

SESSION OF 2025

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2042

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

HB 2042, as amended, would amend law related to title insurance agent audits, surety bonds, and controlled business.

The bill would also make technical changes in the Insurance Code. The bill would be in effect upon publication in the *Kansas Register*.

Audit Report Available by Request

The bill would remove the requirement that each title insurance agent in the state submit a copy of its annual audit report made of its escrow, settlement, and closing deposit accounts to the Commissioner of Insurance (Commissioner) within 30 days of the end of a calendar year. The bill would instead require that annual audit reports of title insurance agents be available upon request.

Surety Bonds

The bill would require any title insurance agent who handles escrow, settlement, or closing accounts to file with the Commissioner documentation of a \$100,000 surety bond or irrevocable letter of credit, regardless of the population of the county or counties the agent serves.

*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 <https://klrd.gov/>

Controlled Business Exemption

The bill would remove the controlled business exemption in counties that have a population of 10,000 or less for title insurer or title agent.

Background

The bill was introduced by the House Committee on Insurance at the request of a representative of the Kansas Insurance Department (Department).

[*Note:* A companion bill, SB 22, has been introduced in the Senate.]

House Committee on Insurance

In the House Committee hearing on January 27, 2025, a representative of the Department provided **proponent** testimony, stating the bill would still require the audits to be completed annually and would be available upon request of the Department. This would assist the Department in a reduction of resources to collect and store the audits. The representative also testified that the bill would condense the tiers related to a single \$100,000 surety bond requirement for all county populations. Additionally, the bill would eliminate the controlled business exemption for all counties with a population of 10,000 or less. It was noted that Kansas is the last state to have this type of population-based exemption.

No other testimony was provided.

The House Committee amended the bill to change the effective date to January 1, 2026.

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the Department, who stated that the bill would simplify and remove unenforceable parts of the title insurance statutes and increase the efficiency of the Department.

Written-only proponent testimony was provided by a representative of Kansas Land Title Association.

No other testimony was provided.

The Senate Committee amended the bill to be effective 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 states that enactment of the bill would not have a fiscal effect for the agency. The Division of the Budget notes that title insurance agents could experience higher operating costs.

Insurance; title insurance; Insurance Commissioner; surety bonds; controlled business