

SESSION OF 2014

SUPPLEMENTAL NOTE ON SENATE BILL NO. 321

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 321 would amend a provision in the Kansas Automobile Injury Reparations Act pertaining to providing proof of auto insurance to clarify when the return of unused premium payments could be made in the event of a notice of denial of coverage. The bill would specify that the refund could be made to an applicant or agent by either:

- Accompanying the notice of the denial of coverage; or
- Separately returning the refund in not more than ten days from the date of the notice.

Background

The bill was introduced at the request of Farmers Insurance, whose representative testified that Kansas' adverse underwriting statute (KSA 2013 Supp. 40-2,112) was amended last year to allow insurance companies to refund unused premiums up to ten days after a notice of decision to decline a policy is issued. The statute that would be amended by the bill contains language identical to language of KSA 2013 Supp. 40-2,112, but was not amended last year. The representative stated this bill would eliminate the conflict between the two statutes by reflecting the changes made to the adverse underwriting statute last year.

*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>

There was no neutral or opposition testimony to the bill.

According to the fiscal note prepared by the Division of the Budget, the bill would have no fiscal effect, as the bill would clarify the timing of refunds to policyholders by insurance companies.