

January 26, 2016

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 235-E
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 339 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 339 is respectfully submitted to your committee.

SB 339 would define “residence premises” for all homeowners insurance policies sold in the state and would mean any one, two, three or four-family dwelling, any part of any building that is shown in the “residence premises” in the policy declarations, or any other structures and grounds at the insured location.

According to the Kansas Insurance Department, enactment of SB 339 could increase insurance premium taxes paid by insurance companies from potential increases to homeowners insurance premiums. The bill would no longer require a policyholder to reside at the residence premises at the inception date of the homeowner’s insurance policy. As a result, this could increase loss payments paid by insurers to homeowners, as insurers have previously denied coverage based on the “residence premise” definition to require occupancy by the homeowner. However, the Department cannot estimate the effect on insurance premiums or taxes paid by insurance companies as a result of the enactment of SB 339. Any fiscal effect associated with SB 339 is not reflected in *The FY 2017 Governor’s Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Glenda Haverkamp, Insurance