

SESSION OF 2007

SUPPLEMENTAL NOTE ON SENATE BILL NO. 271

As Amended by House Committee on
Insurance and Financial Institutions

Brief*

SB 271, as amended, would amend a statute governing the filing of certain forms with the Insurance Commissioner to require the certificate of insurance forms be filed with and approved by the Commissioner prior to use. The certificate would be required to contain specific language or similar language to: "The certificate of insurance neither affirmatively or negatively amends, extends or alters the coverage afforded by the policies listed thereon." The bill also would allow that an industry standard setting organization may be authorized by the Insurance Commissioner to file these certificates on behalf of authorized insurers.

Background

SB 271 was requested by the Kansas Association of Insurance Agents whose representative indicated at the Senate Committee hearing that currently, insurers with multiple insurance company licenses in its group are allowed to file a different loss cost multiplier for each company in its group. Regional mutual insurers, the conferee noted, may only have one license but would benefit from the allowance afforded to large group insurers, by having the ability to file up to four loss cost multipliers. The bill, with the amendments proposed by the Kansas Association of Insurance Agents, was supported by the Kansas Insurance Department.

The Senate Committee on Financial Institutions and Insurance amendments clarify the filing of the certificate form

*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>

to specify the large risk filing exemption and the requirements for an industry setting organization, and strike the fine established for violations. Additionally, the Senate Committee amended the bill to remove dividend plans from the new filing allowance (two plans are allowed by regulation) and to allow for file and use for the first loss cost multiplier and more oversight for the Commissioner, through approval prior to use for any additional loss cost multipliers submitted by an insurance company.

The House Committee on Insurance and Financial Institutions amendments clarify the requirement for language contained in the certificate of insurance described by the bill and remove the allowance for the filing of multiple workers compensation loss cost multipliers (up to four).

The fiscal note prepared by the Division of the Budget on the original bill indicates that the fiscal effect and additional work associated with passage of the bill cannot be estimated. The Kansas Insurance Department does not review certificate of insurance forms because they are not contracts of insurance. The agency estimates, however, that it would initially attempt to implement this bill within its current staffing and expenditure limits.