

Increase in Minimum Motor Vehicle Liability Insurance Policy Limit for Property Damage and Payment of Insurance Policy Proceeds by Cities and Counties; HB 2446

HB 2446 amends the Kansas Automobile Injury Reparations Act to increase the minimum motor vehicle liability insurance policy limit for property damage and amends other provisions in the Insurance Code to permit cities and counties to request payment of insurance proceeds for covered claims and updates the law pertaining to the creation of a lien in favor of such proceeds.

Kansas Automobile Injury Reparations Act—Amendments

The bill amends the Kansas Automobile Injury Reparations Act to increase the minimum motor vehicle liability insurance policy limit for property damage from not less than \$10,000 to not less than \$25,000 for policies issued or renewed on or after January 1, 2017. Beginning with the 2026 Legislative Interim and at least every ten years thereafter, subject to authorization by the Legislative Coordinating Council, a legislative interim study committee will be required to study whether the minimum motor vehicle liability limits for bodily injury to or death of one or more persons and for harm to or destruction of the property of others should be adjusted. Under the bill, the existing limits for bodily injury (\$25,000 bodily injury to or death of one person in any one accident and \$50,000 bodily injury to, or death of, two or more persons in any one accident) are unchanged.

Payment of Insurance Policy Proceeds by Cities and Counties

The bill also amends provisions in the Insurance Code pertaining to the procedure for payment of the proceeds of certain insurance policies by cities and counties. Under prior law, cities and counties were permitted, by adoption of an ordinance or resolution, to establish procedures for the payment of an amount not to exceed 15 percent of the proceeds of an insurance policy based on the 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 bill deletes references to these listed causes for damage or loss and instead permits cities and counties to request payment of insurance proceeds as long as the loss is a covered claim and makes similar updates to the law pertaining to cities and counties creating a lien in favor of such proceeds.

The bill also increases from 30 to 45 days, unless the city or county has instituted legal proceedings, the period specified for the release of the insured's proceeds and any interest that has accrued.

Under continuing law, the ordinance or resolution applies only to covered claims payments in excess of 75 percent of the face value of the insurance policy covering the building or structure.

Effective Dates

The amendments related to the Kansas Automobile Injury Reparations Act are effective from and after January 1, 2017, and publication in the statute book. The amendments to the Insurance Code related to the procedure for payment of certain insurance policy proceeds by cities and counties are effective on publication in the statute book.