

SESSION OF 2010

**SUPPLEMENTAL NOTE ON SENATE
CONCURRENT RESOLUTION NO. 1631**

As Referred to the Senate Committee of the Whole

Brief*

SCR 1631 would reactivate a task force begun in 2006 to study the design and implementation of an electronic motor vehicle financial security verification system. Such a system would be designed to increase compliance with financial security laws for motorists, *i.e.*, identify uninsured motorists. The resolution would direct the task force to report to the 2011 Legislature on the following:

- A listing of all electronic verification systems being successfully operated in the various states;
- An evaluation of whether any such system will measurably reduce compliance with Kansas motor vehicle financial security laws;
- Recommendations on design features essential for a successful verification system in Kansas;
- A recommendation of design features that minimize cost and inconvenience to drivers who are properly insured, law enforcement personnel, corrections facilities, private insurers, judicial systems, and state agencies;
- Recommendations on how to pay for such a system;
- Suggestions of fines to be levied on those apprehended by any such electronic verification system;

*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>

- Estimates on how much revenue such a system might generate for the state and local governments;
- Suggestions on how such revenues should be distributed to state and local governments; and
- Suggestions for a time table for implementing such a system.

Background

In 2006, SCR 1619 called for a task force to be created to study the design and implementation of an electronic motor vehicle financial security verification system for real time verification of compliance with the financial security requirements of the Kansas Automobile Injury Reparations Act. The task force met during the 2006 Interim and a report was provided to the 2007 Legislature. In 2007, SCR 1603 reauthorized that task force and a report was issued to the 2008 Legislature. In 2008, SCR 1616 again reauthorized the task force and a report was provided to the 2009 Legislature.

The 17-member task force (as authorized by 2007 SCR 1603) included these members:

- The Insurance Commissioner or designated representative;
- The Secretary of Revenue or designated representative;
- The Director of the Division of Motor Vehicles or designated representative;
- Four legislators - one member each appointed by the Senate President, the Senate Minority Leader, the Speaker of the House of Representatives, and the House Minority Leader;
- One member representing a domestic property and casualty insurance company appointed by the Insurance

Commissioner from a list submitted by the Kansas Association of Property and Casualty Insurance Companies;

- One member representing a foreign property and casualty insurance company appointed by the Insurance Commissioner from a list submitted by the Kansas Association of Property and Casualty Insurance Companies;
- One member representing foreign stock insurance companies appointed by the Insurance Commissioner from a list submitted by the American Insurance Association;
- One member representing automobile insurance companies appointed by the Insurance Commissioner from a list of the top six automobile insurance premium writers in Kansas;
- One member representing a property and casualty company appointed by the Insurance Commissioner from a list submitted by the Property Casualty Insurers Association of America;
- One member representing a property and casualty company appointed by the Insurance Commissioner from a list submitted by the National Association of Mutual Insurance Companies;
- One member representing the Kansas licensed insurance agents appointed by the Insurance Commissioner from a list submitted by the Kansas Association of Insurance Agents;
- Two members appointed by the Governor representing law enforcement; and
- One member appointed by the Governor representing consumer interests.

No non-legislative member received compensation for service on the task force. [Note: one additional insurance group representative was added under 2008 SCR 1616 to make an 18-member task force].

The 2007 Task Force made no recommendation on an electronic verification system, but it did encourage continued monitoring of a number of issues identified during its meetings, such as efforts in other states and verifying insurance a few months after vehicle registration to determine whether the insurance coverage has been maintained or canceled. It encouraged the American Association of Motor Vehicle Administrators (AAMVA), the National Association of Insurance Commissioners (NAIC), and the National Conference of Insurance Legislators (NCOIL) to adopt standards for states to use in developing their electronic financial security verification systems. It also called on the Legislature to evaluate lower-cost insurance options and review the compulsory requirements for proof of auto insurance.

The 2008 Task Force said it was supportive of legislation that would bar uninsured motorists from recovering non-economic losses sustained as a result of a crash that occurred while the motorist was operating an uninsured vehicle. Also, the Task Force cited four goals to serve as the framework for addressing electronic real-time verification in the future:

- Assist the Director of Motor Vehicles and county treasurers in registration of motor vehicles in compliance with motor vehicle financial security law;
- Provide law enforcement officers with roadside information during traffic stops to determine whether vehicles are in compliance with motor vehicle financial security law;
- Provide greater assurance to the motoring public that other vehicles on the road are insured as required by law; and
- Offer convenient insurance policy interface and reporting for companies required to provide insurance policy information to the State.

In 2010, SB 392 and HB 2474 were introduced and would require that Kansas have an on-line motor vehicle financial security verification and compliance system by January 1, 2011. House Sub. for SB 260 incorporates a modified version of 2010 HB 2474 and would require the Secretary of Revenue, in consultation with the Insurance Commissioner, to implement a motor vehicle financial security verification and compliance system for the purpose of verifying compliance with the financial security verification system requirements of the Kansas Automobile Injury Reparations Act (KSA 40-3101 *et seq.*, verification of proof of auto insurance). The verification system is to be installed and fully operational by March 1, 2011, following a testing period of not less than nine months. Until this testing period is completed, no enforcement action would be allowed to be taken based on the system. None of these bills has received action before the full House or Senate.