

February 19, 2016

The Honorable Scott Schwab, Chairperson  
House Committee on Insurance and Financial Institutions  
Statehouse, Room 151-S  
Topeka, Kansas 66612

Dear Representative Schwab:

SUBJECT: Fiscal Note for HB 2683 by House Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2683 is respectfully submitted to your committee.

Under current law, the minimum coverage for automobile insurance policy limits of liability are \$25,000 for bodily injury for one person, \$50,000 for bodily injury for multiple people, and \$10,000 for property damage. HB 2683 would increase the insurance policy minimum limits of liability to \$50,000 for bodily injury for one person, \$100,000 for bodily injury for multiple people, and \$25,000 for property damage. In addition, the bill would require that during the 2026 Legislative interim period, and at least every ten years thereafter, a legislative interim study committee to study whether the insurance policy limits of liability established by this bill should be adjusted.

According to the Kansas Insurance Department, enactment of HB 2683 would likely result in higher insurance premiums that consumers would pay for automobile insurance. However, the agency indicates any increase would be negligible. The agency notes that the bill could: (1) increase insurance premium taxes collected from insurance companies as a result of higher premiums; (2) reduce insurance premium taxes collected from insurance companies as a result of some consumers choosing not to pay higher premiums and becoming uninsured; or (3) result in a combination of the two previous scenarios. However, with any of the scenarios, the agency cannot estimate the fiscal effect on insurance premium taxes, which would affect revenues to the State General Fund. Any fiscal effect associated with HB 2683 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,  
Director of the Budget

cc: Glenda Haverkamp, Insurance