

Approved

3/19/90

Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

The meeting was called to order by SENATOR RICHARD L. BOND at  
Chairperson

9:00 a.m./~~p.m.~~ on WEDNESDAY, MARCH 14, 1990 in room 529-S of the Capitol.

~~All~~ members ~~were~~ present ~~except~~

Senators Karr, Kerr, McClure, Parrish, Salisbury, Strick and Yost.

Committee staff present:

Bill Edds, Revisors Office  
Bill Wolff, Research Department  
Louise Bobo, Committee Secretary

Conferees appearing before the committee:

Chuck Stones, Kansas Bankers Association

Chairman Bond called the meeting to order at 9:19 a.m.

Chairman Bond requested Bill Wolff, Research Department, refresh the committee's memory concerning SB 752 and SB 754. Dr. Wolff stated that SB 752 concerned depositaries for discretionary deposits for life insurance companies as well as other types of business. SB 754 refers to a depository for required deposits for life insurance companies. (Attachment 1)

Chuck Stones, Kansas Bankers Association, was recognized by the Chairman and spoke to the committee in opposition to SB 754. He stated that KBA maintained a neutral position relative to SB 752. He did suggest that his organization would like to see the word, "Kansas", appear in Section 1 of SB 752 in order to restrict activity to Kansas banks.

Mr. Stones presented written testimony to the committee in opposition to SB 754. Mr. Stones informed the committee that his organization objected to passage of this bill because (1) they are unsure of the reasons for the bill since the parties involved in such transactions have indicated no problems, (2) the present system affords the Kansas insurance companies the services of various clearing agencies through Kansas banks, and, that life insurance companies and the Insurance Commissioner have the convenience of dealing with Kansas banks and not the bureaucracy of a large clearing agency in Chicago. Mr. Stones concluded his statement by urging the committee to vote to maintain the status quo. (Attachment 2)

During the lengthy discussion which ensued, Robert Green, Merchants National Bank, responded to several inquiries from committee members. He stated that local banks acted as an intermediary and buffer for the insurance companies; in addition, the banks had better access to sources. He continued by saying that, unless an agency had very sophisticated equipment, communicating could become a time consuming problem. Mr. Green also answered a committee member's question about fees by stating that his bank acted as agent for six or eight insurance companies and their volume would be in the neighborhood of \$400 million and that the income from that volume was fairly significant. During the discussion, David Hanson, representing Midwest Securities Trust Company, told the committee that they were not trying to stir up displeasure with the current system, that they thought the Kansas banks gave good service and they just wanted to provide Kansas insurance companies with an option to save money. The committee members expressed interest that the Insurance Department seemed to have no compelling need for this bill and there appears to be a general lack of interest in the bill.

Senator Strick made a motion to send SB 752 and SB 754 to an interim study committee. Senator Salisbury seconded the motion.

Senator Kerr remarked that he thought we were sending too many bills to interim committee and while he respected Senator Strick's motion, he questioned whether these bills were worthy of interim study.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,  
room 529-S, Statehouse, at 9:00 a.m./~~p.m.~~ on WEDNESDAY, MARCH 14, 1990.

Chairman Bond called for a vote on the foregoing motion. Division was called. The motion failed on a show of hands.

The committee decided took no action on SB 752 and SB 754.

HB 2269 - Motor vehicle insurance: reinstatement of license.

Bill Edds was requested by Chairman Bond to explain the amendment to this bill proposed by the Insurance Department and the Motor Vehicle Department. (Attachment 3)

Senator Karr made a motion to adopt the proposed amendment. Senator Parrish seconded the motion. The motion carried.

Senator Karr made a motion to pass the amended bill out of committee favorably. Senator Parrish seconded the motion. The motion carried.

Minutes of Tuesday, March 13, 1990 were approved on a motion by Senator Yost with Senator McClure seconding the motion. The motion passed.

The meeting adjourned at 10:00 a.m.



**SENATE BILL No. 754**

By Committee on Federal and State Affairs

2-27

9 AN ACT concerning insurance; concerning certain deposits required  
10 of life insurance companies; amending K.S.A. 40-405 and K.S.A.  
11 1989 Supp. 40-404 and repealing the existing sections.  
12

*Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 1989 Supp. 40-404 is hereby amended to read  
14 as follows: 40-404. (a) Any life insurance company organized under  
15 the laws of this state shall deliver to the commissioner of insurance,  
16 to be deposited with the state treasurer in addition to the amount  
17 of capital required to be deposited, real estate, certificates of pur-  
18 chase and cash or securities of the kind or character in which the  
19 company shall be allowed to invest its funds, in an amount equal  
20 to the net reserve of all policies and annuity contracts in force in  
21 such company determined by a valuation made in accordance with  
22 the provisions of this code. Investments of the company in premium  
23 and policy loans, and the investment income due and accrued on  
24 investments which are not in default and are on deposit pursuant  
25 to this section, shall be considered a part of the legally required  
26 reserve deposit necessary to reinsure its outstanding risks and may  
27 be retained by the company at its home office as a part of such  
28 reserve deposit, and such premium and policy loans shall not be  
29 subject to taxation. Within 30 days after June 30 and December 31  
30 in each year, each insurance company shall file with the commis-  
31 sioner under oath of its president or secretary a statement showing  
32 the dates and amounts of payments upon principal made during the  
33 preceding six months on all mortgages on deposit. On January 1 or  
34 within 60 days thereafter in each year, each insurance company shall  
35 file a statement in a form prescribed by the commissioner setting  
36 forth the investment income due and accrued as of the previous  
37 December 31 which is included in such company's required reserve  
38 pursuant to this section. Willful failure to file any such statement  
39 as herein provided shall constitute a misdemeanor punishable by  
40 fine of not to exceed \$1,000, and on conviction of two offenses as  
herein provided the offending officer shall forfeit office.

43 (b) Such deposit shall be held in trust by the commissioner and

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1 state treasurer, who shall be vested with an interest therein for the  
2 benefit of the policyholders and the annuity bondholders of the  
3 depositing company. Such deposit may be withdrawn only upon the  
4 order of the commissioner. If the policies or annuity bonds, in whole  
5 or in part, of the company are assumed, reinsured or instruments  
6 substituted therefor by any other insurance company, whether or  
7 not organized under the laws of Kansas, by obligations running to  
8 the policyholders or annuity bondholders, and whether or not the  
9 depositing company shall be inert, insolvent or dissolved, the deposit  
10 existing at the time of such transaction shall not be released, reduced  
11 or withdrawn on account thereof. The new obligor shall make and  
12 maintain a like deposit, on like terms, as the prior depositing com-  
13 pany, up to the amount of the net reserve of the policies and annuity  
14 bonds covered by the new obligations.

15 (c) If there should be one or more further assumptions, rein-  
16 surances or substitutions, in succession, directly or indirectly, to any  
17 such new obligations, and whether or not the prior company shall  
18 be inert, insolvent or dissolved, the provisions of this act, applying  
19 in case of any assumption, reinsurance or substitution, shall govern  
20 with reference to the retention, continuance and further making and  
21 maintenance of the deposit, up to the amount of the net reserve of  
22 the policies and annuity bonds covered by such further obligations.

23 (d) Such deposits shall be kept by the state treasurer and com-  
24 missioner in strong, locked metal boxes within the built-in security  
25 type vault located in the state office building. Such security-type  
26 vault shall be under the custody, control and supervision of the  
27 commissioner except that the state treasurer shall maintain at all  
28 times during regular working hours one or more persons appointed  
29 and authorized by the state treasurer to be present in the security-  
30 type vault and act on behalf of the state treasurer in the acceptance,  
31 custody, control and release of all insurance company securities de-  
32 posited pursuant to the provisions of this code with the state treasurer  
33 and commissioner. The commissioner with the advice of the state  
34 treasurer shall be authorized and empowered to issue such rules and  
35 regulations governing the operation and supervision of such security-  
36 type vault to promote the efficient operation and security of all  
37 deposits maintained therein. Separate boxes shall be used for the  
38 deposits of each depositor, and if necessary, more than one box for  
39 the deposits of one depositor.

40 The boxes shall be securely fastened to the structure of the vault,  
41 or to a strong metal case or cases which cannot be removed from  
42 the vault except with difficulty. The locks on each box shall be kept  
43 fastened at all times except when ingress and egress are necessary

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to carry out the duties of the state treasurer and commissioner as joint custodians of such deposits, and such boxes shall be fastened, or unfastened, only by the use of two keys. One key shall be in the custody of the state treasurer and the other in the custody of the commissioner. When access to any box shall be required, each state officer, or such officer's deputy, assistant or designated employee, shall use the key in custody to unfasten and fasten the lock. No other person shall have any key which can be used for such purpose. No persons other than the state treasurer, commissioner or persons appointed or authorized to act for them shall be permitted access to such security-type vault except with their express consent and in their company. The post auditor shall have access for the purpose of carrying out duties provided by law.

It shall be the duty of the commissioner to obtain and maintain the fixtures of such vault necessary to carry out the purposes of the provisions of this code relating to deposits of securities and investments of insurance companies doing business in this state. In addition the commissioner shall appoint, within the provision of the civil service law, and available appropriations, such additional employees as may be necessary to properly carry out the custody, control and supervisory duties of such vault facilities. With the joint consent of the state treasurer and commissioner, and if there is space available in boxes not occupied by nor needed for insurance company deposits, deposits may be made by other state departments or agencies on a plan whereby the access to such boxes is by the use of two keys, one available only to the depositor and the other available to the commissioner of insurance.

(e) (1) Life insurance companies organized under the laws of this state are authorized to satisfy the deposit requirements of this section by depositing assets with a custodian bank having its principal place of business in Kansas, or with a custodian trust company that is registered as a clearing agency pursuant to section 17A of the securities exchange act of 1934, ~~has its principal place of business in a state that has adopted the uniform reciprocal liquidation act and is approved for the purpose by the commissioner of insurance,~~ pursuant to a written agreement with such custodian bank or trust company. Such deposit shall have the same force and effect as the deposit of such assets directly with the commissioner under subsection (a) and K.S.A. 40-230, and amendments thereto, but the requirements of K.S.A. 40-230, and amendments thereto, that the treasurer and the commissioner give receipts for such assets and that such assets be delivered only on the joint order of the treasurer and commissioner shall not apply to assets deposited pursuant to this

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, in the sole discretion of and upon such terms and conditions as may be required,

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1 subsection, and the requirement of subsection (b) that deposits be  
2 withdrawn only on the order of the commissioner shall not apply to  
3 assets deposited pursuant to this subsection.

4 (2) Assets deposited pursuant to this subsection shall be held by  
5 the custodian bank or trust company on behalf of the commissioner  
6 as in trust for the use and benefit of the company. Such assets shall  
7 remain the specific property of the company and shall not be subject  
8 to the claim of any third party against the custodian.

9 (3) The custodian bank or trust company is authorized to re-  
10 deposit such assets with a clearing corporation as defined in K.S.A.  
11 84-8-102, and amendments thereto, and as permitted by K.S.A. 40-  
12 2b20, and amendments thereto. The custodian bank or trust company  
13 is authorized to hold such assets through the federal reserve bank  
14 book-entry system.

15 (4) The commissioner shall by rule and regulation establish such  
16 requirements relating to deposits under this subsection as may be  
17 appropriate to assure the security and safety of such deposits, in-  
18 cluding, but not limited to the following:

- 19 (A) Capital and surplus of the custodian bank or trust company;  
20 (B) title in which deposited assets are held;  
21 (C) records to be kept by the custodian and the commissioner's  
22 access thereto;  
23 (D) periodic reports by the custodian to the commissioner;  
24 (E) responsibility of the custodian to indemnify the company for  
25 loss of deposited assets;  
26 (F) withdrawal or exchange of deposited assets; and  
27 (G) authority of the commissioner to terminate the deposit if the  
28 condition of the custodian bank or trust company should threaten  
29 the security of the deposited assets.

30 Sec. 2. K.S.A. 40-405 is hereby amended to read as follows: 40-  
31 405. When the liability on any policy shall cease, the security de-  
32 posited therefor, as hereinbefore provided, may be returned, by  
33 direction of the commissioner of insurance, to the company depos-  
34 iting the same, and whenever the aggregate of such securities shall  
35 exceed the liability of the company on such secured policies, the  
36 surplus of securities may be returned to the company. The state of  
37 Kansas shall be fully responsible to every life insurance company for  
38 the safe return of any securities, cash and all other property, actually  
39 delivered, in accordance with the provisions of the insurance code,  
to the commissioner of insurance or state treasurer.

40 Should the state of Kansas, for any reason, fail to return such  
41 securities, cash or property, then an action may be brought here-  
42 under to recover any liability of the state of Kansas in any court of  
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1 competent jurisdiction in the state of Kansas. Any such insurance  
 2 company may deposit with the commissioner as all or part of the  
 3 deposit required by the preceding section: (a) The written receipt  
 4 of a bank within the state of Kansas ~~having or a trust company that~~  
 5 ~~is registered as a clearing agency pursuant to section 17A of the~~  
 6 ~~securities exchange act of 1934 and is within a state that has adopted~~  
 7 ~~the uniform reciprocal liquidation act,~~ provided that such bank or  
 8 trust company has a combined capital and surplus of at least \$500,000  
 9 and is approved for the purposes of this section by the commissioner  
 10 of insurance ~~or;~~ or (b) the joint custody receipt of any such bank  
 11 ~~and the or trust company and a federal reserve bank of Kansas~~  
 12 ~~City, Missouri,~~ stating that said bank ~~the bank or trust company~~  
 13 holds, as a special deposit on behalf of and for the account of such  
 14 commissioner, bonds, debentures or certificates of stock which could  
 15 be deposited as provided in the preceding section. All such bonds,  
 16 debentures or certificates of stock shall be held by such bank or  
 17 trust company on behalf of said ~~the~~ commissioner as in trust for the  
 18 use and benefit of ~~such the~~ insurance company. The deposit with  
 19 the commissioner of such receipts shall have the same force and  
 20 effect as the deposit of such securities with the commissioner as  
 21 required by K.S.A. 40-404 and amendments thereto. When the li-  
 22 ability on any policy shall cease or such insurance company shall be  
 23 entitled to the release of any securities as provided in K.S.A. 40-  
 24 406 and amendments thereto, the surplus shall be returned to such  
 25 insurance company by said ~~bank the bank or trust company~~ upon  
 26 the written order of the commissioner or his a duly authorized  
 27 assistant commissioner. Deposit of such receipts as hereinbefore pro-  
 28 vided shall for all purposes including the certification of policies as  
 29 provided in K.S.A. 40-407 and amendments thereto be deemed the  
 30 equivalent of the deposit of such securities with the commissioner  
 31 and state treasurer under and a in compliance with sections K.S.A.  
 32 40-404 and 40-407 of the Kansas Statutes Annotated, and amend-  
 33 ments thereto.

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34 The commissioner may, upon written order, direct said bank  
 35 may direct the bank or trust company to permit the exchange of  
 36 securities upon deposit of specified substituted securities, as provided  
 37 by K.S.A. 40-406 and amendments thereto. All forms for deposit,  
 38 withdrawal or exchange shall be prescribed, prepared and furnished  
 39 by the commissioner of insurance, and no facsimile signatures shall  
 40 be used or recognized. The commissioner of insurance or his a duly  
 41 authorized assistant commissioner or representatives may at any time  
 42 inspect the securities on deposit in any such bank: *Provided, how-*  
 43 *ever, or trust company, except that nothing in this act shall be*

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1 construed to hold the state of Kansas, the commissioner of insurance  
2 or ~~his~~ a authorized assistant commissioner liable either personally  
3 or officially for any default of such depository bank or trust company.

4 Sec. 3. K.S.A. 40-405 and K.S.A. 1989 Supp. 40-404 are hereby  
5 repealed.

6 Sec. 4. This act shall take effect and be in force from and after  
7 its publication in the statute book.

The Kansas Bankers Association  
1500 Merchants National Bank Bldg.  
Topeka, KS 66612  
913-232-3444

3-14-90

TO: SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE  
FROM: CHUCK STONES, KANSAS BANKERS ASSOCIATION

Mr. Chairman and Members of the Committee,

The Kansas Bankers Association has some concerns regarding SB 754, which would allow a Kansas life insurance company to deposit its securities, used for reserve purposes, directly in a clearing agency that met certain qualifications. First, we are unsure of the catalyst behind such a proposal. We have heard of no problems in this area. Various banks that handle such transactions indicated that they knew of no problems with the existing system.

All parties involved, the life insurance companies, the Insurance Commissioner and the bank seem to be satisfied with the current system. The current system, that of maintaining a depository account with a Kansas bank and accessing the services of the various clearing agencies through the Kansas bank, has all of the advantages of the clearing agency plus allows both the life insurance company and the Insurance Commissioner the advantage of dealing with a Kansas bank and not dealing directly with the bureaucracy of a large clearing agency in Chicago.

The KBA does recognize the changing arena in the securities industry. The securities processing business has undergone major change in the last 10 years. However, we maintain that those banks that specialize in this business have the expertise to be flexible as change occurs and adjust with these changes. All parties involved benefit by the status quo.

Attachment 2  
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## Proposed Amendment to HB 2269

On page 1, by striking all of lines 22 to 44, inclusive;

On page 2, by striking all of lines 45 to 81, inclusive;

On page 3, by striking all of lines 82 to 118, inclusive;

On page 4, by striking all of lines 119 to 155, inclusive;

On page 5, by striking all of lines 156 to 192, inclusive;

On page 6, by striking all of lines 193 to 196, inclusive;

after line 196, by inserting a new section to read as follows:

"Section 1. K.S.A. 1989 Supp. 40-3104 is hereby amended to read as follows: 40-3104. (a) Every owner shall provide motor vehicle liability insurance coverage in accordance with the provisions of this act for every motor vehicle owned by such person, unless such motor vehicle: (1) Is included under an approved self-insurance plan as provided in subsection (f); (2) is used as a driver training motor vehicle, as defined in K.S.A. 72-5015, and amendments thereto, in an approved driver training course by a school district or an accredited nonpublic school under an agreement with a motor vehicle dealer, and such motor vehicle liability insurance coverage is provided by the school district or accredited nonpublic school; (3) is included under a qualified plan of self-insurance approved by an agency of the state in which such motor vehicle is registered and the form prescribed in subsection (b) of K.S.A. 40-3106, and amendments thereto, has been filed; or (4) is expressly exempted from the provisions of this act.

(b) An owner of an uninsured motor vehicle shall not permit the operation thereof upon a highway or upon property open to use by the public, unless such motor vehicle is expressly exempted from the provisions of this act.

(c) No person shall knowingly drive an uninsured motor vehicle upon a highway or upon property open to use by the public, unless such motor vehicle is expressly exempted from the

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provisions of this act.

(d) Any person operating a motor vehicle upon a highway or upon property open to use by the public shall display, upon demand, evidence of financial security to a law enforcement officer. The law enforcement officer shall issue a citation to any person who fails to display evidence of financial security upon such demand. The law enforcement officer shall attach a copy of the insurance verification form prescribed by the secretary of revenue to the copy of the citation forwarded to the court.

No citation shall be issued to any person for failure to provide proof of financial security when evidence of financial security meeting the standards of subsection (e) is displayed upon demand of a law enforcement officer. Whenever the authenticity of such evidence is questionable, the law enforcement officer may initiate the preparation of the insurance verification form prescribed by the secretary of revenue by recording information from the evidence of financial security displayed. The officer shall immediately forward the form to the department of revenue, and the department shall proceed with verification in the manner prescribed in the following paragraph. Upon return of a form indicating that insurance was not in force on the date indicated on the form, the department shall immediately forward a copy of the form to the law enforcement officer initiating preparation of the form.

(e) Unless the insurance company subsequently submits an insurance verification form indicating that insurance was not in force, no person charged with violating subsections (b), (c) or (d) shall be convicted if such person produces in court, within 20 days of the date of arrest or of issuance of the citation, evidence of financial security for the motor vehicle operated, which was valid at the time of arrest or of issuance of the citation. For the purpose of this subsection, evidence of financial security shall be provided by a policy of motor vehicle liability insurance, an identification card or certificate of insurance issued to the policyholder by the insurer which

provides the name of the insurer, the policy number and the effective and expiration dates of the policy, or a certificate of self-insurance signed by the commissioner of insurance. Upon the production in court of evidence of financial security, the court shall record the information displayed thereon on the insurance verification form prescribed by the secretary of revenue, immediately forward such form to the department of revenue, and stay any further proceedings on the matter pending a request from the prosecuting attorney that the matter be set for trial. Upon receipt of such form the department shall mail the form to the named insurance company for verification that insurance was in force on the date indicated on the form. It shall be the duty of insurance companies to notify the department within 30 calendar days of the receipt of such forms of any insurance that was not in force on the date specified. Upon return of any form to the department indicating that insurance was not in force on such date, the department shall immediately forward a copy of such form to the office of the prosecuting attorney or the city clerk of the municipality in which such prosecution is pending when the prosecuting attorney is not ascertainable. Receipt of any completed form indicating that insurance was not in effect on the date specified shall be prima facie evidence of failure to provide proof of financial security and violation of this section. A request that the matter be set for trial shall be made immediately following the receipt by the prosecuting attorney of a copy of the form from the department of revenue indicating that insurance was not in force. Any charge of violating subsection (b), (c) or (d) shall be dismissed if no request for a trial setting has been made within 60 days of the date evidence of financial security was produced in court.

(f) Any person in whose name more than 25 motor vehicles are registered in Kansas may qualify as a self-insurer by obtaining a certificate of self-insurance from the commissioner of insurance. The certificate of self-insurance issued by the commissioner shall cover such owned vehicles and those vehicles, registered in

Kansas, leased to such person if the lease agreement requires that motor vehicle liability insurance on the vehicles be provided by the lessee. Upon application of any such person, the commissioner of insurance may issue a certificate of self-insurance, if the commissioner is satisfied that such person is possessed and will continue to be possessed of ability to pay any judgment obtained against such person arising out of the ownership, operation, maintenance or use of any motor vehicle described in this subsection.

Upon notice and a hearing in accordance with the provisions of the Kansas administrative procedure act, the commissioner of insurance may cancel a certificate of self-insurance upon reasonable grounds. Failure to pay any judgment against a self-insurer, arising out of the ownership, operation, maintenance or use of a motor vehicle registered in such self-insurer's name, within 30 days after such judgment shall have become final, shall constitute reasonable grounds for the cancellation of a certificate of self-insurance.

(g). Any person violating any provision of this section shall be guilty of a class B misdemeanor and shall be subject to a fine of not less than \$200 nor more than \$1,000 or confinement in the county jail for a term of not more than six months, or both such fine and confinement, except that any person convicted of violating any provision of this section within three years of any such prior conviction shall be guilty of a class A misdemeanor.

(h) In addition to any other penalties provided by this act for failure to have or maintain financial security in effect, the director, upon receipt of a report required by K.S.A. 8-1607 or 8-1611, and amendments thereto, or a denial of such insurance by the insurance company listed on the form prescribed by the secretary of revenue pursuant to subsection (d) of this section, shall, upon notice and hearing as provided by K.S.A. 40-3118, and amendments thereto, suspend:

(1) The license of each driver in any manner involved in the accident;

(2) the license of the owner of each motor vehicle involved in such accident, unless the vehicle was stolen at the time of the accident, proof of which must be established by the owner of the motor vehicle. Theft by a member of the vehicle owner's immediate family under the age of 18 years shall not constitute a stolen vehicle for the purposes of this section;

(3) the registrations of all vehicles owned by the owner of each motor vehicle involved in such accident;

(4) if the driver is a nonresident, the privilege of operating a motor vehicle within this state; or

(5) if such owner is a nonresident, the privilege of such owner to operate or permit the operation within this state of any motor vehicle owned by such owner.

(i) The suspension requirements in subsection (h) shall not apply:

(1) To the driver or owner if the owner had in effect at the time of the accident an automobile liability policy as required by K.S.A. 40-3107, and amendments thereto, with respect to the vehicle involved in the accident;

(2) to the driver, if not the owner of the vehicle involved in the accident, if there was in effect at the time of the accident an automobile liability policy with respect to such driver's driving of vehicles not owned by such driver;

(3) to any self-insurer as defined by subsection (u) of K.S.A. 40-3103, and amendments thereto;

(4) to the driver or owner of any vehicle involved in the accident which was exempt from the provisions of this act pursuant to K.S.A. 40-3105, and amendments thereto;

(5) to the owner of a vehicle described in subsection (a)(2).

(j) For the purposes of provisions (1) and (2) of subsection (i) of this section, the director may require verification by an owner's or driver's insurance company or agent thereof that there was in effect at the time of the accident an automobile liability policy as required in this act.

Any suspension effected hereunder shall remain in effect until satisfactory proof of financial security has been filed with the director as required by subsection (d) of K.S.A. 40-3118, and amendments thereto, and such person has been released from liability or is a party to an action to determine liability pursuant to which the court temporarily stays such suspension pending final disposition of such action, has entered into an agreement for the payment of damages, or has been finally adjudicated not to be liable in respect to such accident and evidence of any such fact has been filed with the director and has paid the reinstatement fee herein prescribed. Such reinstatement fee shall be \$25 except that if the registration of a motor vehicle of any owner is suspended within one year following a prior suspension of the registration of a motor vehicle of such owner under the provisions of this act such fee shall be \$75.

(k) The provisions of this section shall not apply to motor carriers of property or passengers regulated by the corporation commission of the state of Kansas.

(l) The provisions of subsection (d) shall not apply to vehicle dealers, as defined in K.S.A. 8-2401, and amendments thereto, for vehicles being offered for sale by such dealers."; Also on page 6, in line 197, by striking "1988" and inserting "1989"; also in line 197 by striking "and K.S.A. 1987 Supp. 40-"; by striking all of line 198; in line 199, by striking all before "hereby" and inserting "is";

On page 1, in the title, in line 18, by striking "1988" and inserting "1989"; in line 19, by striking all after "section"; in line 20, by striking all before the period;

And the bill be passed as amended.