AN ACT concerning insurance; pertaining to motor vehicle liability insurance; relating to mailing of notice of termination of coverage; amending K.S.A. 2014 Supp. 40-3118 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2014 Supp. 40-3118 is hereby amended to read as follows: 40-3118. (a) No motor vehicle shall be registered or reregistered in this state unless the owner, at the time of registration, has in effect a policy of motor vehicle liability insurance covering such motor vehicle, as provided in this act, or is a self-insurer thereof, or the motor vehicle is used as a driver training motor vehicle, as defined in K.S.A. 72-5015, and amendments thereto, in an approved driver training course by a school district or an accredited nonpublic school under an agreement with a motor vehicle dealer, and such policy of motor vehicle liability insurance is provided by the school district or accredited nonpublic school. As used in this section, the term "financial security" means such policy or self-insurance. The director shall require that the owner certify and provide verification of financial security, in the manner prescribed by K.S.A. 8-173, and amendments thereto, that the owner has such financial security, and the owner of each motor vehicle registered in this state shall maintain financial security continuously throughout the period of registration. In addition, when an owner certifies that such financial security is a motor vehicle liability insurance policy meeting the requirements of this act, the director may require that the owner or owner's insurance company produce records to prove the fact that such insurance was in effect at the time the vehicle was registered and has been maintained continuously from that date. Such records may be produced by displaying such records on a cellular phone or any other type of portable electronic device. Any person to whom such records are displayed on such cellular phone or other type of portable electronic device shall be prohibited from viewing any other content or information stored on such cellular phone or other type of portable electronic device. Failure to produce such records shall be prima facie evidence that no financial security exists with regard to the vehicle concerned. It shall be the duty of insurance companies, upon the request of the director, to notify the director within 30 calendar days of the date of
the receipt of such request by the director of any insurance that was not in
effect on the date of registration and maintained continuously from that
date.

(b) Except as otherwise provided in K.S.A. 40-276, 40-276a and 40-
277, and amendments thereto, and except for termination of insurance
resulting from nonpayment of premium or upon the request for
cancellation by the insured, no motor vehicle liability insurance policy, or
any renewal thereof, shall be terminated by cancellation or failure to renew
by the insurer until at least 30 days after mailing a notice of termination,
by certified or registered mail—

or

first class mail using intelligent mail barcode (IMb), or

another mail tracking method used, approved or accepted by the United
States postal service any other mail tracking method currently used,
approved or accepted by the United States postal service or mail tracking
method approved or accepted by the United States postal service in the
future to the named insured at the latest address filed with the insurer by
or on behalf of the insured. Time of the effective date and hour of
termination stated in the notice shall become the end of the policy period.
Every such notice of termination sent to the insured for any cause
whatsoever shall include on the face of the notice a statement that financial
security for every motor vehicle covered by the policy is required to be
maintained continuously throughout the registration period, that the
operation of any such motor vehicle without maintaining continuous
financial security therefor is a class B misdemeanor and shall be subject to
a fine of not less than $300 and not more than $1,000 and that the
registration for any such motor vehicle for which continuous financial
security is not provided is subject to suspension and the driver's license of
the owner thereof is subject to suspension.

(c) The director of vehicles shall verify a sufficient number of
insurance certifications each calendar year as the director deems necessary
to insure compliance with the provisions of this act. The owner or owner's
insurance company shall verify the accuracy of any owner's certification
upon request, as provided in subsection (a).

(d) (1) In addition to any other requirements of this act, the director
shall require a person to acquire insurance and for such person's insurance
company to maintain on file with the division evidence of such insurance
for a period of one year when a person has been convicted in this or
another state of any of the violations enumerated in K.S.A. 8-285, and
amendments thereto.

(2) The director shall also require any driver whose driving privileges
have been suspended pursuant to this section to maintain such evidence of
insurance as required above.

(3) The company of the insured shall immediately mail notice to the
director whenever any policy required by this subsection to be on file with
the division is terminated by the insured or the insurer for any reason. The
receipt by the director of such termination shall be prima facie evidence
that no financial security exists with regard to the person concerned.

(4) No cancellation notice shall be sent to the director if the insured
adds or deletes a vehicle, adds or deletes a driver, renews a policy or is
issued a new policy by the same company. No cancellation notice shall be
sent to the director prior to the date the policy is terminated if the company
allows a grace period for payment until such grace period has expired and
the policy is actually terminated.

(5) For the purposes of this act, the term "conviction" includes
pleading guilty or nolo contendere, being convicted or being found guilty
of any violation enumerated in this subsection without regard to whether
sentence was suspended or probation granted. A forfeiture of bail, bond or
collateral deposited to secure a defendant's appearance in court, which
forfeiture has not been vacated, shall be equivalent to a conviction.

(6) The requirements of this subsection shall apply whether or not
such person owns a motor vehicle.

(e) Whenever the director shall receive prima facie evidence, as
prescribed by this section, that continuous financial security covering any
motor vehicle registered in this state is not in effect, the director shall
notify the owner by registered or certified mail or United States post office
certificate of mailing that, at the end of 30 days after the notice is mailed,
the registration for such motor vehicle and the driving privileges of the
owner of the vehicle shall be suspended or revoked, pursuant to such rules
and regulations as the secretary of revenue shall adopt, unless within 10
days after the notice is mailed: (1) Such owner shall demonstrate proof of
continuous financial security covering such vehicle to the satisfaction of
the director. Such proof of continuous financial security may be provided
by the owner by displaying such proof on a cellular phone or other
portable electronic device; or (2) such owner shall mail a written request
which is postmarked within 10 days after the notice is mailed requesting a
hearing with the director. Any person to whom such proof of continuous
financial security is displayed on a cellular phone or other portable
electronic device shall view only such evidence of continuous financial
security. Such person shall be prohibited from viewing any other content
or information stored on such cellular phone or other portable electronic
device. Upon receipt of a timely request for a hearing, the director shall
afford such person an opportunity for hearing within the time and in the
manner provided in K.S.A. 8-255, and amendments thereto. If, within the
ten-day period or at the hearing, such owner is unable to demonstrate proof
of continuous financial security covering the motor vehicle in question, the
director shall revoke the registration of such motor vehicle and suspend the
driving privileges of the owner of the vehicle.

(f) Whenever the registration of a motor vehicle or the driving privileges of the owner of the vehicle are suspended or revoked for failure of the owner to maintain continuous financial security, such suspension or revocation shall remain in effect until satisfactory proof of insurance has been filed with the director as required by subsection (d) and a reinstatement fee in the amount herein prescribed is paid to the division of vehicles. Such reinstatement fee shall be in the amount of $100 except that if the registration of a motor vehicle of any owner is revoked within one year following a prior revocation of the registration of a motor vehicle of such owner under the provisions of this act such fee shall be in the amount of $300. The division of vehicles shall remit such fees to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state highway fund.

(g) In no case shall any motor vehicle, the registration of which has been revoked for failure to have continuous financial security, be reregistered in the name of the owner thereof, the owner's spouse, parent or child or any member of the same household, until the owner complies with subsection (f). In the event the registration plate has expired, no new plate shall be issued until the motor vehicle owner complies with the reinstatement requirements as required by this act.

(h) Evidence that an owner of a motor vehicle, registered or required to be registered in this state, has operated or permitted such motor vehicle to be operated in this state without having in force and effect the financial security required by this act for such vehicle, together with proof of records of the division of vehicles indicating that the owner did not have such financial security, shall be prima facie evidence that the owner did at the time and place alleged, operate or permit such motor vehicle to be operated without having in full force and effect financial security required by the provisions of this act.

(i) Any owner of a motor vehicle registered or required to be registered in this state who shall make a false certification concerning financial security for the operation of such motor vehicle as required by this act, shall be guilty of a class A misdemeanor. Any person, firm or corporation giving false information to the director concerning another's financial security for the operation of a motor vehicle registered or required to be registered in this state, knowing or having reason to believe that such information is false, shall be guilty of a class A misdemeanor.

(j) The director shall administer and enforce the provisions of this act relating to the registration of motor vehicles, and the secretary of revenue shall adopt such rules and regulations as may be necessary for its
(k) Whenever any person has made application for insurance coverage and such applicant has submitted payment or partial payment with such application, the insurance company, if payment accompanied the application and if insurance coverage is denied, shall refund the unearned portion of the payment to the applicant or agent. Such refund may:

(1) Accompany the notice of denial of coverage; or

(2) be separately returned in not more than 10 days from the date of such notice.

If payment did not accompany the application to the insurance company but was made to the agent, the agent shall refund the unearned portion of the payment to the applicant upon receipt of the company's notice of denial.

(l) For the purpose of this act, "declination of insurance coverage" means a final denial, in whole or in part, by an insurance company or agent of requested insurance coverage.

Sec. 2. K.S.A. 2014 Supp. 40-3118 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.