

SESSION OF 2012

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2507

As Recommended by House Committee on
Insurance

Brief*

HB 2507 would repeal a statute in the Insurance Code (Chapter 40, Article 35 – mortgage guaranty insurance companies). The statute, KSA 40-3508, relates to a limit, per loan, on the coverage net of reinsurance or payment of indebtedness.

Background

The bill was introduced at the request of the Mortgage Insurance Companies of America (MICA) whose representative indicated MICA is seeking amendments or revisions to laws and regulations in nine states where certain restrictions on retained risk and reinsurance requirements are proving unnecessary and burdensome; Kansas is among those states. The representative stated the 25 percent limit on coverage (current law) has been in effect for many years and is out of date as government-sponsored entities (GSEs). Fannie Mae and Freddie Mac, and other mortgage investors and lenders now prefer higher coverage, with coverage of 30 percent or 35 percent standard for the GSE's purchase of certain loans. The representative also indicated the Kansas Insurance Department has no objection to the elimination of this statute.

There were no opponents to the bill at the time of the House Committee hearing.

*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 <http://www.kslegislature.org>

The fiscal note prepared by the Division of the Budget states the Kansas Insurance Department indicates enactment of the bill would have no fiscal effect on the agency or local governments.