

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 8:30 A.M. on March 9, 2005 in Room 527-S of the Capitol.

All members were present.

Committee staff present:

Hank Avila, Kansas Legislative Research Department
Bruce Kinzie, Revisors of Statutes
Maggie Breen, Committee Secretary

Conferees appearing before the committee:

Brad Smoot, Explore Information Services
Sara E. Patrick, Explore Information Services
Toni Roberts, Department of Revenue, Division of Motor Vehicles
Pam Scott, Kansas Funeral Directors Association

Others attending:

See attached list.

SB 278 - Division of vehicles records, certain driver's license records

Proponents:

Brad Smoot, representing Explore Information Services, a subsidiary of the Schwan Food Company of Salina, Kansas, spoke in support of **SB 278**. It's a bill that makes a very simple change in current Kansas law. It would allow the Department of Revenue to contract to provide "partial" motor vehicle records without collecting the \$1 per record fee for the Kansas Highway Patrol Training Fund, which is currently required when providing a motor vehicle record (MVR). Insurance companies are already authorized under the Federal Driver Privacy Protection Act and state law to collect motor vehicle record information for certain very limited purposes, including insurance ratings, underwriting, and fraud prevention. Currently, the fee is \$6 and \$1 goes to the training fund. They are proposing that when you sell a "partial" record, that is to be used for the purpose of detecting fraud, you don't have to pay the \$1 fee. The reason is that it would be cost prohibitive to get the information they need if they couldn't negotiate a lesser fee. The limited information provided in the "partial" MVR is used by insurers to identify youthful drivers who have not yet been disclosed by the policyholder, in violation of their insurance policy. The bill allows just partial parts disclosure of records that are already available to insurance companies. Rather than expanding the data that is already available, they are just going after a portion of it and asking to pay a little bit less. The information that is currently prohibited from being released, under Kansas law, remains the same. The Highway Patrol has no objection to the bill. In fact they think it may have some safety impact encouraging people to abide by insurance contracts. Also, the language of the bill has the stamp of approval of the Department of Revenue. (Attachment 1)

Senator Palmer asked how the search was conducted.

Sara E. Patrick, State Relationship Representative, Explore Information Services, said they have an internal "cascaded search" where they match the policy holder's address to the new licensee's address. If they discover there is a new licensed driver at that address, they provide a risk alert report to their insurance company customer who then contacts the agent and asks them to verify the information. The agent then calls the customer and tells them they have received a report that there is a new licensed driver in the household and ask them to confirm that the person is driving their vehicle. They are then ask if the new driver is insured by some other company or do they need to be added to the existing policy.

Sara clarified that the Highway Patrol will not lose money because records are not being purchased for this purpose now due to the cost being prohibitive.

Senator Petersen asked Sara what would happen if they called and were told that there is a new licensed driver

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there but they are not driving the insured vehicle, that the new driver needs to save money for insurance and their own vehicle before driving. Sara said she thinks at that point it would depend on the policy of the individual insurance company. She said she though they would want something in writing.

Senator Journey asked what happens to the reports after they are no longer needed, were they kept in case another insurance company wanted the service. Sara said there are a couple of reasons why they have to retain them. The reports provided to the insurance companies are considered consumer reports under the Fair Credit Reporting Act. So they need to maintain the information provided to the insurance company, and who they report it to, for 12 months. Under the Driver's Privacy Protection Act, they have to maintain records of who they provide information to for 5 years.

Neutral:

Toni Roberts, Department of Revenue, Division of Motor Vehicles, said **SB 278** gives the Secretary of Revenue the option of entering into a lesser rate contract for the purpose of assisting insurance companies, or their authorized agents, to conduct anti-fraud activities. Specifically, under a contract, the department would provide a listing of partial driver license records to insurance companies, or their authorized agents, and that listing would be compared against existing policy information held by the insurance company. The objective is to provide insurance companies with an additional tool to identify undisclosed drivers not listed on the original policy. As introduced, the bill does not require the \$1 fee to be given to the Kansas Highway Patrol Training Center Fund. The department remains neutral in this bill and does not oppose it.

HB 2078 - Lead motor vehicle of funeral procession, lights

Proponent:

Pam Scott, Kansas Funeral Directors Association, spoke in support of **HB 2078**. It was introduced by Representative Henry at the request of one of their members from Atchison, Kansas. The bill would allow for the use of headlight which alternately or simultaneously flash, when used as the lead vehicle of a funeral procession. Many funeral vehicle today are equipped with so called "wig-wag" lights which are generally low beam alternating flashing headlamps. Apparently, the funeral director in Atchison had been questioned by law enforcement as to whether or not they should be using the lights. A lot of vehicles today have headlamps that are automatically lit once the vehicle is in driving mode. Thus, the time honored tradition that all vehicles in a funeral procession have their headlights on may not be the most effective way of warning the public that a procession is approaching.

Senator O'Connor moved to pass **HB 2078** out favorably and place it on the consent calendar. Senator Wilson seconded the motion. Motion carried.

The meeting adjourned at 9:07 a.m.

The next meeting is scheduled for March 15, 2005.