

SESSION OF 2023

SUPPLEMENTAL NOTE ON SENATE BILL NO. 17

As Amended by House Committee on Insurance

Brief*

SB 17, as amended, would modify requirements for reporting individuals who solicit memberships on behalf of prepaid service plans from semi-annually to annually. The bill would also discontinue payment of annual registration fees.

Under current law, each prepaid service plan authorized to do business in the state is required to register each individual who solicits memberships on their behalf, pay an annual registration fee of \$2 per individual, and provide a list of those individuals to the Kansas Insurance Department (Department) biannually, on January and July 1 of each year.

The bill would:

- Discontinue the annual registration fee of \$2 per individual who solicits memberships on behalf of the prepaid service plan;
- Change the list reporting requirements from a biannual to an annual basis, at the time the prepaid service plan files to continue its certificate of registration;
- Include the amendments to the registration requirements into KSA 40-4209; and
- Repeal the former location of the reporting requirements in statute, KSA 40-4203.

*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>

The bill would be in effect upon publication in the *Kansas Register*.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Department. [Note: A companion bill, HB 2089, has been introduced in the House.]

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the Department. The conferee stated prepaid service plans were established in Kansas in 1987, and no new prepaid plans have been registered with the Department since 2016. As of 2023, there are seven prepaid legal plans and four prepaid dental plans registered with the Department. The Department has determined the fee is not necessary to complete the duties outlined in statute.

House Committee on Insurance

In the House Committee hearing, an overview of the bill was provided and **proponent** testimony submitted by the Department was made available.

The House Committee amended the bill to change its effective date to upon publication in the *Kansas Register*.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department indicates that enactment of the bill would reduce revenues

into its Insurance Department Service Regulation Fund because the bill would no longer require individuals to pay an annual fee of \$2 to solicit memberships. The Department estimates the reduction would be approximately \$128 per year starting in FY 2024. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Insurance; prepaid service plans; fees; Kansas Insurance Department