

SESSION OF 2015

SUPPLEMENTAL NOTE ON SENATE BILL NO. 54

As Further Amended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 54, as amended, would amend a provision in the Kansas Automobile Injury Reparations Act to provide insurance companies the option to mail notice of motor vehicle liability insurance termination by any other mail tracking method currently used, approved, or accepted by the United States Postal Service (USPS).

Under current law, automobile liability insurance companies are prohibited from terminating policies or renewals, except in the instance of nonpayment or at the request from the policyholder, until at least 30 days after mailing a notice of termination by certified or registered mail, or USPS certificate of mailing. The bill would expand the options associated with providing notice of termination.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of Farmers Insurance. In the Senate Committee, a representative of Farmers Insurance testified in support of the bill, stating the bill, as introduced, would add a more technologically advanced tracking method available through the USPS to use for mailings. A representative of American Family Insurance provided written proponent testimony. There was no neutral or opposition testimony at the bill 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>

On February 3, 2015, the Senate Committee amended the bill to delete reference to a specified tracking method, the Intelligent Mail Barcode (IMB) tracking method. The Senate Committee also inserted a provision allowing for tracking methods approved or accepted by the USPS in the future.

On February 16, 2015, the Senate Committee further amended the bill to rescind language from its previous amendment relating to the tracking methods approved or accepted by the USPS in the future.

According to the fiscal note prepared by the Division of the Budget, in consultation with the Kansas Insurance Department, the bill, as introduced, would have no fiscal effect on agency operations. The Department indicates insurance companies are required to prove a notice of termination was mailed while the method of tracking known as IMB only provides evidence of the date of delivery and would not be a substitute for certified mailing.