

SESSION OF 2014

SUPPLEMENTAL NOTE ON SENATE BILL NO. 267

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 267 would amend a provision in the Insurance Code pertaining to security deposits to exclude real estate and mortgages from assets required to be deposited with the Insurance Commissioner and require the submission of an authorized signature form prior to the acceptance of any deposit.

Under current law, all cash, securities, real estate deeds and mortgages, or other assets deposited with the Commissioner are required to be deposited with a financial institution acceptable to the Commissioner. With enactment of the bill, real estate and mortgages would be excluded from this requirement.

The bill also would require an authorized signature form to be submitted to the Commissioner prior to acceptance of any deposit. The signature on this form would be required to be the original handwritten name of each signee and could not be a copy, facsimile, electronic or digital signature.

Background

The bill was introduced at the request of the Kansas Insurance Department, whose representative indicated that placing real estate in deposit requires the property be deeded or assigned to the Commissioner and the costs paid by the insurance company. The representative stated the practice is

*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>

outdated and the Department has not held real estate or mortgage deeds for more than 15 years. In terms of signature requirements, it was noted the policy of the Department will be to recognize electronic or digital signatures for any subsequent deposits, withdrawals, or exchanges.

There was no opponent testimony at the Senate Committee hearing.

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

The fiscal note prepared by the Division of the Budget states the Kansas Insurance Department indicates enactment of the the bill would have no fiscal effect.