

February 14, 2019

The Honorable Rick Wilborn, Chairperson
Senate Committee on Judiciary
Statehouse, Room 541-E
Topeka, Kansas 66612

Dear Senator Wilborn:

SUBJECT: Fiscal Note for SB 78 by Senate Committee on Judiciary

In accordance with KSA 75-3715a, the following fiscal note concerning SB 78 is respectfully submitted to your committee.

SB 78 would establish a framework for the assignment of benefits between a policyholder and a contractor for claim proceeds due under property and casualty policies that insure residential real estate. The bill would require an assignment of benefits to include a statement that the residential contractor has made no assurance that the claimed loss will be fully covered by an insurance contract. The bill would also list violations by a residential contractor that would void the assignment of benefits. The provisions of the bill would be enforceable through the Office of the Attorney General under the Kansas Consumer Protection Act.

According to the Office of the Attorney General, a violation of the bill would constitute a deceptive act or practice under the Kansas Consumer Protection Act, which could result in additional complaints and cases being filed with the agency's Consumer Protection Division. The agency states that violations of the Kansas Consumer Protection Act would result in civil penalties of up to \$10,000 per violation. However, the fiscal effect on the agency cannot be estimated because the number of additional complaints or cases that may result from enactment of the bill is unknown. Additionally, the Insurance Department indicates that enactment of SB 78 would have no fiscal effect on the agency.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Glenda Haverkamp, Insurance
Willie Prescott, Office of the Attorney General