

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2446** submits the following report:

The House accedes to all Senate amendments to the bill, and your committee on conference further agrees to amend the bill as printed with Senate Committee amendments, as follows:

On page 1, in line 6, before "K.S.A" by inserting "On January 1, 2017,";

On page 3, following line 23, by inserting:

"(j) Commencing with the 2026 legislative interim period, and at least every 10 years thereafter, subject to authorization by the legislative coordinating council, a legislative interim study committee shall study the issue of whether the minimum limits of liability in subsection (e) should be adjusted.

Sec. 2. K.S.A. 40-3901 is hereby amended to read as follows: 40-3901. (a) The governing body of any city is hereby authorized to establish, by ordinance, a procedure for the payment of not to exceed 15% of the proceeds of any insurance policy based upon a covered claim payment made for damage or loss to a building or other structure, ~~caused by or arising out of any fire, explosion or windstorm~~. The ordinance shall apply only to a covered claim payment which is in excess of 75% of the face value of the policy covering a building or other insured structure.

(b) The insurer first shall pay all amounts due the holder of a first real estate mortgage against the building or other structure pursuant to the terms of the policy and endorsements thereto and then shall withhold from the covered claim payment a sum not to exceed the amount

authorized pursuant to subsection (a) and shall pay such moneys to the city to deposit into an interest-bearing account, unless the city has issued a certificate pursuant to K.S.A. 40-3906, and amendments thereto.

(c) The city shall release the insured's proceeds and any interest which has accrued on such proceeds received under subsection (b) within ~~30~~ 45 days after receipt of such moneys, unless the city has instituted legal proceedings under the provisions of K.S.A. 12-1752, and amendments thereto. If the city has proceeded under the provisions of K.S.A. 12-1752, and amendments thereto, all moneys in excess of that necessary to comply with the provisions of K.S.A. 12-1750 et seq., and amendments thereto, for the removal of the building or structure, less salvage value, shall be paid to the insured.

Sec. 3. K.S.A. 40-3902 is hereby amended to read as follows: 40-3902. The governing body of any city is hereby authorized to create, by ordinance, a lien in favor of any such city in the proceeds of any insurance policy based upon a covered claim payment made for damage or loss to a building or other structure, ~~caused by or arising out of any fire, explosion or windstorms.~~ The lien arises upon any unpaid tax, special ad valorem levy, special assessment or other charge imposed upon real property by or on behalf of the city which is an encumbrance on real property, whether or not evidenced by written instrument, or such tax, levy, assessment, expense or other charge that has remained undischarged for at least one year prior to the filing of a proof of loss.

Sec. 4. K.S.A. 40-3903 is hereby amended to read as follows: 40-3903. (a) The governing body of any county is hereby authorized to establish, by resolution, a procedure for the payment of not to exceed 15% of the proceeds of any insurance policy based upon a covered

claim payment made for damage or loss to a building or other structure, ~~caused by or arising out of any fire, explosion or windstorm~~. The resolution shall not apply to cities which have adopted an ordinance under the provisions of K.S.A. 40-3901, and amendments thereto. The resolution shall apply only to a covered claim payment which is in excess of 75% of the face value of the policy covering a building or other insured structure.

(b) The insurer first shall pay all amounts due the holder of a first real estate mortgage against the building or other structure pursuant to the terms of the policy and endorsements thereto and then shall withhold from the covered claim payment of the sum not to exceed the amount authorized pursuant to subsection (a) and shall pay such moneys to the county to deposit into an interest-bearing account, unless the city has issued a certificate pursuant to K.S.A. 40-3906, and amendments thereto.

(c) The county shall release the insured's proceeds and any interest which has accrued on such proceeds received under subsection (b) within ~~30~~ 45 days after receipt of such moneys, unless the county has instituted legal proceedings, using the procedure under K.S.A. 12-1752, and amendments thereto, insofar as the same can be made applicable. If the county has instituted legal proceedings, all moneys in excess of that necessary for the removal of the building or structure, less salvage value, shall be paid to the insured.

Sec. 5. K.S.A. 40-3904 is hereby amended to read as follows: 40-3904. The governing body of any county is hereby authorized to create, by resolution, a lien in favor of any such county in the proceeds of any insurance policy based upon a covered claim payment made for damage or loss to a building or other structure, ~~caused by or arising out of any fire, explosion or windstorms~~. The lien arises upon any unpaid tax, special ad valorem levy, special assessment or

other charge imposed upon real property by or on behalf of the county which is an encumbrance on real property, whether or not evidenced by written instrument, or such tax, levy, assessment, expense or other charge that has remained undischarged for at least one year prior to the filing of a proof of loss. This resolution shall not apply to cities which have adopted an ordinance under the provisions of K.S.A. 40-3902, and amendments thereto.

Sec. 6. K.S.A. 40-3905 is hereby amended to read as follows: 40-3905. Every city or county which adopts an ordinance or resolution under the provisions of K.S.A. 40-3901 through 40-3904, and amendments thereto, shall notify the commissioner of insurance. At least once each quarter of each calendar year, the commissioner shall prepare and distribute a list of all cities and counties adopting an ordinance or resolution under the provisions of this act during the preceding quarter to all insurance companies which issue policies insuring buildings and other structures against loss by fire, explosion or windstorms. Insurance companies shall have 60 days after the commissioner notifies them of the adoption of such ordinance or resolution to establish procedures within such cities or counties to carry out the provisions of this act.

Sec. 7. K.S.A. 40-3907 is hereby amended to read as follows: 40-3907. This act shall apply to ~~fire or explosion~~ all covered claims arising on from damage to all buildings or structures.

Sec. 8. K.S.A. 40-3901, 40-3902, 40-3903, 40-3904, 40-3905 and 40-3907 are hereby repealed.";

Also on page 3, in line 24, before "K.S.A" by inserting "On January 1, 2017,"; in line 26, by striking all before "its";

And by renumbering sections accordingly;

On page 1, in the title, in line 2, after the second semicolon, by inserting "payment of certain insurance proceeds; cities and counties;"; in line 3, after "40-3107" by inserting ", 40-3901, 40-3902, 40-3903, 40-3904, 40-3905 and 40-3907"; also in line 3, by striking "section" and inserting "sections";

And your committee on conference recommends the adoption of this report.

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Conferees on part of Senate

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Conferees on part of House