

SESSION OF 2017

SUPPLEMENTAL NOTE ON SENATE BILL NO. 17

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 17 would amend law and add a section relating to the Fair Access to Insurance Requirements (FAIR) plan. The bill would create the FAIR Plan Act (Act).

The bill would state the purpose of the Act is to make available basic property and casualty insurance to persons who have property interests in Kansas and are in good faith entitled, but unable, to obtain coverage through the voluntary market. The bill also would require the FAIR plan to operate under the Act and provide equitable distribution and placement of risks among all member insurers who have chosen to participate.

The bill would require policies to be issued for a term of one year and on forms and in accordance with the reasonable rates and rating procedures approved by the Kansas Insurance Commissioner (Commissioner).

Additionally, the bill would require the Commissioner to enter an order regarding the rate plan within 60 days of the filing of proposed rates, but the Commissioner would be permitted to extend the period for entering an order for an additional 30 days with notice provided to the facility. An order disapproving a rate would be required to state the grounds for disapproval and those findings. The Commissioner would be required to approve proposed insurance rates before policies or endorsements could be issued.

*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>

Finally, the Commissioner would be granted the authority to adopt rules and regulations, no later than January 1, 2018, necessary to administer provisions of the Act.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Kansas Insurance Department (Department). In the Senate Committee hearing, a representative of the Department testified in favor of the bill, stating the FAIR plan statute must be updated to reflect the current standard operating procedure of the plan and clarify the Commissioner's authority and duties. No neutral or opponent testimony was provided.

According to the fiscal note prepared by the Division of the Budget, the Department indicates enactment of the bill would have no fiscal effect.