Session of 2025

HOUSE BILL No. 2048

By Committee on Insurance

Requested by Eric Turek, Kansas Insurance Department

1-21

AN ACT concerning insurance; relating to the powers, duties and responsibilities of the commissioner; eliminating the requirement that the commissioner submit certain reports to the governor; removing certain specific entities from the definition of person for the purpose of enforcing insurance law; amending K.S.A. 40-108 and 40-2253 and K.S.A. 2024 Supp. 40-2,125 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 40-108 is hereby amended to read as follows: 40-108. ~~The commissioner of insurance shall make an annual report to the governor of the general conduct and condition of the insurance companies, including fraternal benefit societies, doing business in this state.~~ The commissioner of insurance shall keep and preserve in a permanent form a full record of the commissioner's proceedings, including a concise statement of the condition of each company reported, visited or examined by the commissioner.

Sec. 2. K.S.A. 2024 Supp. 40-2,125 is hereby amended to read as follows: 40-2,125. (a) If the commissioner determines after notice and opportunity for a hearing that any person has engaged or is engaging in any act or practice constituting a violation of any provision of Kansas insurance statutes or any rule and regulation or order thereunder, the commissioner may, in the exercise of discretion, order any one or more of the following:

(1) Payment of a monetary penalty of not more than $1,000 for each and every act or violation, unless the person knew or reasonably should have known *that* such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder, in which case the penalty shall be not more than $2,000 for each and every act or violation;

(2) suspension or revocation of the person's license or certificate if such person knew or reasonably should have known that such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder; or

(3) that such person cease and desist from the unlawful act or practice and take such affirmative action ~~as~~ *that,* in the judgment of the commissioner, will carry out the purposes of the violated or potentially

violated provision.

(b) If any person fails to file any report or other information with the commissioner as required by statute or fails to respond to any proper inquiry of the commissioner, the commissioner, after notice and opportunity for hearing, may impose a civil penalty of up to $1,000, for each violation or act, along with an additional penalty of up to $500 for each week thereafter that such report or other information is not provided to the commissioner.

(c) If the commissioner makes written findings of fact that there is a situation involving an immediate danger to the public health, safety or welfare or the public interest will be irreparably harmed by delay in issuing an order under subsection (a)(3), the commissioner may issue an emergency temporary cease and desist order. Such order, even when not an order within the meaning of K.S.A. 77-502, and amendments thereto, shall be subject to the same procedures as an emergency order issued under K.S.A. 77-536, and amendments thereto. Upon the entry of such an order, the commissioner shall promptly notify the person subject to the order that: (1) ~~It~~ *Such order* has been entered; (2) the reasons therefor; and (3) that upon written request within 15 days after service of the order*,* the matter will be set for a hearing*,* which shall be conducted in accordance with the provisions of the Kansas administrative procedure act. If no hearing is requested and none is ordered by the commissioner, the order will remain in effect until it is modified or vacated by the commissioner. If a hearing is requested or ordered, the commissioner, after notice of and opportunity for hearing to the person subject to the order, shall*,* by written findings of fact and conclusions of law vacate, modify or make permanent the order.

(d) For purposes of this section:

(1) "Person" means any individual, corporation, association, partnership, reciprocal exchange, inter-insurer, Lloyd's insurer, fraternal benefit society ~~and any other legal entity engaged in the business of insurance, rating organization, third party administrator, nonprofit dental service corporation, nonprofit medical and hospital service corporation, automobile club, premium financing company, health maintenance organization, insurance holding company, mortgage guaranty insurance company, risk retention or purchasing group, prepaid legal and dental service plan, captive insurance company, automobile self-insurer or reinsurance intermediary~~ and any other legal entity under the jurisdiction of the commissioner. The term "person" does not include insurance agents and brokers as such terms are defined in K.S.A. 40-4902, and amendments thereto.

(2) "Commissioner" means the commissioner of insurance of this state.

Sec. 3. K.S.A. 40-2253 is hereby amended to read as follows: 40-2253. (a) The commissioner of insurance shall devise universal forms to be utilized by every insurance company, including health maintenance organizations where applicable, offering any type of accident and sickness policy covering individuals residing in this state for the purpose of receiving every claim under such policy by persons covered thereunder. In the preparation of such forms, the commissioner may confer with representatives of insurance companies, health maintenance organizations, trade associations and other interested parties. Upon completion and final adoption of such forms by the commissioner, the commissioner shall notify those companies affected by sending them a copy of such forms and an explanation of the requirements of this section. Every such company shall implement utilization of such forms not later than six months following the date of the commissioner's notification.

(b) An accident and sickness insurer may not refuse to accept a claim submitted on duly promulgated uniform claim forms. An insurer may accept claims submitted on any other form.

(c) An accident and sickness insurer does not violate subsection (a) by using a document that the accident and sickness insurer has been required to use by the federal government or the state.

~~(d) The commissioner of insurance shall report to the governor and to the legislature, no later than the commencement of the 1993 regular session of the Kansas legislature, regarding the development of uniform electronic data interchange formats and standards, along with a proposed plan, including an analysis of the cost impact thereof.~~

Sec. 4. K.S.A. 40-108 and 40-2253 and K.S.A. 2024 Supp. 40-2,125 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.