



# Kansas Department of Insurance

Commissioner Vicki Schmidt

## Proponent Testimony for SB 23 – Advocacy for Kansas Policyholders

January 28, 2025

Chairwoman Dietrich and Members of the Committee,

Thank you for the opportunity to testify in support of Senate Bill 23.

Senate Bill 23 amends K.S.A. 40-2404 and K.S.A. 40-4909, which govern unfair trade practices for insurance companies and insurance agent licensure enforcement.

Pursuant to K.A.R. 40-1-34, insurance companies must respond to official inquiries from the Kansas Department of Insurance, with respect to a consumer complaint filed with the Department, within 15 business days. Pursuant to K.S.A. 40-4909, insurance agents must respond to official inquiries to the department within 15 business days. These two 15-business-day requirements originate from the National Association of Insurance Commissioners (NAIC) Unfair Claims Settlement Practices Model Regulation from 1981. The Department processes thousands of these complaints annually.

Senate Bill 23 changes this timeframe from 15 business days (21 calendar days) to 14 calendar days. In 1981, perhaps 15 business days was an appropriate response timeframe given the practicalities of mail by post. However, the Department has been communicating with companies and consumers electronically for years and companies have since moved to electronic records. Most recently, Kansas became the first in the nation to pilot and then implement a centralized consumer complaint portal making communication regarding consumer complaints much easier for all involved. Despite these advancements in communication, companies respond to the Department on or after the 13<sup>th</sup>, 14<sup>th</sup>, or 15<sup>th</sup> business day up to 70% of the time, even in cases where responses are simple and straightforward. This legislation will allow the Department to better respond to the consumer complaints received.

In addition, Senate Bill 23 also allows extensions for companies and agents participating in the value-added product or service pilot program. Per K.S.A. 40-2404, the current maximum length for these programs is one year. On occasion, it may take longer than one year to obtain evidence that these value-added products or services may mitigate loss and reduce claim costs—this bill allows an extension beyond the one-year period at the discretion of the Department.

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Director of Government Affairs