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MEMORANDUM

To: House Committee on Insurance
From: Jason Thompson, Senior Assistant Revisor of Statutes
Date: February 16, 2017
Subject: Bill Brief for SB 17

SB 17 enacts the fair access to insurance requirements plan act, or the FAIR plan act.

Section 1 (a) names the act and subsection (b) declares the purpose of the bill is to make basic property and casualty insurance available to individuals who are unable to procure such coverage through the voluntary market. Subsection (b) also provides that the FAIR plan shall provide for the equitable distribution and placement of risks among all member insurers who have voluntarily elected to participate and this act supersedes the prior authority of the FAIR plan to act under K.S.A. 40-2101. Subsection (c) states that all policies shall be issued on forms and in accordance with the rates and rating procedures approved by the commissioner. Subsection (d) requires that all policies be issued for a term of one year. Subsection (e) states that within 60 days of the filing of proposed rates, the commissioner shall enter an order either approving or disapproving the rate plan filed and prohibits policies and endorsements being issued applying proposed rates until they have been approved. Finally, subsection (f) authorizes the commissioner to adopt rules and regulations necessary to administer the act.

Section 2 amends K.S.A. 40-2101 and exempts the FAIR plan from agreements made between insurers regarding the equitable apportionment among them of insurance which may be afforded to applicants who are in good faith entitled to but who are unable to procure such insurance through ordinary methods.