

SESSION OF 2025

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2045

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

HB 2045, as amended, would grant the Commissioner of Insurance (Commissioner) the ability to decrease the number of appointed board members on certain boards that fall under the Commissioner's appointing authority. The bill would remove the requirements for the Committee on Surety Bonds and Insurance to meet at least once per month and that the meetings be held in the office of the Commissioner.

The bill would also make technical changes.

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

Board Membership

The bill would provide for a reduction in membership for four governing boards under the jurisdiction of the Commissioner, including:

- The governing board for the Kansas Automobile and Motor Vehicle Bodily Injury and Property Damage Liability Insurance Plan;
- The Kansas Workers Compensation and Employer's Liability Insurance Plan Governing Board;

*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/>

- The governing board for the Kansas Automobile Assigned Claims Plan for personal injury protection benefits; and
- The Health Care Provider Insurance Availability Plan Board of Directors.

For each governing board, with the exception of the Kansas Automobile Assigned Claims Plan, the bill would provide for the terms of members appointed and serving on the governing board as of July 1, 2025, to expire on December 31, 2025.

Kansas Automobile and Motor Vehicle Bodily Injury and Property Damage Liability Insurance Plan

The bill would provide for a reduction in membership for the governing board of the Kansas Automobile and Motor Vehicle Bodily Injury and Property Damage Liability Insurance Plan from nine members to five members.

The Commissioner would appoint a governing board for the plan, which would serve on and after January 1, 2026, and would have the same duties and functions as its predecessor. On and after January 1, 2026, the members of the governing board would serve three-year terms, except that members would be removable by the Commissioner for inefficiency, neglect of duty, or malfeasance. The governing board would consist of five members to be appointed as follows:

- Three members would be representatives of insurers;
- One member would be a representative of independent insurance agents; and
- One member would be a representative of the general public.

In making appointments to the governing board, the Commissioner would be required to consider if foreign and domestic insurers are fairly represented. [Note: A domestic insurer is an insurance company formed under the laws of the State of Kansas. A foreign insurer is an insurance company formed under the laws of a state other than Kansas.]

*Kansas Workers Compensation and Employer's Liability
Insurance Plan Governing Board*

The bill would provide for a reduction in membership for the Kansas Workers Compensation and Employer's Liability Insurance Plan Governing Board from nine members to seven members.

The Commissioner would appoint a governing board that would serve on and after January 1, 2026, and would have the same duties and functions as its predecessor. On and after January 1, 2026, the members of the Kansas Workers Compensation and Employer's Liability Insurance Plan Governing Board would serve three-year terms, except that members would be removable by the Commissioner for inefficiency, neglect of duty, or malfeasance. The governing board would consist of seven members to be appointed as follows:

- Four members would be representatives of insurance companies;
- Two members would be representatives of licensed insurance agents; and
- One member would be a representative of the general public.

In making appointments to the governing board, the Commissioner would be required to consider if foreign and domestic insurers are fairly represented.

Kansas Automobile Assigned Claims Plan

The bill would state that on and after January 1, 2026, the governing committee for the Kansas Automobile Assigned Claims Plan for personal injury protection benefits would consist of five members, who would be removable by the Commissioner for inefficiency, neglect of duty, or malfeasance. [Note: KAR 40-3-35 provides for the appointment of nine members.] Members would be appointed as follows:

- Three members would be representatives of insurers;
- One member would be a representative of independent insurance agents; and
- One member would be a representative of the general public.

The Commissioner would be required to consider whether foreign and domestic insurers are fairly represented in selecting the members.

[Note: Effective January 1, 2024, the Kansas Automobile Assigned Claims Plan is now managed by AIPSO, a national, not-for-profit corporation formed by the insurance industry to provide services to automobile insurance residual markets throughout the country.]

Health Care Provider Insurance Availability Plan Board of Directors

The bill would provide for a reduction in membership for the Health Care Provider Insurance Availability Plan Board of Directors from nine members to five members.

The Commissioner would appoint a governing board that would serve on and after January 1, 2026, and would have the same duties and functions as its predecessor. On

and after January 1, 2026, the members of the Health Care Provider Insurance Availability Plan Governing Board would serve four-year terms, except that members would be removable by the Commissioner for inefficiency, neglect of duty, or malfeasance. The governing board would consist of five members to be appointed as follows:

- One member would be a representative of foreign insurers;
- One member would be a representative of domestic insurers;
- One member would be a health care provider;
- One member would be a licensed insurance agent engaged in the solicitation of casualty insurance; and
- One member would be the chairperson of the Governing Board or the chairperson's designee.

Board Meetings

The bill would remove the requirements for the Committee on Surety Bonds and Insurance to meet at least once per month and that the meetings be held in the office of the Commissioner. Meetings would remain at the call of the Chair.

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 20, was introduced in the Senate.]

House Committee on Insurance

In the House Committee hearing, **proponent** testimony was provided by a representative of the Department. The proponent indicated the bill would reduce the size of three boards and provides for the Commissioner to remove a board member in alignment with industry standards.

No other testimony was provided.

The House Committee recommended the bill be placed on the Consent Calendar.

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, a representative of the Department provided **proponent** testimony, stating reductions in board membership under the Commissioner's jurisdiction would result in efficiencies and cost savings by bringing the boards in line with what is necessary to conduct their business. The conferee also stated that allowing the Commissioner to remove appointed board members for inefficiency, neglect of duty, or malfeasance would bring the statutes to industry standard and protect the boards and the Department from behavior that deviates from their mission.

No other testimony was provided.

The Senate Committee amended the bill to change the effective date to be 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.

Insurance; board membership; meetings; Commissioner of Insurance; committees