

SESSION OF 2023

SUPPLEMENTAL NOTE ON SENATE BILL NO. 15

As Amended by House Committee on Insurance

Brief*

SB 15, as amended, would remove the requirement of a documented written demand from an insurance company for unpaid premiums by an agent or broker.

Under current law, the failure of an agent or broker to pay premiums owed to an insurer after written demand is made is considered *prima facie* evidence that the agent or broker has used or applied the premium for another purpose. Such failure then subjects the agent or broker to the penalties listed in KSA 40-247(b).

The bill would remove the requirement of the written demand in establishing *prima facie* evidence.

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

Background

The bill was introduced in the Senate Committee on Financial Institutions and Insurance at the request of the Kansas Insurance Department (Department). [Note: A companion bill, HB 2097, was introduced in the House.]

*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>

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the Department, stating the written demand requirement is not always fulfilled in cases of unpaid premiums, causing evidentiary issues. The removal of the requirement for a written demand would not preclude the Department from taking administrative action against a licensee, and the agent must still be shown beyond a reasonable doubt to have used the premium for unlawful purposes.

No other testimony was presented.

House Committee on Insurance

In the House Committee hearing, an overview of the bill was provided and **proponent** testimony submitted by the Department was made available.

The House Committee amended the bill to change its effective date to 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, Kansas Department of Corrections, and Kansas Judicial Branch all state enactment of the bill would not have a fiscal effect.

Insurance; penalties; Kansas Department of Insurance