

SESSION OF 2018

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2469

As Amended by House Committee on Insurance

Brief*

HB 2469, as amended, would prohibit local units of government from imposing restrictions or enforcing local licensing or registration ordinances on insurance claims' handling operations during any catastrophic event threatening life or property. The bill would require insurers to notify the city or county prior to establishing a claims handling operation.

Under the bill, a political subdivision would not be prohibited from exercising its police power when necessary to preserve public health and welfare, including, but not limited to, enforcing its building, zoning, and fire safety codes.

The bill would define "claims handling operations" as including, but not limited to, the establishment of a base of operations on a temporary basis, not to exceed six months, by an insurer within the disaster area and the investigation and handling of claims by personnel authorized by such insurer. The term "insurer" would mean an insurance company, as defined in KSA 40-201.

Background

The bill was introduced by the House Committee on Insurance at the request of the State Farm Insurance Companies whose representative stated at the House Committee hearing that the bill would create a more streamlined approach to setting up temporary claims

*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>

processing facilities during times of catastrophic loss. The State Farm representative further noted most local units of government currently have ordinances or procedures that could potentially slow down an insurance company's claim handling process. A representative of the League of Kansas Municipalities (LKM) indicated the bill was a result of several conversations between local government organizations and insurance industry representatives and is narrowly defined to insurance companies claims operations at a time of catastrophic loss. The representative stated LKM would object to any expansion of the bill's provisions to contractors or repair operations. Written-only proponent testimony was submitted by representatives of American Family Insurance, the Kansas Association of Counties, and the Kansas Association of Property & Casualty Insurance Companies.

No opponent or neutral testimony was provided.

The House Committee amended the bill to clarify the type of event subject to the provisions of the bill. The Committee amendment includes a technical revision to the bill title requested by the Committee revisor.

According to the fiscal note prepared by the Division of Budget, the Kansas Insurance Department indicates enactment of the bill, as introduced, would have no fiscal effect on its operations. The Kansas Association of Counties and LKM indicate enactment of the bill would have no fiscal effect on local governments.