

March 24, 2016

The Honorable Jeff Longbine, Chairperson  
Senate Committee on Financial Institutions and Insurance  
Statehouse, Room 235-E  
Topeka, Kansas 66612

Dear Senator Longbine:

**SUBJECT:** Fiscal Note for SB 492 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 492 is respectfully submitted to your committee.

SB 492 would require the Department of Revenue Division of Vehicles to establish and maintain an online motor vehicle insurance verification system. The system would be required to provide 24-hour access, with the exception of scheduled maintenance or other exceptions provided by the bill. The system would be consistent with the Insurance Industry Committee on Motor Vehicle Administration (IICMVA) standards and could be developed and maintained by a third-party vendor.

Funding to develop and maintain the system would be provided by the levying of a surcharge by the Insurance Department on motor vehicle liability insurance premiums. The surcharge would be determined by the Director of Vehicles and collected by the Kansas Insurance Department, and would be remitted to the State Treasurer for credit to the Division of Vehicles Operating Fund.

The Insurance Commissioner would be required to have as a condition for writing a policy of motor vehicle liability insurance that insurance carriers report to the Division of Vehicles all data in the specified time frame set by the Division. The Department of Revenue would be required to notify the Insurance Commissioner of any violations by an insurer that would fail to comply with the reporting requirements of the Division of Vehicles.

Estimated State Fiscal Effect				
	FY 2016 SGF	FY 2016 All Funds	FY 2017 SGF	FY 2017 All Funds
Revenue	--	--	--	\$553,402
Expenditure	--	--	--	\$553,402
FTE Pos.	--	--	--	8.00

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According to the Department of Revenue, enactment of the bill would require approximately six months of programming time to implement this electronic insurance reporting system, which would include one-time costs of \$139,557, including \$115,200 for 3,840 hours of programming time and \$24,357 for testing costs. In addition, the Division of Vehicles would require an additional 8.00 FTE customer service support positions to handle insurance-related phone calls and to administer the system at an on-going annual cost of \$413,845. All costs estimated by the Department would be financed from a surcharge on motor vehicle liability insurance premiums that would be deposited into the Division of Vehicles Operating Fund by the Insurance Department.

The Insurance Department indicates that it is unable to determine if additional staff would be needed to administer the provisions of the bill. Any fiscal effect associated with SB 492 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Glenda Haverkamp, Insurance  
Jack Smith, Department of Revenue