

February 3, 2020

The Honorable Robert Olson, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Olson:

SUBJECT: Fiscal Note for SB 291 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 291 is respectfully submitted to your committee.

SB 291 would allow the Insurance Commissioner to make investigations and examinations with regards to the insurance code. The Commissioner could appoint investigators to conduct anti-fraud investigations, subpoena witnesses and compel them to testify, require documents, and order depositions. The bill describes actions that could be taken if a person refuses to obey a subpoena or refuses to testify, including a civil penalty up to \$2,000 for each violation.

SB 291 would add insurance investigators and special investigators appointed by the Insurance Commissioner to the definition of a "police officer" under the Kansas Law Enforcement Training Act. An investigator appointed by the Commissioner would have the authority to make arrests, serve subpoenas, conduct searches and seizures, store evidence, and carry firearms while conducting investigations of anti-fraud.

The Director of Police at the Kansas Law Enforcement Training Center of the University of Kansas would be authorized to offer any special courses for the investigators. No investigator would be allowed to carry a firearm without having successfully completing the law enforcement training course.

The Kansas Insurance Department states that the bill would extend law enforcement authority for insurance investigators to the same level as securities investigators. Current insurance investigators have temporarily been cross appointed to be securities investigators who have law enforcement authority. Any costs associated with enactment of the bill would be negligible.

According to the Office of Judicial Administration, enactment of SB 291 could increase the number of cases filed in district court because it allows the Insurance Commissioner to make applications to the court for enforcement of a subpoena. This would increase the time spent by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. In addition, the bill could result in the collection of docket fees filed under the provisions of the bill. However, a fiscal effect cannot be estimated.

The Kansas Law Enforcement Training Center of the University of Kansas states the agency could receive additional revenues if the bill were enacted. Each basic training session costs \$4,559 and estimates only one investigator from the Insurance Department requires training for FY 2020. The additional revenues for FY 2021 cannot be estimated as the agency does not know if a new investigator would need law enforcement training. Any fiscal effect associated with SB 291 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink that reads "L. L. Campbell". The signature is fluid and cursive, with the first and last names being clearly legible.

Larry L. Campbell
Director of the Budget

cc: Bobbi Mariani, Insurance
Mary Rinehart, Judiciary
Dianne Goddard, University of Kansas