

SESSION OF 2024

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2714**

As Recommended by House Committee on  
Insurance

**Brief\***

HB 2714 would grant the Commissioner of Insurance (Commissioner) the authority to decrease the number of appointed board members on certain boards that fall under the Commissioner's appointing authority. The bill would remove a requirement for the Committee on Surety Bonds and Insurance to meet at least once per month.

The bill would also make technical changes.

***Board Membership***

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

- The governing board for the Kansas Automobile Insurance Plan;
- The Kansas Workers Compensation Insurance Plan Governing Board;
- The governing board for the Kansas Automobile Assigned Claims Plan;
- The Health Care Provider Insurance Availability Plan Board of Directors; and

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\*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 Kansas Underground Storage Tank Liability 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, 2024, to expire on December 31, 2024.

#### *Kansas Automobile Insurance Plan*

The bill would provide for a reduction in membership for the governing board of the Kansas Automobile Insurance Plan from seven members to five members.

The Commissioner would appoint a governing board for the plan, which would serve on and after January 1, 2025, and would have the same duties and functions as its predecessor. On and after January 1, 2025, 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.

The bill would require the Commissioner to consider whether foreign and domestic insurers are fairly represented in making appointments to the governing board.

*Kansas Workers Compensation Insurance Plan Governing Board*

The bill would provide for a reduction in membership for the Kansas Workers Compensation Insurance Plan Governing Board from seven members to five members.

The Commissioner would appoint a governing board that would serve on and after January 1, 2025, and would have the same duties and functions as its predecessor. On and after January 1, 2025, the members of the Kansas Workers Compensation 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 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.

The bill would require the Commissioner to consider whether foreign and domestic insurers are fairly represented.

*Kansas Automobile Assigned Claims Plan*

The bill would state that on and after January 1, 2025, the governing board for the Kansas Automobile Assigned Claims Plan would consist of five members, who would be removable by the Commissioner for inefficiency, neglect of duty, or malfeasance. 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 bill would require the Commissioner 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, 2025, and would have the same duties and functions as its predecessor. On and after January 1, 2025, the members of the Health Care Provider Insurance Availability Plan Board of Directors 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 Board of Directors or the chairperson's designee.

*Kansas Underground Storage Tank Liability Plan Board of Directors*

The bill would provide for a reduction in membership for the Kansas Underground Storage Tank Liability Plan Board of Directors from five members to three members.

The Commissioner would appoint a governing board that would serve on and after January 1, 2025, and would have the same duties and functions as its predecessor. On and after January 1, 2025, the members of the Kansas Underground Storage Tank Liability Plan Board of Directors would serve three-year terms, except that members would be removable by the Commissioner for inefficiency, neglect of duty, or malfeasance. The board would meet at least annually to review and prescribe operating rules of the plan. The board would consist of three members to be appointed as follows:

- One member would be a representative of domestic or foreign insurers;
- One member would be a representative of independent insurance agents; and
- One member would be a representative of underground storage tank owners and operators.

***Board Meetings***

The bill would remove a requirement for the Committee on Surety Bonds and Insurance to meet at least once per month. 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 423, has been introduced in the Senate.]

## ***House Committee on Insurance***

In the House Committee hearing, a representative of the Department provided **proponent** testimony, stating reductions in board membership under the Commissioner's jurisdiction would result in an immediate cost savings. The conferee also stated there is currently no mechanism for removal of board members other than their terms expiring, and the bill would provide an appropriate level of oversight to the Commissioner.

Written-only neutral testimony was provided by a representative of the Kansas Association of Property and Casualty Insurance Companies.

No other testimony was provided.

## **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, the Department states that enactment of the bill would not have a fiscal effect.

Insurance; board membership; meetings; Commissioner of Insurance