance Verification System Established
(New Section 2)***

The bill would direct the Commissioner to establish an online verification of motor vehicle insurance system (system). The bill would require the system to be web-based, supersede any other verification system requirements, and be the only system in Kansas for this purpose. The Commissioner also would be able to adopt reasonable and necessary rules and regulations for the system.

***Insurance Verification System Technical Capabilities
(New Section 3)***

The bill would create requirements for the system, including the ability to:

- Transmit requests to insurers for verification of coverage and receive responses from insurance company systems. The insurance company systems would be required to respond to each request for verification with a prescribed response upon evaluation of the data provided in such request;
- Ensure the data is secured with applicable data privacy protection laws;
- Be used for verification of motor vehicle liability insurance as prescribed by state law and accessible to authorized personnel and entities authorized by state or federal privacy laws;

- Interface wherever appropriate with existing state systems; and
- Include multiple data elements for greater matching accuracy, including at minimum the following:
 - Insurer National Association of Insurance Commissioners Company Code Number;
 - Vehicle Identification Number;
 - Policy number;
 - Verification date; or
 - Other information as required by the Commissioner or Kansas Department of Revenue (KDOR).

Acquisition (New Section 4)

The bill would permit the Commissioner to conduct a competitive bid and contract process to purchase the system from a private service provider that has successfully implemented similar systems in other states.

Funding Source (New Section 5)

The bill would require the Department to provide the funding for implementation, ongoing maintenance, and enhancement of the system from the Insurance Department Regulation Service Fund.

System Information Exchange (New Section 6)

The bill would direct insurers to cooperate with the Commissioner and KDOR to establish and maintain the system. Insurer systems would be permitted reasonable system downtime with proper notice, and fees would not be charged during downtime or when the system is not available due to emergency situations, outside attack, or other

unexpected outages outside the insurer's control as determined by KDOR.

The bill would establish that each property and casualty insurance company licensed to issue motor vehicle liability insurance or authorized to do business in Kansas shall provide verification through the system for vehicles registered in Kansas and could use a third-party vendor.

The bill would allow commercial motor vehicle insurers to participate in the system voluntarily.

The bill would also provide insurers with immunity from civil and administrative liability for good faith efforts to comply with the Act.

Alternative Verification (New Section 7)

The bill would allow the Commission to establish rules and regulations for an alternative verification method for insurers that insure 1,000 or fewer vehicles in Kansas.

Confidentiality of Information (New Section 8)

The bill would establish that all information and data provided by the insurance companies to the system, including all reports, responses, or other information generated for purposes on the system, would be confidential by law and privileged. The information would not be subject to the Kansas Open Records Act or subject to discovery or admissible as evidence in any private civil action.

Effective Date (New Section 9)

The bill would require the system to be fully operational no later than July 1, 2026, following a testing period of no less than nine months. Enforcement action based on system information would not be permitted until after a successful completion of the testing period.

Permitted Use (Section 10)

The bill would clarify that the online verification established through the Act would be permitted to be used as proof of insurance.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of a representative of the Department.

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the Department and a representative of the Kansas Association of Chiefs of Police, Kansas Peace Officers Association, and the Kansas Sheriffs Association. The representative of the Department stated the bill would allow the Department to issue a request for proposal and contract with a company for a real-time motor vehicle insurance verification system. The representative of the Department stated the Department intends to fully fund the cost of the implementation of the system and noted the law is based upon a model law working to solve the issue of uninsured motorists. The legislation has been enacted in more than 20 states, and those states have reduced their uninsured motorist rate by half. The representative of law enforcement indicated the system would assist law enforcement in verifying drivers' insurance information accurately in a timely manner.

Written-only proponent testimony was provided by the Superintendent of the Kansas Highway Patrol.

No other testimony was provided.

The Senate Committee made a technical amendment to correct the title of the Act in New Section 1.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department estimates enactment of the bill would cost \$1.0 million in FY 2026 and \$500,000 in FY 2027 from its Insurance Department Service Regulation Fee Fund. The Department indicates the cost of real-time verification can vary depending on specific features. The Department's estimates include the startup costs and the verification testing in FY 2026. The cost for FY 2027 includes ongoing maintenance and other services required for the new system.

KDOR estimates that it would require \$45,100 from the State General Fund in FY 2026 to modify and test agency databases and update publications. The estimate includes development and testing of its internal system as well as creating a new interface between the Department and KDOR. The required programming for this bill by itself would be performed by existing KDOR staff. In addition, if the combined effect of implementing this bill and other enacted legislation would exceed KDOR's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond KDOR's current budget may be required.

Any fiscal effect associated with the bill is not reflected in *The FY 2026 Governor's Budget Report*.

Insurance; Real Time Motor Vehicle Insurance Verification Act; motor vehicle