

SENATE BILL No. 398

By Committee on Financial Institutions and Insurance

1-25

1 AN ACT concerning insurance; relating to the powers, duties and
2 responsibilities of the commissioner of insurance; authorizing the
3 commissioner of insurance to set the amount of certain fees; requiring
4 the publication of such fees in the Kansas register; amending K.S.A.
5 40-205a, 40-218, 40-252, 40-2,133, 40-504, 40-956, 40-22a04, 40-
6 2604, 40-2702, 40-3213, 40-3304, 40-3812, 40-3813, 40-4103, 40-
7 4116, 40-4323, 40-4334, 40-4503, 40-5003 and 40-5509 and K.S.A.
8 2023 Supp. 40-3823, 40-3824, 40-4209, 40-4302 and 40-4903 and
9 repealing the existing sections; also repealing K.S.A. 40-3217.

10
11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. K.S.A. 40-205a is hereby amended to read as follows: 40-
13 205a. (a) No person shall do any act toward selling the stock of any
14 insurance company or health maintenance organization unless such person
15 first obtains from the commissioner of insurance written authority to
16 engage in the business of selling the stock of such company. Such
17 applicant shall first be appointed in writing by the president or secretary of
18 the company for which such applicant intends to sell stock. The applicant
19 for such license shall file with the commissioner of insurance the
20 applicant's written application for a license authorizing the applicant to
21 engage in the business of selling such stock. The applicant shall make
22 sworn answers to such interrogatories as the commissioner of insurance
23 shall require. The fee charged for the issuance of such license shall ~~be~~ *not*
24 *exceed* \$100 and shall be paid to the commissioner of insurance by the
25 company requesting such license.

26 (b) *Not later than December 1 of each year, the commissioner shall*
27 *set and publish in the Kansas register the application fees required*
28 *pursuant to subsection (a) for the next succeeding calendar year.*

29 Sec. 2. K.S.A. 40-218 is hereby amended to read as follows: 40-218.
30 (a) Every insurance company, or fraternal benefit society, on applying for
31 authority to transact business in this state, and as a condition precedent to
32 obtaining such authority, shall file in the insurance department its written
33 consent, irrevocable, that any action or garnishment proceeding may be
34 commenced against such company or fraternal benefit society in the
35 proper court of any county in this state in which the cause of action shall
36 arise or in which the plaintiff may reside by the service of process on the

1 commissioner of insurance of this state; and stipulating and agreeing that
2 such service shall be taken and held in all courts to be as valid and binding
3 as if due service had been made upon the president or chief officer of such
4 corporation. Such consent shall be executed by the president and secretary
5 of the company and shall be accompanied by a duly certified copy of the
6 order or resolution of the board of directors, trustees or managers
7 authorizing the president and secretary to execute the same. The summons
8 or order of garnishment, accompanied by a fee ~~of~~ *not to exceed* \$25, shall
9 be directed to the commissioner of insurance; and shall require the
10 defendant or garnishee to answer or otherwise respond by a certain day,
11 not less than 40 days from the date the summons or order of garnishment
12 is served on the commissioner. *Not later than December 1 of each year,*
13 *the commissioner of insurance shall set and publish in the Kansas register*
14 *the fee pursuant to this section for the next calendar year.*

15 (b) Service on the commissioner of insurance of any process, notice
16 or demand against an insurance company or fraternal benefit society shall
17 be made by delivering to and leaving with the commissioner or the
18 commissioner's designee, the original of the process and two copies of the
19 process and the petition, notice of demand, or the clerk of the court may
20 send the original process and two copies of both the process and petition,
21 notice or demand directly to the commissioner by certified mail, return
22 receipt requested. In the event that any process, notice or demand is served
23 on the commissioner, the commissioner shall immediately cause a copy
24 thereof to be forwarded by certified mail, return receipt requested to the
25 insurance company or fraternal benefit society address to its general agent
26 if such agent resides in this state or to the secretary of the insurance
27 company or fraternal benefit society sued at its registered or principal
28 office in any state in which it is domesticated. The commissioner of
29 insurance shall make return of the summons to the court from whence it
30 issued, showing the date of its receipt, the date of forwarding such copies;
31 and the name and address of each person to whom a copy was forwarded.
32 Such return shall be under the hand and seal of office; and shall have the
33 same force and effect as a due and sufficient return made on process
34 directed to a sheriff. The commissioner of insurance shall keep a suitable
35 record in which shall be docketed every action commenced against an
36 insurance company, the time when commenced, the date and manner of
37 service; ~~also,~~ the date of the judgment, its amount and costs; and the date
38 of payment thereof, which shall be certified from time to time by the clerk
39 of the court.

40 Sec. 3. K.S.A. 40-252 is hereby amended to read as follows: 40-252.
41 *Not later than December 1 of each year, the commissioner shall set and*
42 *publish in the Kansas register the fees required pursuant to this section for*
43 *the next calendar year.* Every insurance company or fraternal benefit

1 society organized under the laws of this state or doing business in this state
 2 shall pay to the commissioner of insurance fees and taxes *not to exceed the*
 3 *amounts* specified in the following schedule:

4 A

5 *Insurance companies organized under the laws of this state:*

6 1. Capital stock insurance companies and mutual legal reserve life
 7 insurance companies:
 8 Filing application for sale of stock or certificates of
 9 indebtedness.....\$25

10 Admission fees:
 11 Examination of charter and other documents.....500
 12 Filing annual statement.....100
 13 Certificate of authority.....10

14 Annual fees:
 15 Filing annual statement.....100
 16 Continuation of certificate of authority.....10

17 2. Mutual life, accident and health associations:
 18 Admission fees:
 19 Examination of charter and other documents.....\$500
 20 Filing annual statement.....100
 21 Certificate of authority.....10

22 Annual fees:
 23 Filing annual statement.....100
 24 Continuation of certificate of authority.....10

25 3. Mutual fire, hail, casualty and multiple line insurers and reciprocal or
 26 interinsurance exchanges:
 27 Admission fees:
 28 Examination of charter and other documents.....\$500
 29 Filing annual statement.....100
 30 Certificate of authority.....10

31 Annual fees:
 32 Filing annual statement.....100
 33 Continuation of certificate of authority.....10

34 In addition to the above fees and as a condition precedent to the
 35 continuation of the certificate of authority provided in this code, all such
 36 companies shall pay a fee of \$2 for each agent certified by the company
 37 and shall also pay a tax annually upon all premiums received on risk
 38 located in this state at the rate of 1% for tax year 1997, and 2% for all tax
 39 years thereafter per annum less (1) for tax years prior to 1984, any taxes
 40 paid on business in this state pursuant to the provisions of K.S.A. 40-1701
 41 to 40-1707, inclusive, and 75-1508, and amendments thereto, and (2) for
 42 tax years 1984 and thereafter, any taxes paid on business in this state
 43 pursuant to the provisions of K.S.A. 75-1508, and amendments thereto,

1 and the amount of the firefighters relief tax credit determined by the
 2 commissioner of insurance. The amount of the firefighters relief tax credit
 3 for a company for the current tax year shall be determined by the
 4 commissioner of insurance by dividing (A) the total amount of credits
 5 against the tax imposed by this section for taxes paid by all such
 6 companies on business in this state under K.S.A. 40-1701 to 40-1707,
 7 inclusive, and amendments thereto, for tax year 1983, by (B) the total
 8 amount of taxes paid by all such companies on business in this state under
 9 K.S.A. 40-1703, and amendments thereto, for the tax year immediately
 10 preceding the current tax year, and by multiplying the result so obtained by
 11 (C) the amount of taxes paid by the company on business in this state
 12 under K.S.A. 40-1703, and amendments thereto, for the current tax year.

13 In the computation of the gross premiums all such companies shall be
 14 entitled to deduct any premiums returned on account of cancellations,
 15 including funds accepted before January 1, 1997, and declared and taxed
 16 as annuity premiums which, on or after January 1, 1997, are withdrawn
 17 before application to the purchase of annuities, all premiums received for
 18 reinsurance from any other company authorized to do business in this
 19 state, dividends returned to policyholders and premiums received in
 20 connection with the funding of a pension, deferred compensation, annuity
 21 or profit-sharing plan qualified or exempt under sections 401, 403, 404,
 22 408, 457 or 501 of the United States internal revenue code of 1986. Funds
 23 received by life insurers for the purchase of annuity contracts and funds
 24 applied by life insurers to the purchase of annuities shall not be deemed
 25 taxable premiums or be subject to tax under this section for tax years
 26 commencing on or after January 1, 1997.

27 B

28 *Fraternal benefit societies organized under the laws of this state:*

29 Admission fees:

30 Examination of charter and other documents.....	\$500
31 Filing annual statement.....	100
32 Certificate of authority.....	10

33 Annual fees:

34 Filing annual statement.....	100
35 Continuation of certificate of authority.....	10

36 C

37 *Mutual nonprofit hospital service corporations, nonprofit medical service*
 38 *corporations, nonprofit dental service corporations, nonprofit optometric*
 39 *service corporations and nonprofit pharmacy service corporations*
 40 *organized under the laws of this state:*

41 1. Mutual nonprofit hospital service corporations:

42 Admission fees:

43 Examination of charter and other documents.....	\$500
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1	Filing annual statement.....	100
2	Certificate of authority.....	10
3	Annual fees:	
4	Filing annual statement.....	100
5	Continuation of certificate of authority.....	10
6	2. Nonprofit medical service corporations:	
7	Admission fees:	
8	Examination of charter and other documents.....	\$500
9	Filing annual statement.....	100
10	Certificate of authority.....	10
11	Annual fees:	
12	Filing annual statement.....	100
13	Continuation of certificate of authority.....	10
14	3. Nonprofit dental service corporations:	
15	Admission fees:	
16	Examination of charter and other documents.....	\$500
17	Filing annual statement.....	100
18	Certificate of authority.....	10
19	Annual fees:	
20	Filing annual statement.....	100
21	Continuation of certificate of authority.....	10
22	4. Nonprofit optometric service corporations:	
23	Admission fees:	
24	Examination of charter and other documents.....	\$500
25	Filing annual statement.....	100
26	Certificate of authority.....	10
27	Annual fees:	
28	Filing annual statement.....	100
29	Continuation of certificate of authority.....	10
30	5. Nonprofit pharmacy service corporations:	
31	Admission fees:	
32	Examination of charter and other documents.....	\$500
33	Filing annual statement.....	100
34	Certificate of authority.....	10
35	Annual fees:	
36	Filing annual statement.....	100
37	Continuation of certificate of authority.....	10
38	In addition to the above fees and as a condition precedent to the	
39	continuation of the certificate of authority, provided in this code, every	
40	corporation or association shall pay annually to the commissioner of	
41	insurance a tax in an amount equal to 1% for tax year 1997, and 2% for all	
42	tax years thereafter per annum of the total of all premiums, subscription	
43	charges, or any other term which may be used to describe the charges	

1 made by such corporation or association to subscribers for hospital,
 2 medical or other health services or indemnity received during the
 3 preceding year. In such computations all such corporations or associations
 4 shall be entitled to deduct any premiums or subscription charges returned
 5 on account of cancellations and dividends returned to members or
 6 subscribers.

7 D

8 *Insurance companies organized under the laws of any other state, territory*
 9 *or country:*

- 10 1. Capital stock insurance companies and mutual legal reserve life
 11 insurance companies:
 12 Filing application for sale of stock or certificates of
 13 indebtedness.....\$25
 14 Admission fees:
 15 Examination of charter and other documents.....500
 16 Filing annual statement.....100
 17 Certificate of authority.....10
 18 Annual fees:
 19 Filing annual statement.....100
 20 Continuation of certificate of authority.....10

21 In addition to the above fees all such companies shall pay \$5 for each
 22 agent certified by the company, except as otherwise provided by law.

23 As a condition precedent to the continuation of the certificate of
 24 authority, provided in this code, every company organized under the laws
 25 of any other state of the United States or of any foreign country shall pay a
 26 tax upon all premiums received during the preceding year at the rate of 2%
 27 per annum.

28 In the computation of the gross premiums all such companies shall be
 29 entitled to deduct any premiums returned on account of cancellations,
 30 including funds accepted before January 1, 1997, and declared and taxed
 31 as annuity premiums which, on or after January 1, 1997, are withdrawn
 32 before application to the purchase of annuities, dividends returned to
 33 policyholders and all premiums received for reinsurance from any other
 34 company authorized to do business in this state and premiums received in
 35 connection with the funding of a pension, deferred compensation, annuity
 36 or profit-sharing plan qualified or exempt under sections 401, 403, 404,
 37 408, 457 or 501 of the United States internal revenue code of 1986. Funds
 38 received by life insurers for the purchase of annuity contracts and funds
 39 applied by life insurers to the purchase of annuities shall not be deemed
 40 taxable premiums or be subject to tax under this section for tax years
 41 commencing on or after January 1, 1997.

- 42 2. Mutual life, accident and health associations:
 43 Admission fees:

1 Examination of charter and other documents.....\$500
 2 Filing annual statement.....100
 3 Certificate of authority.....10

4 Annual fees:
 5 Filing annual statement.....100
 6 Continuation of certificate of authority.....10

7 In addition to the above fees, every such company organized under the
 8 laws of any other state of the United States shall pay \$5 for each agent
 9 certified by the company, and shall pay a tax annually upon all premiums
 10 received at the rate of 2% per annum.

11 In the computation of the gross premiums all such companies shall be
 12 entitled to deduct any premiums returned on account of cancellations,
 13 including funds accepted before January 1, 1997, and declared and taxed
 14 as annuity premiums which, on or after January 1, 1997, are withdrawn
 15 before application to the purchase of annuities, dividends returned to
 16 policyholders and all premiums received for reinsurance from any other
 17 company authorized to do business in this state and premiums received in
 18 connection with the funding of a pension, deferred compensation, annuity
 19 or profit-sharing plan qualified or exempt under sections 401, 403, 404,
 20 408, 457 or 501 of the United States internal revenue code of 1986. Funds
 21 received by life insurers for the purchase of annuity contracts and funds
 22 applied by life insurers to the purchase of annuities shall not be deemed
 23 taxable premiums or be subject to tax under this section for tax years
 24 commencing on or after January 1, 1997.

25 3. Mutual fire, casualty and multiple line insurers and reciprocal or
 26 interinsurance exchanges:

27 Admission fees:
 28 Examination of charter and other documents and issuance
 29 of certificate of authority.....\$500
 30 Filing annual statement.....100
 31 Certificate of authority.....10

32 Annual fees:
 33 Filing annual statement.....100
 34 Continuation of certificate of authority.....10

35 In addition to the above fees, every such company or association
 36 organized under the laws of any other state of the United States shall pay a
 37 fee of \$5 for each agent certified by the company and shall also pay a tax
 38 annually upon all premiums received at the rate of 2% per annum.

39 For tax years 1998 and thereafter, the annual tax shall be reduced by the
 40 "applicable percentage" of (1) any taxes paid on business in this state
 41 pursuant to the provisions of K.S.A. 75-1508, and amendments thereto,
 42 and (2) the amount of the firefighters relief tax credit determined by the
 43 commissioner of insurance. The amount of the firefighters relief tax credit

1 for a company taxable under this subsection for the current tax year shall
 2 be determined by the commissioner of insurance by dividing (A) the total
 3 amount of taxes paid by all such companies on business in this state under
 4 K.S.A. 40-1701 to 40-1707, and amendments thereto, for tax year 1983 as
 5 then in effect, by (B) the total amount of taxes paid by all such companies
 6 on business in this state under K.S.A. 40-1703, and amendments thereto,
 7 for the tax year immediately preceding the current tax year, and by
 8 multiplying the result so obtained by (C) the amount of taxes paid by the
 9 company on business in this state under K.S.A. 40-1703, and amendments
 10 thereto, for the current tax year. The "applicable percentage" shall be as
 11 follows:

12 Tax Year	Applicable Percentage
13 1998	10%
14 1999	20%
15 2000	40%
16 2002	50%
17 2003	60%
18 2004	70%
19 2005	80%
20 2006	90%
21 2007	and thereafter 100%

22 In the computation of the gross premiums all such companies shall be
 23 entitled to deduct any premiums returned on account of cancellations, all
 24 premiums received for reinsurance from any other company authorized to
 25 do business in this state, and dividends returned to policyholders.

26 E

27 *Fraternal benefit societies organized under the laws of any other state,*
 28 *territory or country:*

29 Admission fees:

30 Examination of charter and other documents.....	\$500
31 Filing annual statement.....	100
32 Certificate of authority.....	10

33 Annual fees:

34 Filing annual statement.....	100
35 Continuation of certificate of authority.....	10

36 F

37 *Mutual nonprofit hospital service corporations, nonprofit medical service*
 38 *corporations, nonprofit dental service corporations, nonprofit optometric*
 39 *service corporations and nonprofit pharmacy service corporations*
 40 *organized under the laws of any other state, territory or country:*

41 1. Mutual nonprofit hospital service corporations:

1 Admission fees:

2 Examination of charter and other documents.....\$500

3 Filing annual statement.....100

4 Certificate of authority.....10

5 Annual fees:

6 Filing annual statement.....100

7 Continuation of certificate of authority.....10

8 2. Nonprofit medical service corporations, nonprofit dental service

9 corporations, nonprofit optometric service corporations and nonprofit

10 pharmacy service corporations:

11 Admission fees:

12 Examination of charter and other documents.....\$500

13 Filing annual statement.....100

14 Certificate of authority.....10

15 Annual fees:

16 Filing annual statement.....100

17 Continuation of certificate of authority.....10

18 In addition to the above fees and as a condition precedent to the

19 continuation of the certificate of authority, provided in this code, every

20 corporation or association shall pay annually to the commissioner of

21 insurance a tax in an amount equal to 2% per annum of the total of all

22 premiums, subscription charges, or any other term which may be used to

23 describe the charges made by such corporation or association to

24 subscribers in this state for hospital, medical or other health services or

25 indemnity received during the preceding year. In such computations all

26 such corporations or associations shall be entitled to deduct any premiums

27 or subscription charges returned on account of cancellations and dividends

28 returned to members or subscribers.

29 G

30 *Payment of taxes.*

31 For the purpose of insuring the collection of the tax upon premiums,

32 assessments and charges as set out in subsection A, C, D or F, every

33 insurance company, corporation or association shall at the time it files its

34 annual statement, as required by the provisions of K.S.A. 40-225, and

35 amendments thereto, make a return, generated by or at the direction of its

36 president and secretary or other chief officers, under penalty of K.S.A. 21-

37 5824, and amendments thereto, to the commissioner of insurance, stating

38 the amount of all premiums, assessments and charges received by the

39 companies or corporations in this state, whether in cash or notes, during

40 the year ending on the December 31 next preceding.

41 Commencing in 1985 and annually thereafter the estimated taxes shall

42 be paid as follows: On or before June 15 and December 15 of such year an

43 amount equal to 50% of the full amount of the prior year's taxes as

1 reported by the company shall be remitted to the commissioner of
2 insurance. As used in this paragraph, "prior year's taxes" includes (1) taxes
3 assessed pursuant to this section for the prior calendar year, (2) fees and
4 taxes assessed pursuant to K.S.A. 40-253, and amendments thereto, for the
5 prior calendar year, and (3) taxes paid for maintenance of the department
6 of the state fire marshal pursuant to K.S.A. 75-1508, and amendments
7 thereto, for the prior calendar year.

8 Upon the receipt of such returns the commissioner of insurance shall
9 verify the same and assess the taxes upon such companies, corporations or
10 associations on the basis and at the rate provided herein and the balance of
11 such taxes shall thereupon become due and payable giving credit for
12 amounts paid pursuant to the preceding paragraph, or the commissioner
13 shall make a refund if the taxes paid in the prior June and December are in
14 excess of the taxes assessed.

15 H

16 The fee prescribed for the examination of charters and other documents
17 shall apply to each company's initial application for admission and shall
18 not be refundable for any reason.

19 Sec. 4. K.S.A. 40-2,133 is hereby amended to read as follows: 40-
20 2,133. (a) No insurer may utilize or continue to utilize the services of an
21 MGA on and after the effective date of this act unless such utilization is in
22 compliance with this act.

23 (b) The insurer shall have on file an independent financial
24 examination in a form acceptable to the commissioner of each MGA with
25 which it has done business.

26 (c) If an MGA establishes loss reserves, the insurer shall annually
27 obtain the opinion of an actuary attesting to the adequacy of loss reserves
28 established for losses incurred and outstanding on business produced by
29 the MGA. Such requirement shall be in addition to any other required loss
30 reserve certification.

31 (d) The insurer shall periodically, but not less frequently than semi-
32 annually, conduct an on-site review of the underwriting and claims
33 processing operations of the MGA.

34 (e) Binding authority for all reinsurance contracts or participation in
35 insurance or reinsurance syndicates shall rest with an officer of the insurer
36 who shall not be affiliated with the MGA.

37 (f) Within 30 days of entering into or termination of a contract with
38 an MGA, the insurer shall provide written notification of such appointment
39 or termination to the commissioner. Notices of appointment of an MGA
40 shall include:

41 (1) A statement of duties ~~which~~ that the applicant is expected to
42 perform on behalf of the insurer;

43 (2) the lines of insurance for which the applicant is to be authorized

1 to act;

2 (3) a notification fee in ~~the~~ *an amount of not to exceed \$100;*~~(4);~~ and

3 (4) any other information the commissioner may request.

4 (g) An insurer shall ~~each quarter~~ review its books and records *each*
5 *calendar quarter* to determine if any agent or broker has become, by
6 operation of ~~subsection (d)~~ of K.S.A. 40-2,130(d), and amendments
7 thereto, an MGA as defined in that subsection. If the insurer determines
8 that an agent or broker has become an MGA pursuant to the above, the
9 insurer shall promptly notify the agent or broker and the commissioner of
10 such determination, and the insurer and agent or broker shall fully comply
11 with the provisions of this act within 30 days.

12 (h) An insurer shall not appoint to its board of directors an officer,
13 director, employee or controlling shareholder of its MGAs. This subsection
14 shall not apply to relationships governed by the applicable provisions of
15 article 33 of chapter 40 of the Kansas Statutes Annotated, *and amendments*
16 *thereto*.

17 (i) *Not later than December 1 of each year, the commissioner shall*
18 *set and publish in the Kansas register the fee required pursuant to*
19 *subsection (f) for the next calendar year.*

20 Sec. 5. K.S.A. 40-504 is hereby amended to read as follows: 40-504.
21 Any corporation heretofore organized and existing pursuant to law for the
22 purpose of making insurance on the lives of individuals, may take
23 advantage and have the benefit of this act by filing in the office of the
24 commissioner of insurance a declaration of the company, signed by the
25 president and secretary, giving the name of the corporation, a copy of the
26 bylaws, the form of application adopted by them, and a copy of the policy
27 contract proposed to be issued to individuals, together with a fee ~~of one~~
28 ~~hundred dollars~~ *not to exceed \$100*. The commissioner of insurance shall
29 submit all documents to the attorney general for ~~his~~ examination, and if
30 found by ~~him~~ *the attorney general* to be in accordance with the law ~~he~~ *the*
31 *attorney general* shall certify to and deliver the same to the commissioner
32 of insurance, who shall retain such documents on file, and upon
33 compliance by ~~said~~ *such* company with the provisions of this code the
34 commissioner of insurance shall issue ~~his~~ *a* certificate authorizing ~~said~~
35 *such* company to do business in this state under the provisions of this code.
36 *Not later than December 1 of each year, the commissioner shall set and*
37 *publish in the Kansas register the fee required pursuant to this section for*
38 *the next calendar year.*

39 Sec. 6. K.S.A. 40-956 is hereby amended to read as follows: 40-956.

40 (a) (1) Any corporation, association, partnership or individual whether
41 located in or out of the state, may apply for license as a rating organization
42 for such kinds of insurance or subdivisions thereof as are specified in its
43 application and shall file ~~therewith~~:

1 (+) (A) A copy of its constitution, articles of agreement or association
2 or certificate of incorporation, and its bylaws and rules governing the
3 conduct of its business;

4 (+) (B) a list of its members and subscribers;

5 (+) (C) the name and address of a resident of the state upon whom
6 service of process or orders of the commissioner may be served and an
7 irrevocable agreement to accept such service or notices; and

8 (+) (D) a statement of its qualification as a rating organization.

9 (2) Every rating organization shall notify the commissioner promptly
10 of every change in its organizational structure, members or subscribers and
11 the person upon whom service or notices may be made.

12 (3) If the commissioner finds the applicant is qualified, the
13 commissioner shall issue a license specifying the kinds of insurance or
14 subdivisions thereof for which the applicant is authorized to act as a rating
15 organization. Every such application shall be granted or denied in whole or
16 in part by the commissioner within 60 days of the date of its filing.
17 Licenses issued pursuant to this section shall continue in force until May 1
18 next after their date unless suspended or revoked by the commissioner. The
19 fee for such license shall ~~be~~ *not exceed* \$25 annually. *Not later than*
20 *December 1 of each year, the commissioner shall set and publish in the*
21 *Kansas register such fee for the next calendar year.* Licenses issued
22 pursuant to this section may be suspended or revoked by the
23 commissioner, after hearing upon notice, in the event the rating
24 organization ceases to meet the requirements of this section.

25 (b) Every rating organization shall furnish its rating services without
26 discrimination to its members and subscribers. Subject to rules which have
27 been approved by the commissioner as reasonable, each rating
28 organization shall permit any insurer or group pool, not a member, to be a
29 subscriber to its rating service for any kind of insurance or subdivision
30 thereof for which it is authorized to act as a rating organization. The
31 reasonableness of any rule in its application to subscribers, or the refusal
32 of any rating organization to admit an insurer or group pool as a
33 subscriber, at the request of any subscriber, pool or any insurer shall be
34 reviewed by the commissioner at a hearing.

35 (c) No rating organization shall adopt any rule, the effect of which
36 would be to prohibit or regulate the payment of dividends, savings or
37 unabsorbed premium deposits allowed or returned by insurers to their
38 policyholders, members or subscribers.

39 (d) The commissioner, at least once in five years, shall make or cause
40 to be made an examination of each rating organization licensed in this
41 state. The reasonable costs of such examination shall be paid by the rating
42 organization examined, upon presentation to it of a detailed account of
43 such cost. The officers, managers, agents and employees of such rating

1 organization may be examined under oath and shall exhibit all books,
2 records, accounts, documents or agreements governing its method of
3 operation. The commissioner may waive such examination upon proof
4 such rating organization has, within a reasonably recent period, been
5 examined by the insurance supervisory official of another state, and upon
6 filing with the commissioner a copy of the report of such examination.

7 (e) Cooperation among rating organizations or among rating
8 organizations and insurers in rate making or in other matters within the
9 scope of this act is hereby authorized, provided the filings resulting from
10 such cooperation are subject to all the provisions of this act which are
11 applicable to filings generally. The commissioner may review such
12 cooperative activities and practices and if, after a hearing, the
13 commissioner finds any such activity or practice is unfair, unreasonable or
14 otherwise inconsistent with this act or other provision of the insurance
15 laws of this state, the commissioner may issue a written order requiring
16 discontinuance of such activities or practices.

17 (f) Any rating organization may provide for the examination of
18 policies, daily reports, binders and other transaction with its members or
19 subscribers, providing it makes reasonable rules governing those activities;
20 ~~which~~. *Such* rules shall be approved by the commissioner. Such rules shall
21 contain a provision that in the event any insurer does not within 60 days
22 furnish satisfactory evidence to the rating organization of the correction of
23 any error or omissions previously called to its attention by the rating
24 organization, it shall be the duty of the rating organization to notify the
25 commissioner thereof. All information submitted for examination shall be
26 confidential.

27 (g) Any rating organization may subscribe for or purchase actuarial,
28 technical or other services, and such services shall be available to all
29 members and subscribers without discrimination. Any rating organization
30 may collect, compile and distribute past and current premiums of
31 individual insurers.

32 Sec. 7. K.S.A. 40-22a04 is hereby amended to read as follows: 40-
33 22a04. (a) The commissioner shall adopt rules and regulations establishing
34 standards governing the conduct of utilization review activities performed
35 in this state or affecting residents or healthcare providers of this state by
36 utilization review organizations. Unless granted an exemption under
37 K.S.A. 40-22a06, and amendments thereto, no utilization review
38 organization may conduct utilization review services in this state or
39 affecting residents of this state without first obtaining a certificate from the
40 commissioner.

41 (b) The commissioner shall not issue a certificate to a utilization
42 review organization until the applicant:

43 (1) Files a formal application for certification in such form and detail

1 as required by the commissioner and such application has been executed
2 under oath by the chief executive officer, president or other head official of
3 the applicant;

4 (2) files with the commissioner a certified copy of its charter or
5 articles of incorporation and bylaws, if any;

6 (3) states the location of the office or offices of the utilization review
7 organization where utilization review affecting residents or health care
8 providers of this state will be principally performed;

9 (4) provides a summary of the qualifications and experience of
10 persons performing utilization review affecting the persons and at the
11 locations identified pursuant to paragraph (3);

12 (5) makes payment of a certification fee ~~of~~ *not to exceed* \$100 to the
13 commission; and

14 (6) provides such other information or documentation as the
15 commissioner requires.

16 (c) Certificates issued by the commissioner pursuant to this act shall
17 remain effective until suspended, surrendered or revoked subject to
18 payment of an annual continuation fee ~~of~~ *not to exceed* \$50.

19 (d) The commissioner may suspend or revoke the certificate or any
20 exemption from certification requirements upon determination that the
21 interests of Kansas insureds are not being properly served under such
22 certificate or exemption. Any such action shall be taken only after a
23 hearing conducted in accordance with the provisions of the Kansas
24 administrative procedure act.

25 (e) *Not later than December 1 of each year, the commissioner shall*
26 *set and publish in the Kansas register the fee required pursuant to this*
27 *section for the next calendar year.*

28 Sec. 8. K.S.A. 40-2604 is hereby amended to read as follows: 40-
29 2604. (a) No person shall engage in the business of financing insurance
30 premiums under this act in this state without first having obtained a license
31 as a premium finance company from the commissioner of insurance. Every
32 violation of any of the provisions of this act shall subject the person
33 violating the same to a penalty not to exceed \$500 for each violation or by
34 imprisonment not to exceed six months in jail or both.

35 (b) (1) The license continuation fee shall ~~be~~ *not exceed* \$100. The fee
36 for such continuation shall be paid to the commissioner to be deposited in
37 the state general fund.

38 (2) Licenses may be continued from year to year as of May 1 of each
39 year upon payment of the continuation fee. Every licensee shall, on or
40 before the first day of April, pay to the commissioner ~~the sum of an~~
41 *amount not to exceed* \$100 as a continuation fee for the succeeding year.
42 Failure to pay the continuation fee within the time prescribed shall
43 automatically revoke the license.

1 (3) *Not later than December 1 of each year, the commissioner shall*
2 *set and publish in the Kansas register the fees required pursuant to this*
3 *subsection for the next calendar year.*

4 (c) The applicant for such license shall file with the commissioner
5 written application and shall make sworn answers to such interrogatories
6 as the commissioner may require on forms prepared by the commissioner.
7 The commissioner shall have authority, at any time, to require the
8 applicant fully to disclose the identity of all stockholders, partners, officers
9 and employees, and the commissioner may, in the exercise of discretion,
10 refuse to issue or renew a license in the name of any firm, partnership, or
11 corporation if not satisfied that any officer, employee, stockholder, or
12 partner thereof who may materially influence the applicant's conduct meets
13 the standards of this act.

14 Sec. 9. K.S.A. 40-2702 is hereby amended to read as follows: 40-
15 2702. (a) As used in this act, unless the context otherwise requires, the
16 term "insurer" means and includes all corporations, companies,
17 associations, societies, fraternal benefit societies, mutual nonprofit hospital
18 service and nonprofit medical service companies, partnerships and persons
19 engaged as principals in the business of insurance of the kinds enumerated
20 in articles 4, 5, 6, 7, 11, 18, 19, 19a, 19b, 19c, 22, 32 and 38 of chapter 40
21 of the Kansas Statutes Annotated, and ~~any~~ amendments thereto, insofar as
22 the business of insurance of the kinds enumerated in such articles relate to
23 life and accident or sickness. Whenever in this section there is reference to
24 an act effected or committed by mail, the venue of such act shall be at the
25 point where the matter transmitted by mail is delivered and takes effect.

26 It shall be unlawful for any insurer to transact insurance business in this
27 state, as set forth in subsection (b) of this section, without a certificate of
28 authority from the commissioner of insurance. This section shall not apply
29 to:

30 (1) The lawful transaction of insurance procured by agents under the
31 authority of K.S.A. 40-246b, 40-246c and 40-246d, and amendments
32 thereto, relating to accident and sickness insurance;

33 (2) contracts of reinsurance issued by an insurer not organized under
34 the laws of this state;

35 (3) transactions in this state involving a policy lawfully solicited,
36 written and delivered outside of this state, covering only subjects of
37 insurance not resident in this state at the time of issuance and which
38 transactions are subsequent to the issuance of such policy;

39 (4) attorneys acting in the ordinary relation of attorney and client in
40 the adjustment of claims or losses;

41 (5) transactions in this state involving group life and group sickness
42 and accident or blanket sickness and accident insurance or group annuities,
43 where the master policy of such groups was lawfully issued and delivered

1 in and pursuant to the laws of a state in which the insurer was authorized
2 to do an insurance business to a group organized for purposes other than
3 the procurement of insurance and where the policyholder is domiciled or
4 otherwise has a bona fide residence;

5 (6) transactions in this state involving any policy of life or accident
6 and health insurance or annuity contract issued prior to the effective date
7 of this act;

8 (7) contracts of insurance written by certain lodges, societies, persons
9 and associations specified in K.S.A. 40-202, and amendments thereto, and
10 organizations preempted from state jurisdiction as a result of compliance
11 with both the employees retirement income security act of 1974, as
12 amended, including all bonding provisions, and paragraph (9) of
13 subsection (c) of section 501 of the internal revenue code; and

14 (8) any life insurance company organized and operated, without profit
15 to any private shareholder or individual, exclusively for the purpose of
16 aiding and strengthening educational institutions, organized and operated
17 without profit to any private shareholder or individual, by issuing
18 insurance and annuity contracts directly from the home office of the
19 company, without insurance agents or insurance representatives in this
20 state, only to or for the benefit of such institutions and individuals engaged
21 in the services of such institutions, but this exemption shall be conditioned
22 upon any such company complying with the following requirements:

23 (i) Payment of an annual registration fee ~~of~~ *not to exceed* \$500;

24 (ii) filing a copy of the form of any policy or contract issued to
25 Kansas residents with the commissioner of insurance;

26 (iii) filing a copy of its annual statement prepared pursuant to the
27 laws of its state of domicile, as well as such other financial material as
28 may be requested, with the commissioner of insurance; and

29 (iv) providing, in such form as may be prescribed by the
30 commissioner of insurance, for the appointment of the commissioner of
31 insurance as its true and lawful attorney upon whom may be served all
32 lawful process in any action or proceeding against such company arising
33 out of any policy or contract it has issued to, or which is currently held by,
34 a Kansas citizen and process so served against such company shall have
35 the same force and validity as if served upon the company.

36 (b) Any of the following acts in this state effected by mail or
37 otherwise by or on behalf of an unauthorized insurer is deemed to
38 constitute the transaction of an insurance business in this state:

39 (1) The making of or proposing to make, as an insurer, an insurance
40 contract;

41 (2) the taking or receiving of any application for insurance;

42 (3) the receiving or collection of any premium, commission,
43 membership fees, assessments, dues or other consideration for any

1 insurance or any part thereof;

2 (4) the issuance or delivery of contracts of insurance to residents of
3 this state or to persons authorized to do business in this state;

4 (5) directly or indirectly acting as an agent for or otherwise
5 representing or aiding on behalf of another any person or insurer in the
6 solicitation, negotiation, procurement or effectuation of insurance or
7 renewals thereof or in the dissemination of information as to coverage or
8 rates, or forwarding of applications or delivery of policies or contracts or
9 investigation or adjustment of claims or losses or in the transaction of
10 matters subsequent to effectuation of the contract and rising out of it or in
11 any other manner representing or assisting a person or insurer in the
12 transaction of insurance with respect to subjects of insurance resident in
13 this state. Nothing herein shall be construed to prohibit full-time salaried
14 employees of a corporate insured from acting in the capacity of an
15 insurance manager or buyer in placing insurance in behalf of such
16 employer;

17 (6) the transaction of any kind of insurance business specifically
18 recognized as transacting an insurance business within the meaning of the
19 statutes relating to insurance; or

20 (7) the transacting of or proposing to transact any insurance business,
21 in substance equivalent to any of the foregoing, in a manner designed to
22 evade the provisions of this act.

23 (c) (1) The failure of an insurer transacting insurance business in this
24 state to obtain a certificate of authority from the commissioner of
25 insurance shall not impair the validity of any act or contract of such insurer
26 and shall not prevent such insurer from defending any action at law or suit
27 in equity in any court of this state, but no insurer transacting insurance
28 business in this state without a certificate of authority shall be permitted to
29 maintain an action in any court of this state to enforce any right, claim or
30 demand arising out of the transaction of such business until such insurer
31 shall have obtained a certificate of authority.

32 (2) In the event of failure of any such unauthorized insurer to pay any
33 claim or loss within the provisions of such insurance contract, any person
34 who assisted or in any manner aided, directly or indirectly, in the
35 procurement of such insurance contract shall be liable to the insured for
36 the full amount of the claim or loss in the manner provided by the
37 provisions of such insurance contract.

38 (d) *Not later than December 1 of each year, the commissioner shall*
39 *set and publish in the Kansas register the fee required pursuant to this*
40 *section for the next calendar year.*

41 Sec. 10. K.S.A. 40-3213 is hereby amended to read as follows: 40-
42 3213. (a) (1) Every health maintenance organization and medicare
43 provider organization subject to this act shall pay to the commissioner the

1 following fees:

2 ~~(+)~~(A) For filing an application for a certificate of authority, *an*
3 *amount not to exceed \$150;*

4 ~~(-)~~(B) for filing each annual report, *an amount not to exceed \$50;*

5 ~~(+)~~(C) for filing an amendment to the certificate of authority, *an*
6 *amount not to exceed \$10.*

7 (2) *Not later than December 1 of each year, the commissioner shall*
8 *set and publish in the Kansas register the fees required pursuant to this*
9 *subsection for the next calendar year.*

10 (b) Every health maintenance organization subject to this act shall
11 pay annually to the commissioner at the time such organization files its
12 annual report, a privilege fee in an amount equal to the following
13 percentages of the total of all premiums, subscription charges or any other
14 term that may be used to describe the charges made by such organization
15 to enrollees: 3.31% during the reporting period beginning January 1, 2015,
16 and ending December 31, 2017; and 5.77% on and after January 1, 2018.
17 In such computations all such organizations shall be entitled to deduct
18 therefrom any premiums or subscription charges returned on account of
19 cancellations and dividends returned to enrollees. If the commissioner
20 shall determine at any time that the application of the privilege fee, or a
21 change in the rate of the privilege fee, would cause a denial of, reduction
22 in or elimination of federal financial assistance to the state or to any health
23 maintenance organization subject to this act, the commissioner is hereby
24 authorized to terminate the operation of such privilege fee or the change in
25 such privilege fee.

26 (c) For the purpose of insuring the collection of the privilege fee
27 provided for by subsection (b), every health maintenance organization
28 subject to this act and required by subsection (b) to pay such privilege fee
29 shall at the time it files its annual report, as required by K.S.A. 40-3220,
30 and amendments thereto, make a return, generated by or at the direction of
31 its chief officer or principal managing director, under penalty of K.S.A.
32 21-5824, and amendments thereto, to the commissioner, stating the amount
33 of all premiums, assessments and charges received by the health
34 maintenance organization, whether in cash or notes, during the year ending
35 on the last day of the preceding calendar year. Upon the receipt of such
36 returns the commissioner of insurance shall verify such returns and
37 reconcile the fees pursuant to subsection (f) upon such organization on the
38 basis and at the rate provided in this section.

39 (d) Premiums or other charges received by an insurance company
40 from the operation of a health maintenance organization subject to this act
41 shall not be subject to any fee or tax imposed under the provisions of
42 K.S.A. 40-252, and amendments thereto.

43 (e) Fees charged under this section shall be remitted to the state

1 treasurer in accordance with the provisions of K.S.A. 75-4215, and
2 amendments thereto. Upon receipt of each such remittance, the state
3 treasurer shall deposit the entire amount in the state treasury to the credit
4 of the medical assistance fee fund created by K.S.A. 40-3236, and
5 amendments thereto.

6 (f) (1) ~~On and after January 1, 2018,~~ In addition to any other filing or
7 return required by this section, each health maintenance organization shall
8 submit a report to the commissioner on or before March 31 and September
9 30 of each year containing an estimate of the total amount of all premiums,
10 subscription charges or any other term that may be used to describe the
11 charges made by such organization to enrollees that the organization
12 expects to collect during the current calendar year. Upon filing each March
13 31 report, the organization shall submit payment equal to $\frac{1}{2}$ of the
14 privilege fee that would be assessed by the commissioner for the current
15 calendar year based upon the organization's reported estimate. Upon filing
16 each September 30 report, the organization shall submit payment equal to
17 the balance of the privilege fee that would be assessed by the
18 commissioner for the current calendar year based upon the organization's
19 reported estimates.

20 (2) Any amount of privilege fees actually owed by a health
21 maintenance organization during any calendar year in excess of estimated
22 privilege fees paid shall be assessed by the commissioner and shall be due
23 and payable upon issuance of such assessment.

24 (3) Any amount of estimated privilege fees paid by a health
25 maintenance organization during any calendar year in excess of privilege
26 fees actually owed shall be reconciled when the commissioner assesses
27 privilege fees in the ensuing calendar year. The commissioner shall credit
28 such excess amount against future privilege fee assessments. Any such
29 excess amount paid by a health maintenance organization that is no longer
30 doing business in Kansas and that no longer has a duty to pay the privilege
31 fee shall be refunded by the commissioner from funds appropriated by the
32 legislature for such purpose.

33 Sec. 11. K.S.A. 40-3304 is hereby amended to read as follows: 40-
34 3304. (a) (1) No person other than the issuer shall make a tender offer for
35 or a request or invitation for tenders of, or enter into any agreement to
36 exchange securities or, seek to acquire, or acquire, in the open market or
37 otherwise, any voting security of a domestic insurer if, after the
38 consummation thereof, such person would, directly or indirectly, or by
39 conversion or by exercise of any right to acquire, be in control of such
40 insurer, and no person shall enter into an agreement to merge with or
41 otherwise to acquire control of a domestic insurer or any person
42 controlling a domestic insurer unless, at the time any such offer, request, or
43 invitation is made or any such agreement is entered into, or prior to the

1 acquisition of such securities if no offer or agreement is involved, such
2 person has filed with the commissioner of insurance and has sent to such
3 insurer, a statement containing the information required by this section and
4 such offer, request, invitation, agreement or acquisition has been approved
5 by the commissioner of insurance in the manner hereinafter prescribed.
6 The requirements of this section shall not apply to the merger or
7 consolidation of those companies subject to the requirements of K.S.A. 40-
8 507 and 40-1216 through 40-1225, and amendments thereto.

9 (2) For purposes of this section, any controlling person of a domestic
10 insurer seeking to divest its controlling interest in the domestic insurer, in
11 any manner, shall file with the commissioner, with a copy to the insurer,
12 confidential notice of its proposed divestiture at least 30 days prior to the
13 cessation of control. The commissioner shall determine those instances in
14 which each party seeking to divest or to acquire a controlling interest in an
15 insurer shall be required to file for and obtain approval of the transaction.
16 The information shall remain confidential until the conclusion of the
17 transaction unless the commissioner, in the commissioner's discretion,
18 determines that confidential treatment will interfere with enforcement of
19 this section. If the statement referred to in paragraph (1) is otherwise filed,
20 this paragraph shall not apply.

21 (3) With respect to a transaction subject to this section, the acquiring
22 person shall also be required to file a preacquisition notification with the
23 commissioner, and such preacquisition notification shall contain the
24 information in the form and manner prescribed by the commissioner
25 through rules and regulations.

26 (4) For the purposes of this section:

27 (A) A domestic insurer shall include any person controlling a
28 domestic insurer unless such person as determined by the commissioner of
29 insurance is either directly or through its affiliates primarily engaged in
30 business other than the business of insurance.

31 (B) "Person" shall not include any securities broker holding, in the
32 usual and customary broker's function, less than 20% of the voting
33 securities of the insurance company or of any person which controls the
34 insurance company.

35 (b) The statement to be filed with the commissioner of insurance
36 hereunder shall be made under oath or affirmation, shall be accompanied
37 by a nonrefundable filing fee of ~~not to exceed~~ \$1,000 and shall contain the
38 following information:

39 (1) The name and address of each person by whom or on whose
40 behalf the merger or other acquisition of control referred to in subsection
41 (a) is to be affected, hereinafter called "acquiring party," and:

42 (A) If such person is an individual, such individual's principal
43 occupation, all offices and positions held by such individual during the

1 past five years and any conviction of crimes other than minor traffic
2 violations during the past 10 years;

3 (B) if such person is not an individual, a report of the nature of its
4 business operations during the past five years or for such lesser period as
5 such person and any predecessors thereof shall have been in existence; an
6 informative description of the business intended to be done by such person
7 and such person's subsidiaries; and a list of all individuals who are or who
8 have been selected to become directors or executive officers of such
9 person, or who perform or will perform functions appropriate to such
10 positions. Such list shall include for each such individual the information
11 required by subparagraph (A);

12 (2) the source, nature and amount of the consideration used or to be
13 used in effecting the merger or other acquisition of control, a description
14 of any transaction wherein funds were or are to be obtained for any such
15 purpose including any pledge of the insurer's stock, or the stock of any of
16 its subsidiaries or controlling affiliates, and the identity of persons
17 furnishing such consideration, except that where a source of such
18 consideration is a loan made in the lender's ordinary course of business,
19 the identity of the lender shall remain confidential, if the person filing such
20 statement so requests;

21 (3) fully audited financial information as to the earnings and financial
22 condition of each acquiring party for the preceding five fiscal years of
23 each such acquiring party or for such lesser period as such acquiring party
24 and any predecessors thereof shall have been in existence and similar
25 unaudited information as of a date not earlier than 90 days prior to the
26 filing of the statement;

27 (4) any plans or proposals that each acquiring party may have to
28 liquidate such insurer, to sell its assets, merge or consolidate it with any
29 person or to make any other material change to its business, corporate
30 structure or management;

31 (5) the number of shares of any security referred to in subsection (a)
32 that each acquiring party proposes to acquire and the terms of the offer,
33 request, invitation, agreement or acquisition referred to in subsection (a)
34 and a statement regarding the method utilized to determine the fairness of
35 the proposal;

36 (6) the amount of each class of any security referred to in subsection
37 (a) that is beneficially owned or concerning which there is a right to
38 acquire beneficial ownership by each acquiring party;

39 (7) a full description of any contracts, arrangements or
40 understandings with respect to any security referred to in subsection (a) in
41 which any acquiring party is involved, including, but not limited to,
42 transfer of any of the securities, joint ventures, loan or option
43 arrangements, puts or calls, guarantees of loans, guarantees against loss or

1 guarantees of profits, division of losses or profits, or the giving or
2 withholding of proxies. Such description shall identify the persons with
3 whom such contracts, arrangements or understandings have been entered
4 into;

5 (8) a description of the purchase of any security referred to in
6 subsection (a) during the 12 calendar months preceding the filing of the
7 statement, by any acquiring party, including the dates of purchase, names
8 of the purchasers and consideration paid or agreed to be paid therefor;

9 (9) a description of any recommendations to purchase any security
10 referred to in subsection (a) made during the 12 calendar months preceding
11 the filing of the statement, by any acquiring party, or by anyone based
12 upon interviews or at the suggestion of such acquiring party;

13 (10) copies of all tender offers for, requests or invitations for tenders
14 of, exchange offers for and agreements to acquire or exchange any
15 securities referred to in subsection (a) and, if distributed, of additional
16 soliciting material relating thereto;

17 (11) the terms of any agreement, contract or understanding made with
18 or proposed to be made with any broker-dealer as to solicitation of
19 securities referred to in subsection (a) for tender and the amount of any
20 fees, commissions or other compensation to be paid to broker-dealers with
21 regard thereto;

22 (12) an agreement by the person required to file the statement
23 referred to in subsection (a) that such person will provide the annual
24 report, specified in K.S.A. 40-3305(I), and amendments thereto, for so
25 long as control exists;

26 (13) an acknowledgment by the person required to file the statement
27 referred to in subsection (a) that the person and all subsidiaries within its
28 control in the insurance holding company system will provide to the
29 commissioner of insurance upon request such information as the
30 commissioner of insurance deems necessary to evaluate enterprise risk to
31 the insurer; and

32 (14) such additional information as the commissioner of insurance
33 may by rule or regulation prescribe as necessary or appropriate for the
34 protection of policyholders of the insurer or in the public interest.

35 If the person required to file the statement referred to in subsection (a)
36 is a partnership, limited partnership, syndicate or other group, the
37 commissioner of insurance may require that the information called for by
38 paragraphs (1) through (14) shall be given with respect to each partner of
39 such partnership or limited partnership, each member of such syndicate or
40 group and each person who controls such partner or member. If any such
41 partner, member or person is a corporation or the person required to file
42 the statement referred to in subsection (a) is a corporation, the
43 commissioner of insurance may require that the information called for by

1 paragraphs (1) through (14) shall be given with respect to such
2 corporation, each officer and director of such corporation and each person
3 who is directly or indirectly the beneficial owner of more than 10% of the
4 outstanding voting securities of such corporation.

5 If any material change occurs in the facts set forth in the statement filed
6 with the commissioner of insurance and sent to such insurer pursuant to
7 this section, an amendment setting forth such change, together with copies
8 of all documents and other material relevant to such change, shall be filed
9 with the commissioner of insurance and sent to such insurer within two
10 business days after the person learns of such change.

11 (c) If any offer, request, invitation, agreement or acquisition referred
12 to in subsection (a) is proposed to be made by means of a registration
13 statement under the securities act of 1933 or in circumstances requiring the
14 disclosure of similar information under the securities exchange act of
15 1934, or under a state law requiring similar registration or disclosure, the
16 person required to file the statement referred to in subsection (a) may
17 utilize such documents in furnishing the information called for by that
18 statement.

19 (d) (1) The commissioner of insurance shall approve any merger or
20 other acquisition of control referred to in subsection (a) unless, after a
21 public hearing thereon conducted in accordance with the provisions of the
22 Kansas administrative procedure act, the commissioner of insurance finds
23 that:

24 (A) After the change of control the domestic insurer referred to in
25 subsection (a) would not be able to satisfy the requirements for the
26 issuance of a license to write the line or lines of insurance for which it is
27 presently licensed;

28 (B) the financial condition of any acquiring party is such as might
29 jeopardize the financial stability of the insurer or prejudice the interest of
30 its policyholders;

31 (C) the plans or proposals which the acquiring party has to liquidate
32 the insurer, sell its assets, consolidate or merge it with any person, or to
33 make any other material change in its business, corporate structure or
34 management, are unfair and unreasonable to policyholders of the insurer or
35 are not in the public interest;

36 (D) the competence, experience and integrity of those persons who
37 would control the operation of the insurer are such that it would not be in
38 the interest of policyholders of the insurer or of the public to permit the
39 merger or other acquisition of control; or

40 (E) the acquisition is likely to be hazardous or prejudicial to the
41 insurance-buying public.

42 (2) The public hearing referred to in subsection (d)(1) shall be held as
43 soon as practical after the statement required by this subsection (a) is filed,

1 and at least 20 days' notice thereof shall be given by the commissioner of
2 insurance to the person filing the statement. Not less than seven days'
3 notice of such public hearing shall be given by the person filing the
4 statement to the insurer and to such other persons as may be designated by
5 the commissioner of insurance. At such hearing, the person filing the
6 statement, the insurer, any person to whom notice of hearing was sent and
7 any other person whose interests may be affected thereby shall have the
8 right to present evidence, examine and cross-examine witnesses and offer
9 oral and written arguments in accordance with the Kansas administrative
10 procedure act. In the absence of intervention, such insurer or person shall
11 have the right to present oral or written statements in accordance with
12 K.S.A. 77-523(c), and amendments thereto.

13 (3) If the proposed acquisition of control will require the approval of
14 more than one commissioner of insurance, the public hearing referred to in
15 paragraph (2) may be held on a consolidated basis upon request of the
16 person filing the statement referred to in subsection (a). Such person shall
17 file the statement referred to in subsection (a) with the national association
18 of insurance commissioners within five days of making the request for a
19 public hearing. A commissioner of insurance may opt out of a consolidated
20 hearing and shall provide notice to the applicant of the opt-out within 10
21 days of the receipt of the statement referred to in subsection (a). A hearing
22 conducted on a consolidated basis shall be public and shall be held within
23 the United States before the commissioners of insurance of the states in
24 which the insurers are domiciled. Such commissioners of insurance shall
25 hear and receive evidence. A commissioner of insurance may attend such
26 hearing in person or by telecommunication.

27 (4) As a condition of a change of control of a domestic insurer, any
28 determination by the commissioner of insurance that the person acquiring
29 control of the insurer shall be required to maintain or restore the capital of
30 the insurer to the level required by the laws and regulations of this state
31 shall be made not later than 60 days after the date of notification of the
32 change in control submitted pursuant to subsection (a).

33 (5) The commissioner of insurance may retain at the acquiring
34 person's expense any attorneys, actuaries, accountants and other experts
35 not otherwise a part of the staff of the commissioner of insurance as the
36 commissioner of insurance deems to be reasonably necessary to assist the
37 commissioner of insurance in reviewing the proposed acquisition of
38 control.

39 (e) The provisions of this section shall not apply to any offer, request,
40 invitation, agreement or acquisition that the commissioner of insurance by
41 order shall exempt therefrom as:

42 (1) Not having been made or entered into for the purpose and not
43 having the effect of changing or influencing the control of a domestic

1 insurer; or

2 (2) as otherwise not comprehended within the purposes of this
3 section.

4 (f) The following shall be violations of this section:

5 (1) The failure to file any statement, amendment or other material
6 required to be filed pursuant to subsection (a) or (b); or

7 (2) the effectuation or any attempt to effectuate an acquisition of
8 control of, or merger with, a domestic insurer unless the commissioner of
9 insurance has given the requisite approval thereto.

10 (g) The courts of this state are hereby vested with jurisdiction over
11 every securityholder of a domestic insurer and every person not resident,
12 domiciled or authorized to do business in this state who files a statement
13 with the commissioner of insurance under this section and over all actions
14 involving such person arising out of violations of this section. Each such
15 person shall be deemed to have performed acts equivalent to and
16 constituting an appointment by such a person of the commissioner of
17 insurance to be such person's true and lawful attorney upon whom may be
18 served all lawful process in any action, suit or proceeding arising out of
19 violations of this section. Copies of all such lawful process shall be served
20 on the commissioner of insurance and transmitted by registered or certified
21 mail by the commissioner of insurance to such person at such person's last
22 known address.

23 (h) *Not later than December 1 of each year, the commissioner shall*
24 *set and publish in the Kansas register the fee required pursuant to this*
25 *section for the next calendar year.*

26 Sec. 12. K.S.A. 40-3812 is hereby amended to read as follows: 40-
27 3812. (a) A person shall apply to be an administrator in its home state and
28 shall receive a license from the regulatory authority of its home state prior
29 to performing any function of an administrator in this state.

30 (b) A person applying to Kansas as its home state shall apply for
31 licensure by submitting to the commissioner an application in the form
32 prescribed by the commissioner that shall include or be accompanied by
33 the following information and documents:

34 (1) All basic organizational documents of the applicant, including any
35 articles of incorporation, articles of association, partnership agreement,
36 trade name certificate, trust agreement, shareholder agreement, certificate
37 of existence from the Kansas secretary of state and other applicable
38 documents and all amendments to such documents;

39 (2) the bylaws, rules, regulations or similar documents regulating the
40 internal affairs of the applicant;

41 (3) NAIC biographical affidavits for the individuals who are directly
42 or indirectly responsible for the conduct of affairs of the applicant,
43 including all members of the board of directors, board of trustees,

1 executive committee or other governing board or committee, the principal
2 officers in the case of a corporation or the partners or members in the case
3 of a partnership, association or limited liability company, any shareholders
4 or members holding directly or indirectly 10% or more of the voting stock,
5 voting securities or voting interest of the applicant and any other person
6 who directly or indirectly exercises control or influence over the affairs of
7 the applicant;

8 (4) audited annual financial statements or reports for the two most
9 recent fiscal years that demonstrate that the applicant has a positive net
10 worth. If the applicant has been in existence for less than two fiscal years,
11 the uniform application shall include financial statements or reports,
12 certified by at least two officers, owners or directors of the applicant and
13 prepared in accordance with GAAP, for any completed fiscal years and for
14 any month during the current fiscal year for which such financial
15 statements or reports have been completed. An audited annual financial
16 report prepared on a consolidated basis shall include a columnar
17 consolidating or combining worksheet that shall be filed with the report
18 and include the following:

19 (A) Amounts shown on the consolidated audited financial report
20 shown on the worksheet;

21 (B) amounts for each entity stated separately; and

22 (C) explanations of consolidating and eliminating entries included.

23 The applicant shall also include such other information as the
24 commissioner may require in order to review the current financial
25 condition of the applicant;

26 (5) in lieu of submitting audited financial statements, and upon
27 written application by an applicant and good cause shown, the
28 commissioner may grant a hardship exemption from filing audited
29 financial statements and allow the submission of unaudited financial
30 statements. Acceptable formats for unaudited financial statements, that
31 shall include notes, are:

32 (A) Reports compiled or reviewed by a certified public accountant; or

33 (B) internal financial reports prepared in accordance with GAAP,
34 certified by at least two officers, owners or directors of the administrator.

35 If unaudited financial statements are submitted, the applicant must also
36 secure and maintain a surety bond in a form prescribed by the
37 commissioner for the use and benefit of the commissioner to be held in
38 trust for the benefit and protection of covered persons and any payor or
39 self-funded plan against loss by reason of acts of fraud or dishonesty, for
40 the greater of 10% of funds handled for the benefit of Kansas residents or
41 \$20,000. Administrators of self-funded plans in Kansas are subject to the
42 mandatory surety bond requirement found in subsection (h), regardless of
43 whether they file audited or unaudited financial reports;

1 (6) a statement describing the business plan, including information on
2 staffing levels and activities, proposed in this state and nationwide. The
3 plan shall provide details setting forth the applicant's capability for
4 providing a sufficient number of experienced and qualified personnel in
5 the areas of claims processing, record keeping and underwriting;

6 (7) a license application fee ~~in the amount of~~ *an amount not to exceed*
7 \$400; and

8 (8) such other pertinent information as may be required by the
9 commissioner.

10 (c) An administrator licensed or applying for licensure under the
11 provisions of this section shall make available for inspection by the
12 commissioner, copies of all contracts with payors or other persons utilizing
13 the services of the administrator.

14 (d) An administrator licensed or applying for licensure under the
15 provisions of this section shall produce its accounts, records and files for
16 examination, and makes its officers available to give information with
17 respect to its affairs, as often as reasonably required by the commissioner.

18 (e) The commissioner may refuse to issue a license if the
19 commissioner determines that the applicant or any individual responsible
20 for the conduct of affairs of the applicant is not competent, trustworthy,
21 financially responsible or of good personal and business reputation, or has
22 had an insurance or an administrator certificate of authority or license
23 denied or revoked for cause by any jurisdiction, or if the commissioner
24 determines that any of the grounds set forth in K.S.A. 40-3810, and
25 amendments thereto, exist with respect to the applicant.

26 (f) A license issued under this section shall remain valid, unless
27 surrendered, suspended or revoked by the commissioner, for so long as the
28 administrator continues in business in this state and remains in compliance
29 with the provisions of this act and any applicable rules and regulations.

30 (g) An administrator licensed or applying for licensure under the
31 provisions of this section shall immediately notify the commissioner of
32 any material change in its ownership, control or other fact or circumstance
33 affecting its qualification for a license in this state.

34 (h) An administrator licensed or applying for a home state license that
35 administers or will administer governmental or church self-insured plans
36 in this state or any other state shall maintain a surety bond for the use and
37 benefit of the commissioner to be held in trust for the benefit and
38 protection of covered persons and any payor or self-funded plan against
39 loss by reason of acts of fraud or dishonesty. The bond shall be in the
40 greater of the following amounts:

41 (1) \$100,000; or

42 (2) an amount equal to 10% of the aggregate total amount of self-
43 funded coverage under church plans or governmental plans handled in this

1 state and all additional states in which the administrator is authorized to do
2 business.

3 (i) *Not later than December 1 of each year, the commissioner shall*
4 *set and publish in the Kansas register the fee required pursuant to this*
5 *section for the next calendar year.*

6 Sec. 13. K.S.A. 40-3813 is hereby amended to read as follows: 40-
7 3813. (a) Unless an administrator has obtained a home state license in this
8 state, any administrator who performs duties as an administrator in this
9 state shall obtain a nonresident administrator license in accordance with
10 the provisions of this section by filing with the commissioner the uniform
11 application, accompanied by a letter of certification. In lieu of requiring an
12 administrator to file a letter of certification with the uniform application,
13 the commissioner may verify the nonresident administrator's home state
14 certificate of authority or license status through an electronic database
15 maintained by the NAIC, its affiliates or subsidiaries.

16 (b) An administrator shall not be eligible for a nonresident
17 administrator license under the provisions of this section if it does not hold
18 a license in a home state that has adopted a substantially similar law
19 governing administrators.

20 (c) Except as provided in subsections (b) and (h) the commissioner
21 shall issue to the administrator a nonresident administrator license
22 promptly upon receipt of a complete application.

23 (d) Each nonresident administrator shall file biennially, as a part of its
24 application for renewal of its license, a statement that its home state
25 administrator license remains in force and has not been revoked or
26 suspended by its home state during the preceding years. Each nonresident
27 administrator renewal application shall be accompanied by a renewal
28 application fee ~~in the amount of~~ *an amount not to exceed \$200.*

29 (e) At the time of filing the application for licensing required under
30 the provisions of this section, the nonresident administrator shall pay a
31 license application fee ~~in the amount of~~ *an amount not to exceed \$400.*

32 (f) An administrator licensed or applying for licensure under the
33 provisions of this section shall produce its accounts, records and files for
34 examination, and make its officers available to give information with
35 respect to its affairs, as often as reasonably required by the commissioner.

36 (g) A nonresident administrator is not required to hold a nonresident
37 administrator license in this state if the administrator is licensed in its
38 home state and the administrator's duties in this state are limited to:

39 (1) The administration of a group policy or plan and no more than a
40 total of 20% of covered persons, for all plans the administrator services,
41 reside in this state; and

42 (2) the total number of covered persons residing in this state is less
43 than 100.

1 (h) The commissioner may refuse to issue a nonresident administrator
2 license, or delay the issuance of a nonresident administrator license, if the
3 commissioner determines that, due to events or information obtained
4 subsequent to the home state's licensure of the administrator, the
5 nonresident administrator cannot satisfy the requirements of this act or that
6 grounds exist for the home state's revocation or suspension of the
7 administrator's home state certificate of authority or license.

8 (i) *Not later than December 1 of each year, the commissioner shall*
9 *set and publish in the Kansas register the fee required pursuant to this*
10 *section for the next calendar year.*

11 Sec. 14. K.S.A. 40-3814 is hereby amended to read as follows: 40-
12 3814. (a) Each administrator licensed under the provisions of this act shall
13 file an annual report for the preceding calendar year with the
14 commissioner on or before July 1 of each year, or within such extension of
15 time as the commissioner may grant for good cause, accompanied by an
16 annual report fee ~~in the amount of~~ *an amount not to exceed* \$100. The
17 annual report shall include:

18 (1) An audited financial statement attested to by an independent
19 certified public accountant. An audited annual financial report prepared on
20 a consolidated basis shall include a columnar consolidating or combining
21 worksheet that shall be filed with the report and include the following:

22 (A) Amounts shown on the consolidated audited financial report
23 shown on the worksheet;

24 (B) amounts for each entity stated separately; and

25 (C) explanations of consolidating and eliminating entries included.

26 (2) In lieu of submitting an audited financial statement, and upon
27 written application by an administrator and good cause shown, the
28 commissioner may grant a hardship exemption from filing audited
29 financial statements and allow the submission of unaudited financial
30 statements. Acceptable formats for unaudited financial statements, that
31 shall include notes, are:

32 (A) Reports compiled or reviewed by a certified public accountant; or

33 (B) internal financial reports prepared in accordance with GAAP,
34 certified by at least two officers, owners or directors of the administrator.

35 If unaudited financial statements are submitted, the administrator must
36 secure and maintain a surety bond in a form prescribed by the
37 commissioner for the use and benefit of the commissioner to be held in
38 trust for the benefit and protection of covered persons and any payor or
39 self-funded plan against loss by reason of acts of fraud or dishonesty, for
40 the greater of 10% of funds handled for the benefit of Kansas residents or
41 \$20,000.

42 (b) The annual report shall be in the form and contain such matters as
43 the commissioner prescribes and shall be verified by at least two officers,

1 owners or directors of the administrator.

2 (c) The annual report shall include the complete names and addresses
3 of all payors and for self-funded plans, all employers and trusts, with
4 which the administrator had agreements during the preceding fiscal year.
5 The report shall also include the number of Kansas residents covered by
6 each of the plans.

7 (d) *Not later than December 1 of each year, the commissioner shall*
8 *set and publish in the Kansas register the fee required pursuant to this*
9 *section for the next calendar year.*

10 Sec. 15. K.S.A. 2023 Supp. 40-3823 is hereby amended to read as
11 follows: 40-3823. (a) No person shall act or operate as a pharmacy benefits
12 manager without first obtaining a valid license issued by the
13 commissioner.

14 (b) Each person seeking a license to act as a pharmacy benefits
15 manager shall file with the commissioner an application for a license upon
16 a form to be furnished by the commissioner. At a minimum, the
17 application form shall include the following information:

18 (1) The name, address and telephone number of the pharmacy
19 benefits manager.

20 (2) The name, address, official position and professional
21 qualifications of each individual who is responsible for the conduct of the
22 affairs of the pharmacy benefits manager, including all members of the
23 board of directors, board of trustees, executive committee, other governing
24 board or committee, the principal officers in the case of a corporation, the
25 partners or members in the case of a partnership or association.

26 (3) The name and address of the applicant's agent for service of
27 process in the state.

28 (4) The name, address, phone number, email address and official
29 position of the employee who will serve as the primary contact for the
30 department.

31 (5) A copy of the pharmacy benefits manager's corporate charter,
32 articles of incorporation or other charter document.

33 (6) A template contract, which shall include a dispute resolution
34 process, that ultimately involves an independent fact finder between:

35 (A) The pharmacy benefits manager and the health insurer; or

36 (B) the pharmacy benefits manager and the pharmacy or a pharmacy's
37 contracting agent.

38 (7) A network adequacy report on a form prescribed by the
39 department through rules and regulations.

40 (c) A nonrefundable application fee ~~of~~ *not to exceed* \$2,500.

41 (d) The licensee shall inform the commissioner, by any means
42 acceptable to the commissioner, of any material change in the information
43 required by this subsection within 90 days of such change. Failure to

1 timely inform the commissioner of a material change may result in a
2 penalty against the licensee in ~~the amount of~~ *an amount not to exceed*
3 \$500.

4 (e) Within 90 days after receipt of a completed application, the
5 network adequacy report and the applicable license fee, the commissioner
6 shall review the application and issue a license if the applicant is deemed
7 qualified under this section. If the commissioner determines that the
8 applicant is not qualified, the commissioner shall notify the applicant and
9 shall specify the reason for the denial.

10 (f) (1) All documents, materials or other information and copies
11 thereof in the possession or control of the department or any other
12 governmental entity that are obtained by or disclosed to the commissioner
13 or any other person in the course of an application, examination or
14 investigation made pursuant to this act shall be confidential by law and
15 privileged, shall not be subject to any open records, freedom of
16 information, sunshine or other public record disclosure laws, and shall not
17 be subject to subpoena or discovery.

18 (2) The provisions of paragraph (1) shall only apply to the disclosure
19 of the confidential documents described in paragraph (1) by the
20 department or any other governmental entity and shall not be construed to
21 create any privilege in favor of any other party.

22 (3) The provisions of this subsection shall expire on July 1, 2027,
23 unless the legislature reviews and reenacts this provision pursuant to
24 K.S.A. 45-229, and amendments thereto, prior to July 1, 2027.

25 (g) *Not later than December 1 of each year, the commissioner shall*
26 *set and publish in the Kansas register the fees required pursuant to this*
27 *section for the next calendar year.*

28 Sec. 16. K.S.A. 2023 Supp. 40-3824 is hereby amended to read as
29 follows: 40-3824. (a) Each pharmacy benefits manager license shall expire
30 on March 31 each year and may be renewed annually on the request of the
31 licensee. The application for renewal shall be submitted on a form
32 furnished by the commissioner and accompanied by a renewal fee ~~of~~ *not*
33 *to exceed* \$2,500. The application for renewal shall be in such form and
34 contain such matters as the commissioner prescribes.

35 (b) If a license renewal fee is not paid by the prescribed date, the
36 amount of the fee, plus a penalty fee ~~of~~ *not to exceed* \$2,500 shall be paid.
37 The pharmacy benefits manager's license may be revoked or suspended by
38 the commissioner until the renewal fee and any penalty assessed has been
39 paid.

40 (c) Any person who performs or is performing any pharmacy benefits
41 management service shall be required to obtain a license as a pharmacy
42 benefits manager from the commissioner not later than January 1, 2023, in
43 order to continue to do business in Kansas.

1 (d) *Not later than December 1 of each year, the commissioner shall*
2 *set and publish in the Kansas register the fees required pursuant to this*
3 *section for the next calendar year.*

4 Sec. 17. K.S.A. 40-4103 is hereby amended to read as follows: 40-
5 4103. Risk retention groups chartered in states other than this state seeking
6 to do business as a risk retention group in this state shall observe and abide
7 by the laws of this state as follows:

8 (a) *Notice of operations and designation of commissioner as agent.*
9 Before offering insurance in this state, a risk retention group shall submit
10 to the commissioner:

11 (1) A statement identifying the state or states in which the risk
12 retention group is chartered and licensed as a liability insurance company,
13 date of chartering, its principal place of business and such other
14 information including information on its membership, as the commissioner
15 of this state may require to verify that the risk retention group is qualified
16 under K.S.A. 40-4101(k), and amendments thereto;

17 (2) a copy of its plan of operations or a feasibility study and revisions
18 of such plan or study submitted to its state of domicile, except that the
19 provision relating to the submission of a plan of operation or a feasibility
20 study shall not apply with respect to any line or classification of liability
21 insurance that:

22 (A) Was defined in the product liability risk retention act of 1981
23 before October 27, 1986; and

24 (B) was offered before such date by any risk retention group that had
25 been chartered and operating for not less than three years before such date;

26 (3) a statement of registration that designates the commissioner as its
27 agent for the purpose of receiving service of legal documents or process;
28 and

29 (4) a notification fee ~~in the amount of~~ *an amount not to exceed* \$250.

30 (b) *Financial condition.* Any risk retention group doing business in
31 this state shall submit to the commissioner:

32 (1) A copy of the group's financial statement submitted to its state of
33 domicile that contains a statement of opinion on loss and loss adjustment
34 expense reserves made by a member of the American academy of actuaries
35 or a qualified loss reserve specialist under criteria established by the
36 national association of insurance commissioners;

37 (2) a copy of each examination of the risk retention group as certified
38 by the commissioner or public official conducting the examination;

39 (3) upon request by the commissioner, a copy of any audit performed
40 with respect to the risk retention group; and

41 (4) such information as may be required to verify its continuing
42 qualification as a risk retention group under K.S.A. 40-4101(k), and
43 amendments thereto.

1 (c) *Taxation.* (1) All premiums paid for coverages within this state to
2 risk retention groups chartered outside this state shall be subject to taxation
3 at the same rate and subject to the same interest, fines and penalties for
4 nonpayment as that provided by K.S.A. 40-246c, and amendments thereto.
5 Risk retention groups chartered or licensed in this state shall be taxed in
6 accordance with K.S.A. 40-252, and amendments thereto.

7 (2) To the extent agents or brokers are utilized, they shall report and
8 pay the taxes for the premiums for risks that they have placed with or on
9 behalf of a risk retention group not chartered in this state.

10 (3) To the extent agents or brokers are not utilized or fail to pay the
11 tax, each risk retention group shall pay the tax for risks insured within the
12 state. Each risk retention group shall report all premiums paid to it for
13 risks insured within the state.

14 (d) *Compliance with unfair claims settlement practices law.* Any risk
15 retention group, its agents and representatives, shall comply with K.S.A.
16 40-2404(9), and amendments thereto.

17 (e) *Deceptive, false or fraudulent practices.* Any risk retention group
18 shall comply with the laws of this state regarding deceptive, false or
19 fraudulent acts or practices, except that if the commissioner seeks an
20 injunction regarding such conduct, the injunction shall be obtained from a
21 court of competent jurisdiction.

22 (f) *Examination regarding financial condition.* Any risk retention
23 group shall submit to an examination in accordance with K.S.A. 40-222
24 and 40-223, and amendments thereto, by the commissioner to determine
25 its financial condition if the commissioner of the jurisdiction in which the
26 group is chartered has not initiated an examination or does not initiate an
27 examination within 60 days after a request by the commissioner of this
28 state.

29 (g) *Notice to purchasers.* Any policy issued by a risk retention group
30 shall contain in 10 point type on the front page and the declaration page,
31 the following notice:

32 NOTICE

33 This policy is issued by your risk retention group. Your risk retention
34 group may not be subject to all of the insurance laws and regulations of
35 your state. State insurance insolvency guaranty funds are not available for
36 your risk retention group.

37 (h) *Prohibited acts regarding solicitation or sale.* The following acts
38 by a risk retention group are hereby prohibited:

39 (1) The solicitation or sale of insurance by a risk retention group to
40 any person who is not eligible for membership in such group; and

41 (2) the solicitation or sale of insurance by, or operation of, a risk
42 retention group that is in a hazardous financial condition or is financially
43 impaired.

1 (i) *Prohibition on ownership by an insurance company.* No risk
 2 retention group shall be allowed to do business in this state if an insurance
 3 company is directly or indirectly a retention group all of whose members
 4 are insurance companies.

5 (j) *Prohibited coverage.* No risk retention group may offer insurance
 6 policy coverage prohibited by the laws of this state or declared unlawful
 7 by the supreme court of the state of Kansas.

8 (k) *Delinquency proceedings.* A risk retention group not chartered in
 9 this state and doing business in this state must comply with a lawful order
 10 issued in a voluntary dissolution proceeding or in a delinquency
 11 proceeding commenced by a state insurance commissioner if there has
 12 been a finding of financial impairment after an examination under
 13 subsection (f).

14 (l) *Not later than December 1 of each year, the commissioner shall*
 15 *set and publish in the Kansas register the fee required pursuant to this*
 16 *section for the next calendar year.*

17 Sec. 18. K.S.A. 40-4116 is hereby amended to read as follows: 40-
 18 4116. (a) A purchasing group which intends to do business in this state
 19 shall furnish notice to the commissioner ~~which~~ that shall:

- 20 (1) Identify the state in which the group is domiciled;
- 21 (2) specify the lines and classifications of liability insurance which
 22 the purchasing group intends to purchase;
- 23 (3) identify the insurance company from which the group intends to
 24 purchase its insurance and the domicile of such company;
- 25 (4) identify the principal place of business of the group; and
- 26 (5) provide such other information as may be required by the
 27 commissioner to verify that the purchasing group is qualified under
 28 ~~subsection (j) of K.S.A. 40-4101(j)~~, and amendments thereto.

29 The notice submitted to the commissioner shall be accompanied by a
 30 notification fee ~~of~~ not to exceed \$250.

31 (b) The purchasing group shall file with the insurance department its
 32 written consent, irrevocable, that any action or garnishment proceeding
 33 may be commenced against such group in the proper court of any county
 34 in this state in which the cause of action shall arise or in which the plaintiff
 35 may reside by the service of process on the commissioner of insurance of
 36 this state and stipulating and agreeing that such service shall be taken and
 37 held in all courts to be as valid and binding as if due service had been
 38 made upon the president or chief officer of such corporation. Such consent
 39 shall be executed by the president of the company and shall be
 40 accompanied by a certified copy of the order or resolution of the board of
 41 directors, trustees or managers authorizing the president to execute the
 42 same. The summons, accompanied by a fee ~~of~~ not to exceed \$25 shall be
 43 directed to the commissioner of insurance and shall require the defendant

1 to answer not less than 40 days from its date. Such summons, and a
2 certified copy of the petition shall be forthwith forwarded by the clerk of
3 the court to the commissioner of insurance, who shall immediately forward
4 a copy of the summons and the certified copy of the petition, to the
5 president of the group sued and thereupon the commissioner of insurance
6 shall make return of the summons to the court from which it issued,
7 showing the date of the receipt by the commissioner, the date of
8 forwarding of such copies and the name and address of the person to
9 whom the commissioner forwarded the copy. Such return shall be made
10 under the commissioner's hand and seal of office; and shall have the same
11 force and effect as a due and sufficient return made by the sheriff on
12 process directed to the sheriff. The foregoing shall not apply in the case of
13 a purchasing group ~~which~~ *that*:

14 (1) (A) Was domiciled before April 2, 1986; and

15 (B) is domiciled on and after October 27, 1986, in any state of the
16 United States;

17 (2) (A) before October 27, 1986, purchased insurance from an
18 insurance carrier licensed in any state; and

19 (B) since October 27, 1986, purchased its insurance from an
20 insurance carrier licensed in any state;

21 (3) was a purchasing group under the requirements of the product
22 liability retention act of 1981 before October 27, 1986; and

23 (4) does not purchase insurance that was not authorized for purposes
24 of an exemption under that act, as in effect before October 27, 1986.

25 *(c) Not later than December 1 of each year, the commissioner shall*
26 *set and publish in the Kansas register the fee required pursuant to this*
27 *section for the next calendar year.*

28 Sec. 19. K.S.A. 2023 Supp. 40-4209 is hereby amended to read as
29 follows: 40-4209. (a) (1) No person shall act as or hold such person out to
30 be a prepaid service plan in this state unless such person holds a certificate
31 of registration as a prepaid service plan issued by the commissioner of
32 insurance. An application for such certificate may be made to the
33 commissioner of insurance on forms prescribed by the commissioner and
34 shall include:

35 (A) The completed application form;

36 (B) a list of each individual who solicits memberships on behalf of
37 such prepaid service plan; and

38 (C) a filing fee of \$100.

39 (2) The certificate of registration may be continued for successive
40 annual periods by notifying the commissioner of such intent, paying an
41 annual continuation fee ~~of~~ *not to exceed* \$50 and advising the
42 commissioner of insurance of any additions to or deletions from the list of
43 individuals who solicit memberships on behalf of such prepaid service

1 plan since the last reporting date.

2 (b) The certificate of registration shall be issued to or continued for a
3 prepaid service plan by the commissioner of insurance unless the
4 commissioner of insurance, after due notice and hearing, determines that
5 the prepaid service plan is not competent, trustworthy, financially
6 responsible or of good personal and business reputation, or has had a
7 previous application for a certificate of registration denied for cause since
8 January 1, 1988, or within five years of the date of application, whichever
9 is later.

10 (c) *Not later than December 1 of each year, the commissioner shall*
11 *set and publish in the Kansas register the fee required pursuant to this*
12 *section for the next calendar year.*

13 Sec. 20. K.S.A. 2023 Supp. 40-4302 is hereby amended to read as
14 follows: 40-4302. (a) Any captive insurance company, when permitted by
15 its organizational documents, may apply to the commissioner for a
16 certificate of authority to do any and all insurance comprised in K.S.A. 40-
17 901 et seq., 40-1102(1)(a), (1)(c) through (1)(n), and amendments thereto,
18 and to issue life, accident and health insurance policies provided that:

19 (1) No pure captive insurance company shall insure any risks other
20 than those of its parent and affiliated companies and, upon prior approval
21 of the commissioner, any controlled unaffiliated business up to 5% of total
22 direct written premium;

23 (2) no association captive insurance company shall insure any risks
24 other than those of its association and those of the member organizations
25 of its association. No association captive insurance company shall expose
26 itself to loss on any one risk or hazard in an amount exceeding 10% of its
27 paid-up capital and surplus;

28 (3) no captive insurance company shall provide personal lines of
29 insurance, workers' compensation, employers' liability insurance coverage,
30 long-term care coverage, critical care coverage, surety, title insurance,
31 credit insurance or any component thereof, except that a technology-
32 enabled fiduciary financial institution insurance company shall be
33 permitted to provide contracts of suretyship and credit insurance in
34 accordance with K.S.A. 2023 Supp. 40-4354, and amendments thereto;

35 (4) no captive insurance company shall accept or cede reinsurance
36 except as provided in K.S.A. 40-4311, and amendments thereto;

37 (5) no captive insurance company shall provide accident and health,
38 life insurance or annuities on a direct basis;

39 (6) no captive insurance company authorized as a life insurance
40 company shall transact business other than life insurance; and

41 (7) no captive insurance company authorized to transact business
42 under article 9 or 11 of chapter 40 of the Kansas Statutes Annotated, and
43 amendments thereto, shall engage in the business of life insurance.

1 (b) No captive insurance company organized under the laws of this
2 state shall do any insurance business in this state unless:

3 (1) It first obtains from the commissioner a certificate of authority
4 authorizing it to do insurance business in this state;

5 (2) its board of directors, members, partners, managers, committee of
6 managers or other governing body holds at least one meeting each year in
7 this state;

8 (3) it maintains its principal place of business in this state; and

9 (4) it authorizes the commissioner to accept service of process on its
10 behalf in accordance with K.S.A. 40-218, and amendments thereto.

11 (c) Before receiving a certificate of authority, an applicant captive
12 insurance company shall file with the commissioner:

13 (1) A copy of the applicant captive insurance company's
14 organizational documents; and

15 (2) a plan of operation or a feasibility study describing the anticipated
16 activities and results of the applicant captive insurance company that shall
17 include:

18 (A) The company's loss prevention program of its parent and
19 insureds, as applicable;

20 (B) historical and expected loss experience of the risks to be insured
21 or reinsured by the applicant captive insurance company;

22 (C) pro forma financial statements and projections of the proposed
23 business operations of the applicant captive insurance company;

24 (D) an analysis of the adequacy of the applicant captive insurance
25 company's proposed premiums, assets and capital and surplus levels
26 relative to the risks to be insured or reinsured by the captive insurance
27 company;

28 (E) a statement of the applicant captive insurance company's net
29 retained limited liability on any contract of insurance or reinsurance it
30 intends to issue and the nature of any reinsurance it intends to cede;

31 (F) a statement certifying that the applicant captive insurance
32 company's investment policy is in compliance with this act and specifying
33 the type of investments to be made;

34 (G) a statement identifying the geographic areas in which the
35 applicant captive insurance company intends to operate;

36 (H) a statement identifying the persons or organizations that will
37 perform the applicant captive insurance company's major operational
38 functions, including management, underwriting, accounting, asset
39 investment, claims adjusting and loss control and the adequacy of the
40 expertise, experience and character of such persons or organizations; and

41 (I) whenever required by the commissioner, an appropriate opinion
42 by a qualified independent actuary regarding the adequacy of the applicant
43 captive insurance company's proposed capital, surplus and premium levels;

1 (3) a description of the coverages, deductibles, coverage limits, rates
 2 and forms, together with any additional information that the commissioner
 3 may require;

4 (4) such other items deemed relevant by the commissioner in
 5 ascertaining whether the proposed captive insurance company will be able
 6 to meet its obligations; and

7 (5) any modification or change in the items required under this
 8 subsection that shall require the prior approval of the commissioner.

9 (d) Each captive insurance company not in existence on January 1,
 10 2018, shall pay to the commissioner a nonrefundable fee ~~of~~ *not to exceed*
 11 \$10,000 for examining, investigating and processing its application for a
 12 certificate of authority. The commissioner is authorized to retain legal,
 13 financial, actuarial, analysis and examination services from outside the
 14 department, the reasonable costs of which shall be charged against the
 15 applicant. In addition, ~~it~~ *such* shall pay a renewal fee for each year
 16 thereafter ~~of~~ *not to exceed* \$10,000.

17 ~~(e) Each captive insurance company already in existence on January~~
 18 ~~1, 2018, shall pay an annual renewal fee of \$110 until January 1, 2028,~~
 19 ~~after which date the provisions of subsection (d) shall apply.~~

20 (f) If the commissioner is satisfied that the documents and statements
 21 that such captive insurance company has filed comply with the provisions
 22 of this act, the commissioner may grant a certificate of authority
 23 authorizing a:

24 (1) Captive insurance company other than a technology-enabled
 25 fiduciary financial institution to do insurance business in this state until
 26 March 1 thereafter, which certificate of authority may be renewed; and

27 (2) technology-enabled fiduciary financial institution insurance
 28 company to do insurance business in this state until the later of March 1
 29 thereafter or the maturity date of the last payment-in-kind asset held by
 30 such technology-enabled fiduciary financial institution insurance company
 31 pursuant to this act.

32 ~~(g)~~(f) Information submitted under this section shall be and remain
 33 confidential, and shall not be made public by the commissioner or any
 34 employee or agent of the commissioner without the written consent of the
 35 company, except that:

36 (1) Such information may be discoverable by a party in a civil action
 37 or contested case to which the captive insurance company that submitted
 38 such information is a party, upon a showing by the party seeking to
 39 discover such information that:

40 (A) The information sought is relevant to and necessary for the
 41 furtherance of such action or case;

42 (B) the information sought is unavailable from other non-confidential
 43 sources;

1 (C) a subpoena issued by a judicial or administrative officer or
2 competent jurisdiction has been submitted to the commissioner; and

3 (D) the privacy of a qualified policyholder shall be protected in any
4 court proceeding concerning such qualified policyholder if the technology-
5 enabled fiduciary financial institution insurance company so petitions the
6 court. Upon the filing of such petition, any information, including, but not
7 limited to, an instrument, inventory, statement or verified report produced
8 by the technology-enabled fiduciary financial institution insurance
9 company regarding a policy issued to a qualified policyholder or payment-
10 in-kind assets held by the technology-enabled fiduciary financial
11 institution insurance company to satisfy claims of such qualified
12 policyholder, all payment-in-kind policies, all petitions relevant to such
13 information and all court orders thereon, shall be sealed upon filing and
14 shall not be made a part of the public record of the proceeding, except that
15 such petition shall be available to the court, the commissioner, the
16 technology-enabled fiduciary financial institution insurance company, their
17 attorneys and to such other interested persons as the court may order upon
18 a showing of good cause;

19 (2) the commissioner may disclose such information to a public
20 officer having jurisdiction over the regulation of insurance in another state,
21 provided that:

22 (A) Such public official shall agree in writing to maintain the
23 confidentiality of such information; and

24 (B) the laws of the state in which such public official serves requires
25 such information to be and to remain confidential;

26 (3) access may also be granted to the national association of
27 insurance commissioners and its affiliates, and the international
28 association of supervisors and its affiliates. Such parties must agree in
29 writing prior to receiving the information to provide to it the same
30 confidential treatment as required by this section, unless the company
31 gives prior written consent; and

32 (4) the privacy of those who have established an affiliated fidfin trust
33 or alternative asset custody account shall be protected in any court
34 proceeding concerning such trust or custody account if the acting trustee,
35 custodian, trustor or any beneficiary so petition the court. Upon the filing
36 of such a petition, the instrument, inventory, statement filed by any trustee
37 or custodian, annual verified report of the trustee or custodian and all
38 petitions relevant to trust administration and all court orders thereon shall
39 be sealed upon filing and shall not be made a part of the public record of
40 the proceeding, except that such petition shall be available to the court, the
41 trustor, the trustee, the custodian, any beneficiary, their attorneys and to
42 such other interested persons as the court may order upon a showing of
43 good cause.

1 (g) *Not later than December 1 of each year, the commissioner shall*
2 *set and publish in the Kansas register the fees required pursuant to this*
3 *section for the next calendar year.*

4 Sec. 21. K.S.A. 40-4323 is hereby amended to read as follows: 40-
5 4323. (a) As used in this section, unless the context requires otherwise,
6 "dormant captive insurance company" means a captive insurance company
7 that has:

8 (1) Ceased transacting the business of insurance, including the
9 issuance of insurance policies; and

10 (2) no remaining liabilities associated with insurance business
11 transactions or insurance policies issued prior to the filing of its
12 application for a certificate of dormancy under this section.

13 (b) A captive insurance company domiciled in Kansas that meets the
14 criteria of subsection (a) may apply to the commissioner for a certificate of
15 dormancy. The certificate of dormancy shall be subject to renewal every
16 five years and shall be forfeited if not renewed within such time.

17 (c) A dormant captive insurance company that has been issued a
18 certificate of dormancy shall:

19 (1) Possess and thereafter maintain unimpaired, paid-in capital and
20 surplus of not less than \$25,000;

21 (2) prior to March 15 of each year, submit to the commissioner a
22 report of its financial condition, verified by oath by two of its executive
23 officers, in a form as may be prescribed by the commissioner; and

24 (3) pay a license renewal fee ~~of~~ *not to exceed* \$500.

25 (d) A dormant captive insurance company shall not be subject to or
26 liable for the payment of any tax under K.S.A. 40-4314, and amendments
27 thereto, or as provided in article 28 of chapter 40 of the Kansas Statutes
28 Annotated, and amendments thereto.

29 (e) A dormant captive insurance company shall apply to the
30 commissioner for approval to surrender its certificate of dormancy and
31 resume conducting the business of insurance prior to issuing any insurance
32 policies.

33 (f) A certificate of dormancy shall be revoked if a dormant captive
34 insurance company no longer meets the criteria of subsection (a).

35 (g) The commissioner may promulgate rules and regulations as
36 necessary to carry out the provisions of this section.

37 (h) *Not later than December 1 of each year, the commissioner shall*
38 *set and publish in the Kansas register the fee required pursuant to this*
39 *section for the next calendar year.*

40 Sec. 22. K.S.A. 40-4334 is hereby amended to read as follows: 40-
41 4334. (a) To transact business in Kansas, a special purpose insurance
42 captive shall:

43 (1) Obtain from the commissioner a certificate of authority

- 1 authorizing it to conduct reinsurance business in Kansas;
- 2 (2) hold at least one meeting of its board of directors each year within
3 Kansas;
- 4 (3) maintain its principal place of business in Kansas;
- 5 (4) authorize the commissioner to accept service of process on its
6 behalf in accordance with K.S.A. 40-218, and amendments thereto;
- 7 (5) maintain unimpaired paid-in capital and surplus of not less than
8 \$5,000,000;
- 9 (6) maintain a risk-based capital of at least 200%; and
- 10 (7) pay all applicable fees as required by this act.
- 11 (b) A special purpose insurance captive, when permitted by its
12 organizational documents, may apply to the commissioner for a certificate
13 of authority to conduct reinsurance in Kansas as authorized by this section.
- 14 (1) An authorized special purpose insurance captive may only
15 reinsure the risks of its ceding company. A special purpose insurance
16 captive may reinsure risks of more than one ceding company, provided all
17 ceding companies from which a special purpose insurance captive assumes
18 risks shall be affiliated with one another.
- 19 (2) An authorized special purpose insurance captive may cede all or a
20 portion of its assumed risks under ceded reinsurance agreements.
- 21 (3) An authorized special purpose insurance captive may take credit
22 or a reduction from liability for the reinsurance of risks or portions of risks
23 ceded to a reinsurer in accordance with K.S.A. 40-221a, and amendments
24 thereto, or as otherwise approved by the commissioner.
- 25 (c) To obtain a certificate of authority to transact business as a special
26 purpose insurance captive in Kansas, the special purpose insurance captive
27 shall:
- 28 (1) File an application, which shall include the following:
- 29 (A) Certified copies of its organizational documents;
- 30 (B) a statement under oath from any of the applicant's officers as to
31 the financial condition of the applicant as of the time the application is
32 filed;
- 33 (C) evidence of the applicant's assets as of the time of the application;
- 34 (D) complete biographical sketches for each officer and director on
35 forms created by the NAIC;
- 36 (E) a plan of operation as described in K.S.A. 40-4335, and
37 amendments thereto;
- 38 (F) an affidavit signed by the applicant that the special purpose
39 insurance captive will operate only in accordance with the provisions of
40 this section and its plan of operation;
- 41 (G) a description of the investment strategy the special purpose
42 insurance captive will follow; and
- 43 (H) a description of the source and form of the initial minimum

1 capital proposed in the plan of operation; and

2 (2) have deposited with the commissioner of insurance pursuant to
3 K.S.A. 40-229a, and amendments thereto, securities authorized by K.S.A.
4 40-2a01 et seq., and amendments thereto, in an amount equal to not less
5 than the minimum capital stock required of such company for the
6 protection of its policyholders or creditors, or both;

7 (3) demonstrate that the minimum surplus required is established and
8 held in Kansas; and

9 (4) provide copies of any filings made by the ceding company with
10 the ceding company's domiciliary insurance regulator to obtain approval
11 for the ceding company to enter into the special purpose insurance captive
12 contract and copies of any filings made by any affiliate of the special
13 purpose insurance captive to obtain regulatory approval to contribute
14 capital to the special purpose insurance captive or to acquire direct or
15 indirect ownership of the special purpose insurance captive. The special
16 purpose insurance captive shall provide copies of any letters of approval or
17 disapproval received from the insurance regulator responding to such
18 filing.

19 (d) The commissioner may require the special purpose insurance
20 captive to revise its plan of operation under K.S.A. 40-4335, and
21 amendments thereto, and meet all requirements imposed by a revised plan
22 of operation as approved by the commissioner thereunder.

23 (e) The department shall act upon a complete application within 30
24 days of its filing. Upon good cause shown, the commissioner may extend
25 the time to act on the application by 30 days.

26 (f) In the event the ceding company is not required to make filings
27 with its domiciliary insurance regulator as described in subsection (c)(4),
28 no such filing shall be required under subsection (c)(4) in Kansas,
29 provided the applicant provides the commissioner with a certification
30 signed by one of its officers attesting that no such filing is required with
31 the ceding company's domiciliary regulator.

32 (g) Once granted, a certificate of authority under this section shall
33 continue until March 1 of each year. At such time, the certificate of
34 authority may be renewed at the discretion of the commissioner.

35 (h) A special purpose insurance captive shall pay to the commissioner
36 a nonrefundable application fee ~~of~~ *not to exceed* \$10,000 for examining,
37 investigating and processing its application for certificate of authority, and
38 the commissioner is authorized to retain legal, financial, actuarial and
39 examination services from outside the department, the reasonable costs of
40 which may be additionally charged against the applicant. In addition, each
41 special purpose insurance captive shall pay a renewal fee for each year
42 thereafter ~~of~~ *not to exceed* \$10,000.

43 (i) *Not later than December 1 of each year, the commissioner shall*

1 *set and publish in the Kansas register the fee required pursuant to this*
2 *section for the next calendar year.*

3 Sec. 23. K.S.A. 40-4503 is hereby amended to read as follows: 40-
4 4503. (a) No person, firm, association or corporation shall act as a
5 reinsurance broker in this state if the reinsurance broker maintains an
6 office either directly or as a member or employee of a firm or association,
7 or as an officer, director or employee of a corporation:

8 (1) In this state, unless such reinsurance broker is a licensed producer
9 in this state; or

10 (2) in another state, unless such reinsurance broker is a licensed
11 producer in this state or another state having a law substantially similar to
12 this act or such reinsurance broker is licensed in this state as a nonresident
13 reinsurance intermediary.

14 (b) No person, firm, association or corporation shall act as a
15 reinsurance manager:

16 (1) For a reinsurer domiciled in this state, unless such reinsurance
17 manager is a licensed producer in this state;

18 (2) in this state, if the reinsurance manager maintains an office either
19 directly or as a member or employee of a firm or association, or an officer,
20 director or employee of a corporation in this state, unless such reinsurance
21 manager is a licensed producer in this state;

22 (3) in another state for a nondomestic insurer, unless such reinsurance
23 manager is a licensed producer in this state or another state having a law
24 substantially similar to this act or such person is licensed in this state as a
25 nonresident reinsurance intermediary.

26 (c) The commissioner may require a reinsurance manager subject to
27 subsection (b) to file a bond in an amount from an insurer acceptable to the
28 commissioner for the protection of each reinsurer represented.

29 (d) (1) The commissioner may issue a reinsurance intermediary
30 license to any person, firm, association or corporation who has complied
31 with the requirements of this act. Before any such license may be issued,
32 the applicant shall submit proper application therefor on a form prescribed
33 by the commissioner which shall be accompanied by an initial fee ~~of~~ *not*
34 *to exceed* \$150. Any license so issued shall remain in effect until
35 suspended, revoked, voluntarily surrendered or otherwise terminated by
36 the commissioner or licensee subject to payment of an annual continuation
37 fee ~~of~~ *not to exceed* \$100 on or before May 1 of each year. Any such
38 license issued to a firm or association will authorize all the members of
39 such firm or association and any designated employees to act as
40 reinsurance intermediaries under the license, and all such persons shall be
41 named in the application and any supplements thereto. Any such license
42 issued to a corporation shall authorize all of the officers, and any
43 designated employees and directors thereof, to act as reinsurance

1 intermediaries on behalf of such corporation, and all such persons shall be
2 named in the application and any supplements thereto.

3 (2) If the applicant for a reinsurance intermediary license is a
4 nonresident, such applicant, as a condition precedent to receiving or
5 holding a license, shall designate the commissioner as agent for service of
6 process in the manner, and with the same legal effect, as is provided for by
7 this act for designation of service of process upon insurers holding a
8 Kansas certificate of authority. Such applicant shall furnish the
9 commissioner with the name and address of a resident of this state upon
10 whom notices or orders of the commissioner or process affecting such
11 nonresident reinsurance intermediary may be served. Such licensee shall
12 promptly notify the commissioner in writing of every change in its
13 designated agent for service of process, and such change shall not become
14 effective until acknowledged by the commissioner.

15 (e) The commissioner may, after a hearing conducted in accordance
16 with the provisions of the Kansas administrative procedure act, held on not
17 less than 20 days' notice, refuse to issue a reinsurance intermediary license
18 if, in the judgment of the commissioner, the applicant, any one named on
19 the application, or any member, principal, officer or director of the
20 applicant, is not trustworthy, or any controlling person of such applicant is
21 not trustworthy to act as a reinsurance intermediary, or any of the
22 foregoing has given cause for revocation or suspension of such license, or
23 has failed to comply with any prerequisite for the issuance of such license.

24 (f) Licensed attorneys at law in this state when acting in their
25 professional capacity as such shall be exempt from this section.

26 (g) *Not later than December 1 of each year, the commissioner shall*
27 *set and publish in the Kansas register the fees required pursuant to this*
28 *section for the next calendar year.*

29 Sec. 24. K.S.A. 2023 Supp. 40-4903 is hereby amended to read as
30 follows: 40-4903. (a) Unless denied licensure pursuant to K.S.A. 40-4909,
31 and amendments thereto, any person who meets the requirements of
32 K.S.A. 40-4905, and amendments thereto, shall be issued an insurance
33 agent license. An insurance agent may receive qualifications for a license
34 in one or more of the following lines of authority:

35 (1) Life: Insurance coverage on human lives including benefits of
36 endowment and annuities; and may include benefits in the event of death
37 or dismemberment by accident and benefits for disability income.

38 (2) Accident and health or sickness: Insurance coverage for sickness,
39 bodily injury or accidental death and may include benefits for disability
40 income.

41 (3) Property: Insurance coverage for the direct or consequential loss
42 or damage to property of every kind.

43 (4) Casualty: Insurance coverage against legal liability, including that

1 for death, injury or disability or damage to real or personal property.

2 (5) Variable life and variable annuity products: Insurance coverage
3 provided under variable life insurance contracts, variable annuities or any
4 other life insurance or annuity product that reflects the investment
5 experience of a separate account.

6 (6) Personal lines: Property and casualty insurance coverage sold
7 primarily to an individual or family for noncommercial purposes.

8 (7) Credit: Limited line credit insurance.

9 (8) Crop insurance: Limited line insurance for damage to crops from
10 unfavorable weather conditions, fire, lightning, flood, hail, insect
11 infestation, disease or other yield-reducing conditions or any other peril
12 subsidized by the federal crop insurance corporation, including multi-peril
13 crop insurance.

14 (9) Title insurance: Limited line insurance that insures titles to
15 property against loss by reason of defective titles or encumbrances.

16 (10) (A) Travel insurance: Limited line insurance for personal risks
17 incidental to planned travel, including, but not limited to:

18 (i) Interruption or cancellation of trip or event;

19 (ii) loss of baggage or personal effects;

20 (iii) damages to accommodations or rental vehicles;

21 (iv) sickness, accident, disability or death occurring during travel-;

22 (v) emergency evacuation;

23 (vi) repatriation of remains; or

24 (vii) any other contractual obligations to indemnify or pay a specified
25 amount to the traveler upon determinable contingencies related to travel as
26 approved by the commissioner.

27 (B) Travel insurance does not include major medical plans that
28 provide comprehensive medical protection for travelers with trips lasting
29 six months or longer, for example, persons working overseas including
30 military personnel deployed overseas.

31 (11) Pre-need funeral insurance: Limited line insurance that allows
32 for the purchase of a life insurance or annuity contract by or on behalf of
33 the insured solely to fund a pre-need contract or arrangement with a
34 funeral home for specific services.

35 (12) Bail bond insurance: Limited line insurance that provides surety
36 for a monetary guarantee that an individual released from jail will be
37 present in court at an appointed time.

38 (13) Self-service storage unit insurance: Limited line insurance
39 relating to the rental of self-service storage units, including:

40 (A) Personal effects insurance that provides coverage to renters of
41 storage units at the same facility for the loss of, or damage to, personal
42 effects that occurs at the same facility during the rental period; and

43 (B) any other coverage that the commissioner may approve as

1 meaningful and appropriate in connection with the rental of storage units.
2 Such insurance may only be issued in accordance with K.S.A. 40-241, and
3 amendments thereto.

4 (14) Any other line of insurance permitted under the provisions of
5 chapter 40 of the Kansas Statutes Annotated, and amendments thereto, and
6 any rules and regulations promulgated thereunder.

7 (b) Unless suspended, revoked or refused renewal pursuant to K.S.A.
8 40-4909, and amendments thereto, an insurance agent license shall remain
9 in effect as long as:

10 (1) Education requirements for resident individual agents are met by
11 such insurance agent's biennial due date;

12 (2) such insurance agent submits an application for renewal on a form
13 prescribed by the commissioner; and

14 (3) such insurance agent pays a biennial renewal application fee—of
15 *not to exceed* \$4.

16 (c) Except as provided in paragraphs (1) through (4), each licensed
17 insurance agent shall biennially obtain a minimum of 18 C.E.C.s that
18 include at least three hours of instruction in insurance ethics that also may
19 include regulatory compliance.

20 (1) Each licensed insurance agent who is an individual and holds only
21 a crop qualification shall biennially obtain a minimum of two C.E.C.s in
22 courses certified as crop C.E.C.s under the property and casualty category.

23 (2) Each licensed insurance agent who is an individual and is licensed
24 only for title insurance shall biennially obtain a minimum of four C.E.C.s
25 in courses certified by the board of abstract examiners as title C.E.C.s
26 under the property and casualty category.

27 (3) Each licensed insurance agent who is an individual and holds a
28 life insurance license solely for the purpose of selling pre-need funeral
29 insurance or annuity products shall file a report on or before such agent's
30 biennial due date affirming that such agent transacted no other insurance
31 business during the period covered by the report and shall provide
32 certification from an officer of each insurance company that has appointed
33 such agent that the agent transacted no other insurance business during the
34 period covered by the report. Agents who have offered to sell or sold only
35 pre-need funeral insurance are exempt from the requirement to obtain
36 C.E.C.s.

37 (4) Each licensed insurance agent who is an individual and holds only
38 a bail bond, self-service storage unit or travel insurance qualification is
39 exempt from the requirement to obtain C.E.C.s.

40 (5) (A) A licensed insurance agent who is a member of the national
41 guard or any reserve component of the armed services of the United States
42 who serves on active duty for at least 90 consecutive days shall be exempt
43 from the requirement to obtain C.E.C.s during the time that such insurance

1 agent is on active duty.

2 (B) The commissioner shall grant an extension to any licensed
3 insurance agent described in subparagraph (A) until the biennial due date
4 that occurs in the year next succeeding the year in which such active duty
5 ceases.

6 (d) An instructor of an approved subject shall be entitled to the same
7 C.E.C. as a student completing the study.

8 (e) (1) An individual insurance agent who has been licensed for more
9 than one year, on or before such insurance agent's biennial due date, shall
10 file a report with the commissioner certifying that such insurance agent has
11 met the continuing education requirements for the previous biennium
12 ending on such insurance agent's biennial due date. Each individual
13 insurance agent shall maintain a record of all courses attended together
14 with a certificate of attendance for the remainder of the biennium in which
15 the courses were attended and the entire next succeeding biennium.

16 (2) If the required report showing proof of continuing education
17 completion is not received by the commissioner by the individual
18 insurance agent's biennial due date, such individual insurance agent's
19 qualification and each and every corresponding license shall be suspended
20 automatically for a period of 90 calendar days or until such time as the
21 producer satisfactorily demonstrates completion of the continuing
22 education requirement whichever is sooner. In addition, the commissioner
23 shall assess a penalty of \$100 for each license suspended. If such insurance
24 agent fails to furnish to the commissioner the required proof of continuing
25 education completion and the monetary penalty within 90 calendar days of
26 such insurance agent's biennial due date, such individual insurance agent's
27 qualification and each and every corresponding license shall expire on
28 such insurance agent's biennial due date. If after more than three but less
29 than 12 months from the date the license expired, the insurance agent
30 wants to reinstate such insurance agent's license, such individual shall
31 provide the required proof of continuing education completion and pay a
32 reinstatement fee in the amount of \$100 for each license suspended. If
33 after more than 12 months from the date an insurance agent's license has
34 expired, such insurance agent wants to reinstate such insurance agent's
35 license, such individual shall apply for an insurance agent's license,
36 provide the required proof of continuing education completion and pay a
37 reinstatement fee in the amount of \$100 for each license suspended. Upon
38 receipt of a written application from such insurance agent claiming
39 extreme hardship, the commissioner may waive any penalty imposed
40 under this subsection.

41 (3) On and after the effective date of this act, any applicant for an
42 individual insurance agent's license who previously held a license that
43 expires on or after June 30, 2001, because of failure to meet continuing

1 education requirements and who seeks to be relicensed shall provide
2 evidence that appropriate C.E.C.s have been completed for the prior
3 biennium.

4 (4) Upon receipt of a written application from an individual insurance
5 agent, the commissioner, in cases involving medical hardship or military
6 service, may extend the time within which to fulfill the minimum
7 continuing educational requirements for a period of not to exceed 180
8 days.

9 (5) This section shall not apply to any inactive insurance agent during
10 the period of such inactivity. For the purposes of this paragraph, "inactive
11 period" or "period of inactivity" means a continuous period of time of not
12 more than four years starting from the date inactive status is granted by the
13 commissioner. Before returning to active status, such inactive insurance
14 agent shall:

15 (A) File a report with the commissioner certifying that such agent has
16 met the continuing education requirement; and

17 (B) pay the renewal fee. If the required proof of continuing education
18 completion and the renewal fee is not furnished at the end of the inactive
19 period, such individual insurance agent's qualification and each and every
20 corresponding license shall expire at the end of the period of inactivity. For
21 issuance of a new license, the individual shall apply for a license and pass
22 the required examination.

23 (6) Any individual who allows such individual's insurance agent
24 license in this state and all other states in which such individual is licensed
25 as an insurance agent to expire for a period of four or more consecutive
26 years, shall apply for a new insurance agent license and pass the required
27 examination.

28 (f) (1) Each course, program of study, or subject shall be submitted to
29 and certified by the commissioner in order to qualify for purposes of
30 continuing education.

31 (2) Each request for certification of any course, program of study or
32 subject shall contain the following information:

33 (A) The name of the provider or provider organization;

34 (B) the title of such course, program of study or subject;

35 (C) the date the course, program of study or subject will be offered;

36 (D) the location where the course, program of study or subject will be
37 offered;

38 (E) an outline of each course, program of study or subject including a
39 schedule of times when such material will be presented;

40 (F) the names and qualifications of instructors;

41 (G) the number of C.E.C.s requested;

42 (H) a nonrefundable C.E.C. qualification fee ~~in the amount of an~~
43 *amount not to exceed \$50 per course, program of study or subject or an*

1 *amount not to exceed* \$250 per year for all courses, programs of study or
2 subjects submitted by a specific provider or provider organization; and

3 (1) a nonrefundable annual provider fee ~~of~~ *not to exceed* \$100.

4 (3) Upon receipt of such information, the commissioner shall grant or
5 deny certification of any submitted course, program of study or subject as
6 an approved subject, program of study or course and indicate the number
7 of C.E.C.s that will be recognized for each approved course, program of
8 study or subject. Each approved course, program of study or subject shall
9 be assigned by the commissioner to one or both of the following classes:

10 (A) Property and casualty; or

11 (B) life insurance, including annuity and variable contracts, and
12 accident and health insurance.

13 (4) Each course, program of study or subject shall have a value of at
14 least one C.E.C.

15 (5) (A) Each provider seeking approval of a course, program of study
16 or subject for continuing education credit shall issue or cause to be issued
17 to each person who attends a course, program of study or subject offered
18 by such provider a certificate of attendance. The certificate shall be signed
19 by either the instructor who presents the course, program of study or
20 course or such provider's authorized representative. Each provider shall
21 maintain a list of all individuals who attend courses offered by such
22 provider for continuing education credit for the remainder of the biennium
23 in which the courses are offered and the entire next succeeding biennium.

24 (B) The commissioner shall accept, without substantive review, any
25 course, program of study or subject submitted by a provider that has been
26 approved by the insurance supervisory authority of any other state or
27 territory accredited by the NAIC. The commissioner may disapprove any
28 individual instructor or provider who has been the subject of disciplinary
29 proceedings or who has otherwise failed to comply with any other state's
30 or territory's laws or regulations.

31 (6) The commissioner may grant or approve any specific course,
32 program of study or course that has appropriate merit, such as any course,
33 programs of study or course with broad national or regional recognition,
34 without receiving any request for certification. The fee prescribed by
35 subsection (f)(2) shall not apply to any approval granted pursuant to this
36 provision.

37 (7) The C.E.C. value assigned to any course, program of study or
38 subject, other than a correspondence course, computer based training,
39 interactive internet study training or other course pursued by independent
40 study, shall in no way be contingent upon passage or satisfactory
41 completion of any examination given in connection with such course,
42 program of study or subject. The commissioner shall establish, by rules
43 and regulations criteria for determining acceptability of any method used

1 for verification of the completion of each stage of any computer based or
2 interactive internet study training. Completion of any computer based
3 training or interactive internet study training shall be verified in
4 accordance with a method approved by the commissioner.

5 (g) Upon request, the commissioner shall provide a list of all
6 approved continuing education courses currently available to the public.

7 (h) An individual insurance agent who independently studies an
8 insurance course, program of study or subject that is not an agent's
9 examination approved by the commissioner shall receive credit for the
10 C.E.C.s assigned by the commissioner as recognition for the approved
11 subject. No other credit shall be given for independent study.

12 (i) Any licensed individual insurance agent who is unable to comply
13 with license renewal procedures due to military service or some other
14 extenuating circumstances may request a waiver of those procedures from
15 the commissioner. Such agent may also request from the commissioner a
16 waiver of any examination requirement or any other fine or sanction
17 imposed for failure to comply with renewal procedures.

18 (j) *Not later than December 1 of each year, the commissioner shall*
19 *set and publish in the Kansas register the fees pursuant to this section for*
20 *the next calendar year.*

21 Sec. 25. K.S.A. 40-5003 is hereby amended to read as follows: 40-
22 5003. (a) No person shall operate as a viatical settlement provider or
23 viatical settlement broker without first obtaining a license from the
24 commissioner or the insurance regulatory official of the state of residence
25 of the viator. If there is more than one viator on a single policy and the
26 viators are residents of different states, the viatical settlement shall be
27 governed by the law of the state in which the viator having the largest
28 percentage ownership resides or, if the viators hold equal ownership, the
29 state of residence of one viator agreed upon in writing by all viators.

30 (b) Application for a viatical settlement provider license shall be
31 made to the commissioner by the applicant on a form prescribed by the
32 commissioner, and these applications shall be accompanied by a
33 nonrefundable fee ~~of~~ *not to exceed* \$1,000.

34 (c) Licenses for viatical settlement providers may be renewed from
35 year to year on the anniversary date upon payment of the annual renewal
36 fee ~~of~~ *not to exceed* \$500. Failure to pay the fees by the renewal date
37 results in expiration of the license.

38 (d) Application for a viatical settlement broker license shall be made
39 to the commissioner by the applicant on a form prescribed by the
40 commissioner. Each application shall be accompanied by a nonrefundable
41 application fee ~~of~~ *not to exceed* \$100.

42 (e) Licenses for a viatical settlement broker license may be renewed
43 from year to year on the anniversary date upon payment of the annual

1 renewal fee ~~of not to exceed~~ \$50. Failure to pay the fees by the renewal
2 date results in expiration of such license.

3 (f) The applicant shall provide information on forms required by the
4 commissioner. The commissioner shall have authority, at any time, to
5 require the applicant to fully disclose the identity of all stockholders,
6 partners, officers, members and employees, and the commissioner, in the
7 exercise of the commissioner's discretion, may refuse to issue a license in
8 the name of a legal entity if not satisfied that any officer, employee,
9 stockholder, partner or member thereof who may materially influence the
10 applicant's conduct meets the standards of this act.

11 (g) A license issued to a legal entity authorizes all partners, officers,
12 members and designated employees to act as viatical settlement providers
13 or viatical settlement brokers, as applicable, under the license, and all
14 those persons shall be named in the application and any supplements to the
15 application.

16 (h) Upon the filing of an application and the payment of the license
17 fee, the commissioner shall make an investigation of each applicant and
18 issue a license if the commissioner finds that the applicant:

19 (1) If a viatical settlement provider, has provided a detailed plan of
20 operation;

21 (2) is competent and trustworthy and intends to act in good faith in
22 the capacity involved by the license applied for;

23 (3) has a good business reputation and has had experience, training or
24 education so as to be qualified in the business for which the license is
25 applied for;

26 (4) if a legal entity, provides a certificate of good standing from the
27 state of its domicile; and

28 (5) if a viatical settlement provider or viatical settlement broker, has
29 provided an anti-fraud plan that meets the requirements of ~~paragraph (g) of~~
30 K.S.A. 40-5012(g), and amendments thereto.

31 (i) The commissioner shall not issue a license to a nonresident
32 applicant, unless a written designation of an agent for service of process is
33 filed and maintained with the commissioner or the applicant has filed with
34 the commissioner, the applicant's written irrevocable consent that any
35 action against the applicant may be commenced against the applicant by
36 service of process on the commissioner.

37 (j) A viatical settlement provider or viatical settlement broker shall
38 provide to the commissioner new or revised information about officers,
39 10% or more stockholders, partners, directors, members or designated
40 employees within 30 days of the change.

41 (k) *Not later than December 1 of each year, the commissioner shall*
42 *set and publish in the Kansas register the fees required by this section for*
43 *the next calendar year.*

1 Sec. 26. K.S.A. 40-5509 is hereby amended to read as follows: 40-
 2 5509. (a) An individual who has met the requirements for licensure under
 3 this act shall be issued a public adjuster license. A public adjuster license
 4 shall remain in effect, unless revoked, terminated or suspended, as long as
 5 the request for renewal is timely submitted and a license renewal fee—of
 6 *not to exceed* \$100 is paid and any other requirements for license renewal
 7 are met by the due date. The licensee shall inform the commissioner by
 8 any means acceptable to the commissioner of a change of address, change
 9 of legal name or change of information submitted on the application within
 10 30 days of the change.

11 (b) A public adjuster shall be subject to the provisions of subsection
 12 ~~(9)~~ of K.S.A. 40-2404(9), and amendments thereto.

13 (c) A public adjuster who allows such person's license to lapse may,
 14 within 12 months from the due date of the renewal, be issued a new public
 15 adjuster license upon the commissioner's receipt of proof that the licensee
 16 has satisfactorily completed the renewal process and the licensee's
 17 payment of a reinstatement fee of \$100. The new public adjuster license
 18 shall be effective the date the commissioner receives such proof and the
 19 reinstatement fee.

20 (d) A licensed public adjuster that is unable to comply with license
 21 renewal procedures due to military service, a long-term medical disability
 22 or some other extenuating circumstance, may request an extension of time
 23 to comply with those procedures.

24 (e) The public adjuster license shall contain the licensee's name, city
 25 and state of business address, personal identification number, the date of
 26 issuance, the expiration date and any other information the commissioner
 27 deems necessary.

28 (f) In order to assist in the performance of the commissioner's duties,
 29 the commissioner may contract with non-governmental entities, including
 30 the NAIC, to perform any ministerial functions, including the collection of
 31 fees and data related to licensing that the commissioner may deem
 32 appropriate.

33 (g) *Not later than December 1 of each year, the commissioner shall*
 34 *set and publish in the Kansas register the fee required by this section for*
 35 *the next calendar year.*

36 Sec. 27. K.S.A. 40-205a, 40-218, 40-252, 40-2,133, 40-504, 40-956,
 37 40-22a04, 40-2604, 40-2702, 40-3213, 40-3217, 40-3304, 40-3812, 40-
 38 3813, 40-4103, 40-4116, 40-4323, 40-4334, 40-4503, 40-5003 and 40-
 39 5509 and K.S.A. 2023 Supp. 40-3823, 40-3824, 40-4209, 40-4302 and 40-
 40 4903 are hereby repealed.

41 Sec. 28. This act shall take effect and be in force from and after its
 42 publication in the statute book.