

SESSION OF 2007

**SUPPLEMENTAL NOTE ON
SENATE CONCURRENT RESOLUTION NO. 1603**

As Amended by House Committee on
Insurance and Financial Institutions

Brief*

SCR 1603, as amended, calls for the creation of two task forces. The first task force would study the design and implementation of an electronic motor vehicle financial security verification system for real time verification of compliance with the financial security requirements of the Kansas Automobile Injury Reparations Act. The second task force would review the Kansas Insurance Department fee modernization and modernizing rating laws for personal lines of property and casualty insurance and workers compensation.

Task Force: Auto Insurance Verification System

The resolution states that the design of an electronic motor vehicle financial security verification system needs to include the following factors:

- The likelihood the system would reduce the number of uninsured motorists in the state;
- The likelihood the system would aid law enforcement in the identification of uninsured motorists in this state;
- The reliability of the system;
- The cost-effectiveness of the system;
- Privacy protections of the system;

*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>

- Data security and integrity of the system; and
- Any other issue related to the proper design and implementation of the system.

Task Force: Fee Modernization and Modernizing Rating Laws

The resolution states that it is appropriate for the State of Kansas to conduct a comprehensive review of the Kansas Insurance Department fee modernization and modernizing rating laws for personal lines of property and casualty insurance and workers compensation.

Task Force Membership

The eighteen-member auto insurance verification system task force is to include:

- The Insurance Commissioner or designated representative;
- The Secretary of Revenue or designated representative;
- The Director of the Division of Motor Vehicles or designated representative;
- Four legislators - one member each appointed by the Senate President, the Senate Minority Leader, the Speaker of the House of Representatives, and the House Minority Leader;
- One member representing a domestic property and casualty insurance company appointed by the Insurance Commissioner from a list submitted by the Kansas Association of Property and Casualty Insurance Companies;

- One member representing a foreign property and casualty insurance company appointed by the Insurance Commissioner from a list submitted by the Kansas Association of Property and Casualty Insurance Companies;
- One member representing foreign stock insurance companies appointed by the Insurance Commissioner from a list submitted by the American Insurance Association;
- One member representing automobile insurance companies appointed by the Insurance Commissioner from a list of the top six automobile insurance premium writers in Kansas;
- One member representing a property and casualty company appointed by the Insurance Commissioner from a list submitted by the Property Casualty Insurers Association of America;
- One member representing a property and casualty company appointed by the Insurance Commissioner from a list submitted by the National Association of Mutual Insurance Companies;
- One member representing the Kansas licensed insurance agents appointed by the Insurance Commissioner from a list submitted by the Kansas Association of Insurance Agents;
- One member representing the Kansas licensed insurance agents appointed by the Insurance Commissioner from a list submitted by the Kansas Association of Insurance and Financial Advisors;
- Two members appointed by the Governor representing law enforcement; and
- One member appointed by the Governor representing the consumer interests.

The second task force has identical membership to the first task force, except that its membership would not include the Secretary of Revenue; the Director of the Division of Motor Vehicles; and the two members representing law enforcement.

The Insurance Commissioner would serve as the chairperson of both task forces and is to appoint the vice-chairperson from the membership of each task force. The resolution provides that the chairperson and vice-chairperson are not to be from the same political party. No non-legislative task force member is to receive any compensation, subsistence, mileage or other allowances for serving on the task force and attending meetings. Legislative task force members are to be paid compensation, subsistence, and expenses in accordance with KSA 75-3212. The staff of the Kansas Legislative Research Department and the Office of the Revisor of Statutes are designated to provide assistance to the task force, to the extent authorized by the LCC.

A report that contains the results of the task forces' study and the recommendations and conclusions is to be transmitted to the Speaker of the House of Representatives, the Senate President, the Chairperson of the House Insurance Committee, and the Chairperson of the Senate Financial Institutions and Insurance Committee no later than the convening of the 2008 Kansas Legislature.

Background

SCR 1603 was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Insurance Commissioner.

The House Committee on Insurance and Financial Institutions amendments created a second task force that would review fee modernization and modernizing rating laws for certain lines of insurance. The amendment also increased the membership of the task force originally proposed in SCR 1603 (auto insurance verification system). The amendments were

requested by the Kansas Association of Insurance Agents.

The original resolution reauthorizes a task force created by 2006 SCR 1619, a resolution created to address uninsured motorist legislation and issues presented during the 2006 Session. The report submitted by the task force created by SCR 1619 recommended its reauthorization. The 2006 resolution did not provide for legislative compensation or legislative staffing requirements.