

SESSION OF 2013

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2339

As Recommended by House Committee on
Insurance

Brief*

HB 2339 would amend existing law relating to notice to policyholders of adverse underwriting decisions and refunds.

Current law provides that refunds to the applicant or individual proposed for coverage of the difference between the payment and earned premium, if any, in the event of a declination of insurance coverage, termination, or any other adverse underwriting decision must accompany the notice of the decision.

The bill would allow for applicants, policyholders, or individuals proposed for coverage, both with coverage in effect or not in effect, to receive refunds along with the notice of the adverse underwriting decision, or allow the refund and notice to be provided separately, so long as the refund is provided within 10 days from the date of the notice.

The requirement would not apply to life insurance that is in effect, if the company or health maintenance organization includes with the notice of the adverse underwriting decision an offer of coverage to an applicant for life insurance under a different policy or at an increased premium.

Background

The bill was introduced by the House Committee on

*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>

Insurance at the request of a representative of Farmers Insurance.

At the House Committee hearing, the Committee received proponent testimony from a representative of Farmers Insurance, who stated the current Kansas requirement of mailing both refund and notice together is the only requirement of its kind in the country. Thus, the bill would allow Farmers Insurance to reduce an 18-step, manual processing procedure for Kansas refunds and notices to a 5-step, automated process, which is the same process used for the other 49 states. A representative of the Kansas Association of Property & Casualty Insurance Companies testified in support of the bill, stating the bill will help streamline the process when a cancellation notice is sent and will help reduce costs and overhead. Written testimony in favor of the bill was provided by a representative of the American Insurance Association, which stated the Association has no reason to believe that any consumer would be harmed by the proposed change in the bill.

There were no opponents to the bill at the time of the House Committee hearing.

The House Committee recommended placing the bill on the consent calendar.

The fiscal note provided by the Division of the Budget states the passage of the bill as introduced would have no fiscal effect on Kansas Insurance Department operations.