SENATE BILL No. 442

AN ACT concerning insurance; pertaining to allowing certain lienholders and mortgagees to be shown on the application for insurance; eliminating requirements for multiple sureties; pertaining to continuation of certain group policies; amending K.S.A. 19-621, 32-950, 40-955, 40-3209, 41-805, 58-2802, 68-1402, 75-110 and 78-102 and repealing the existing sections.

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

Section 1. K.S.A. 40-955 is hereby amended to read as follows: 40-955. (a) Every insurer shall file with the commissioner, except as to inland marine risks where general custom of the industry is not to use manual rates or rating plans, every manual of classifications, rules and rates, every rating plan, policy form and every modification of any of the foregoing which it proposes to use. Every such filing shall indicate the proposed effective date and the character and extent of the coverage contemplated and shall be accompanied by the information upon which the insurer supports the filings. A filing and any supporting information shall be open to public inspection after it is filed with the commissioner. An insurer may satisfy its obligations to make such filings by authorizing the commissioner to accept on its behalf the filings made by a licensed rating organization or another insurer. Nothing contained in this act shall be construed to require any insurer to become a member or subscriber of any rating organization.

(b) Any rate filing for the basic coverage required by K.S.A. 40-3401 et seq. and amendments thereto, loss costs filings for workers compensation, and rates for assigned risk plans established by article 21 of chapter 40 of the Kansas Statutes Annotated or rules and regulations established by the commissioner shall require approval by the commissioner before its use by the insurer in this state. Policy forms shall require approval by the commissioner before use by insurers in this state, consistent with the requirements of K.S.A. 40-216 and amendments thereto. As soon as reasonably possible after such filing has been made, the commissioner shall in writing approve or disapprove the same, except that any filing shall be deemed approved unless disapproved within 30 days of receipt of the filing.

(c) Any other rate filing, except personal lines filings, shall become effective on filing or any prospective date selected by the insurer, subject to the commissioner disapproving the same if the rates are determined to be inadequate, excessive, unfairly discriminatory or otherwise fails to meet the requirements of this act. Personal lines rate filings shall be on file for a waiting period of 30 days before becoming effective, subject to the commissioner disapproving the same if the rates are determined to be inadequate, excessive, unfairly discriminatory or otherwise fail to meet requirements of this act. The term "personal lines" shall mean insurance for noncommercial automobile, homeowners, dwelling fire-and-renters insurance policies, as defined by the commissioner by rules and regulations. A filing complies with this act unless it is disapproved by the commissioner within the waiting period or pursuant to subsection (e).

(d) In reviewing any rate filing the commissioner may require the insurer or rating organization to provide, at the insurer's or rating organization's expense, all information necessary to evaluate the reasonableness of the filing, to include payment of the cost of an actuary selected by the commissioner to review any rate filing, if the department of insurance does not have a staff actuary in its employ.

(e) If a filing is not accompanied by the information required by this act, the commissioner shall promptly inform the company or organization making the filing. The filing shall be deemed to be complete when the required information is received by the commissioner or the company or organization certifies to the commissioner the information requested is not maintained by the company or organization and cannot be obtained. If the commissioner finds a filing does not meet the requirements of this act, the commissioner shall send to the insurer or rating organization that made the filing, written notice of disapproval of the filing, specifying in what respects the filing fails to comply and stating the filing shall not become effective. If at any time after a filing becomes effective, the commissioner finds a filing does not comply with this act, the commissioner shall after a hearing held on not less than 10 days' written notice to every insurer and rating organization that made the filing issue an order specifying in what respects the filing failed to comply with the act, and stating when, within a reasonable period thereafter, the filing shall be no longer

effective. Copies of the order shall be sent to such insurer or rating organization. The order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in the order.

In the event an insurer or organization has no legally effective rate because of an order disapproving rates, the commissioner shall specify an interim rate at the time the order is issued. The interim rate may be modified by the commissioner on the commissioner's own motion or upon motion of an insurer or organization. The interim rate or any modification thereof shall take effect prospectively in contracts of insurance written or renewed 15 days after the commissioner's decision setting interim rates. When the rates are finally determined, the commissioner shall order any overcharge in the interim rates to be distributed appropriately, except refunds to policyholders the commissioner determines are de minimis may not be required.

Any person or organization aggrieved with respect to any filing that is in effect may make written application to the commissioner for a hearing thereon, provided the insurer or rating organization that made the filing may not proceed under this subsection. The application shall specify the grounds to be relied on by the applicant. If the commissioner finds the application is made in good faith, that the applicant would be so aggrieved if the applicant's grounds are established, and that such grounds otherwise justify holding such a hearing, the commissioner shall, within 30 days after receipt of the application, hold a hearing on not less than 10 days' written notice to the applicant and every insurer and rating organization that made such filing.

Every rating organization receiving a notice of hearing or copy of an order under this section, shall promptly notify all its members or subscribers affected by the hearing or order. Notice to a rating organization of a hearing or order shall be deemed notice to its members or subscribers.

(f) No insurer shall make or issue a contract or policy except in accordance with filings which have been filed or approved for such insurer as provided in this act.

(1) On an application for personal motor vehicle insurance where the applicant has applied for collision or comprehensive coverage, the applicant shall be allowed to identify a lienholder listed on the certificate of title for the motor vehicle described in the application.

(2) On an application for property insurance on real property, the applicant shall be allowed to identify a mortgagee listed on a mortgage for the real property described in the application.

(g) The commissioner may adopt rules and regulations to allow suspension or modification of the requirement of filing and approval of rates as to any kind of insurance, subdivision or combination thereof, or as to classes of risks, the rates for which cannot practicably be filed before they are used.

(h) Except for workers compensation and employer's liability line, the following categories of commercial lines risks are considered special risks which are exempt from the filing requirements in this section: (1) Risks that are written on an excess or umbrella basis; (2) commercial risks, or portions thereof, that are not rated according to manuals, rating plans, or schedules including "a" rates; (3) large risks; and (4) special risks designated by the commissioner, including but not limited to risks insured under highly protected risks rating plans, commercial aviation, credit insurance, boiler and machinery, inland marine, fidelity, surety and guarantee bond insurance risks.

(i) For the purposes of this subsection, "large risk" means: (1) An insured that has total insured property values of $5,000,000 or more; (2) an insured that has total annual gross revenues of $10,000,000 or more; or (3) an insured that has in the preceding calendar year a total paid premium of $50,000 or more for property insurance, $50,000 or more for general liability insurance, or $100,000 or more for multiple lines policies.

(j) The exemption for any large risk contained in subsection (h) shall not apply to workers compensation and employer's liability insurance, insurance purchasing groups, and the basic coverage required by K.S.A. 40-3401 *et seq.* and amendments thereto.

(k) Underwriting files, premium, loss and expense statistics, financial and other records pertaining to special risks written by any insurer shall

be maintained by the insurer and shall be subject to examination by the commissioner.

Sec. 2. K.S.A. 19-621 is hereby amended to read as follows: 19-621. Within ~~ten (10)~~ *10* days after receiving a certificate of the order ~~appointing him or her~~ *of appointment* to the office specified in K.S.A. 19-620, *and amendments thereto,* it shall be the duty of such ~~person~~ *appointee* to file with the district clerk of ~~his or her~~ *such appointee's* county a bond, with ~~at least two sufficient sureties~~ *a sufficient surety*, in the sum of ~~twenty thousand dollars ($20,000)~~ *$20,000*, to the proper county, conditioned that ~~he or she~~ *such appointee* will faithfully perform the duties of ~~his or her office~~ *the office of county auditor*, which bond and sureties thereon shall be approved by the district court of the proper county, which approval shall be made part of the records of ~~said~~ *such* court. A bond conditioned as hereinbefore recited, and executed by a bonding company authorized to do business under the laws of this state, shall upon approval of the district judge be construed to be and constitute sufficient surety, and the premium on ~~said~~ *such* bond shall be paid by the county.

Sec. 3. K.S.A. 32-950 is hereby amended to read as follows: 32-950. Any action of the secretary pursuant to K.S.A. 32-949*, and amendments thereto,* is subject to review in accordance with the act for judicial review and civil enforcement of agency actions upon the petitioner's filing, with the clerk of the reviewing court, a bond with ~~two or more sufficient sureties~~ *a sufficient surety*, conditioned on the payment of all costs of the review if the decision of the secretary is sustained.

Sec. 4. K.S.A. 41-805 is hereby amended to read as follows: 41-805. (1) Any room, house, building, boat, vehicle, airplane, structure or place of any kind where alcoholic liquors are sold, manufactured, bartered or given away, in violation of this act, or any building, structure or boat where persons are permitted to resort for the purpose of drinking alcoholic liquors, in violation of this act, or any place where such liquors are kept for sale, barter or gift, in violation of this act, and all such liquors, and all property kept in and used in maintaining such a place, are each and all of them hereby declared to be a common nuisance. Any person who maintains or assists in maintaining such common nuisance is guilty of a misdemeanor punishable by imprisonment for not more than one year or by a fine not exceeding $25,000, or by both. If the court finds that the owner of real property knew or should have known under the circumstances of the maintenance of a common nuisance on such property, contrary to the liquor laws of this state, and did not make a bona fide attempt to abate such nuisance under the circumstances, such property shall be subject to a lien for, and may be sold to pay all fines and costs assessed against the occupant of such building or premises for any violation of this act; and such lien shall be immediately enforced by civil action, in any court having jurisdiction, by the county or district attorney of the county wherein such building or premises may be located, or by the attorney for the director, when ordered by the director. For purposes of this section, evidence of a bona fide attempt to abate such nuisance by the owner of the property shall include, but not be limited to, the filing of a written report, by such owner or at such owner's direction, to the local law enforcement agency that the property is suspected by the owner of the property of being used in maintaining a common nuisance as set forth in K.S.A. 22-3901, and amendments thereto, contrary to the liquor laws of this state. If a tenant of any building or premises uses the building or premises, or any part thereof, in maintaining a common nuisance as hereinbefore defined, or knowingly permits such use by another, such use shall render void the lease under which the tenant holds, and shall cause the right of possession to revert to the owner or lessor, who may make immediate entry upon the premises, or may invoke the remedy provided for the forcible detention thereof.

(2) Upon the filing of a complaint or information charging that a vehicle or airplane is a common nuisance as above declared, a warrant shall be issued authorizing and directing the officer to whom it is directed to arrest the person or persons described in the complaint or information or the person or persons using the vehicle or airplane in violation of this act and to seize and take into the officer's custody all such vehicles and airplanes so used which the officer finds, and safely keep them subject to the order of the court. In the complaint or information it shall not be

necessary to accurately describe the vehicle or airplane so used, but only such description shall be necessary as will enable the officer executing the warrant to identify it properly.

Whenever any vehicles or airplanes shall be seized under any such warrant, whether an arrest has been made or not, a notice shall issue within 48 hours after the return of the warrant in the same manner as a summons, directed to the defendant in such action and to all persons claiming any interest in such vehicles or airplanes, fixing a time, to be not less than 60 days, and place at which all persons claiming any interest therein may appear and answer the complaint made against such vehicles or airplanes and show cause why they should not be adjudged forfeited and sold as hereinafter provided. Such notice shall be served upon the defendant in the action in the same manner as a summons if the defendant be found within the jurisdiction of the court, and a copy thereof shall also be posted in one or more public places in the county in which the cause is pending. If at the time for filing answer the notice has not been duly served or sufficient cause appear, the time for answering shall be extended by the court and such other notice issued as will supply any defect in the previous notice and give reasonable time and opportunity for all persons interested to appear and answer. At or before the time fixed by notice, any person claiming an interest in the vehicles or airplanes seized, may file an answer in writing, setting up a claim thereto, and shall thereupon be admitted as a party defendant to the proceedings against such vehicles or airplanes. The complaint or information and answer or answers that may be filed shall be the only pleadings required. At the time fixed for answer, or at any other time to be fixed by the court, a trial shall be held in a summary manner before the court on the allegation of the complaint or information against the property seized. Whether any answer shall be filed or not, it shall be the duty of the county or district attorney to appear and adduce evidence in support of such allegation.

(3) If the court finds that such vehicles or airplanes were at the time a common nuisance, as defined in this section, the court shall adjudge forfeited so much thereof as the court finds to be a common nuisance, and shall order the officer in whose custody they are to sell them publicly. The officer shall cause notice to be given by publication for at least one week in the official county paper of the time and place of the sale of the property and shall file in the court a return showing the sale of the property and the amount received therefor and shall pay the same into court to await the order of the court. The court, if it approves such sale, shall declare forfeited the proceeds of the sale and, after paying out of the proceeds of the sale the costs of the action, including costs of sale and the keeping and maintenance of the property, shall out of the balance of the money received from the property at the sale, pay all liens, according to their priorities, which are established by intervention or otherwise at the hearing or another proceeding brought for that purpose as being bona fide and for value and as having been created without the lienor having any notice that the vehicle or airplane was being used in so violating the provisions of this act and without the lienor having any notice at any time subsequent to the creation of the lien and prior to the seizure in time to have protected the lien that the vehicle was so being used. The balance remaining shall be paid to the state treasurer pursuant to K.S.A. 20-2801, and amendments thereto, except that, if upon proper proof, a lien as herein provided is established in excess of the value of the vehicle as found by the court, the court may order, without sale, the surrender of such vehicle to such lienor upon the payment of all costs as is herein provided.

(4) Either the state or any defendant or other person claiming the vehicle or airplane seized, or an interest therein, may appeal from the judgment of the court in any such proceedings against the property seized in the manner provided for taking appeals in criminal cases. Any claimant of such property who appeals, in order to stay proceedings, must enter into an undertaking with ~~two or more sureties~~ *a sufficient surety* to the state of Kansas, to be approved by the judge of the district court, in the sum of not less than $100 nor less than double the amount of the value of the property as fixed by the court and the costs adjudged against the property, conditioned that the claimant will prosecute the appeal without unnecessary delay, and if judgment is entered against the claimant on appeal, the claimant will satisfy the judgment and costs, and no bond shall

be required for an appeal by the state, and such appeal shall stay the execution of the judgment.

Sec. 5. K.S.A. 58-2802 is hereby amended to read as follows: 58-2802. (a) No license shall be issued to any applicant until the applicant files with the board a bond and a policy of insurance as provided in this section. The bond shall be in an amount established by the board of not less than $25,000. Such insurance shall be a policy of errors and omissions in an amount not less than $25,000, with a deductible permitted of not to exceed 10% of the amount of the insurance coverage, as determined by the abstracters' board of examiners, and shall be issued by a company authorized to transact business in the state of Kansas.

(b) If the $25,000 liability insurance is unavailable to any applicant, the abstracters' board of examiners may issue a license to the applicant upon (1) the applicant furnishing a bond in the amount of the total of both the insurance coverage required under subsection (a) and the amount of the bond required from the applicant by the board of examiners under subsection (a). Such bond may be furnished in lieu of filing both the insurance policy and the bond required under subsection (a). The applicant shall file a copy of such bond, certified by the chairperson of the board as true and correct, with the county clerk of the county for which the bond was given. The bond shall be executed by a surety company authorized to transact business in this state; or (2) the applicant furnishing a bond signed by ~~three or more good and sufficient sureties~~ *a sufficient surety* to be approved by the board of examiners. The bond shall be in the penal sum of not less than $5,000 conditioned for payment by the applicant of any and all actual damages that may be sustained or may accrue to any person, firm, corporation or body politic by reason of or on account of any error, deficiency or mistake in any abstract or continuation thereof made and issued by the applicant. A cause of action for such damages shall not be deemed to have accrued until the error, deficiency or mistake giving rise to the cause of action first causes substantial injury or, if the fact of injury is not reasonably ascertainable until some time after the initial error, deficiency or mistake, the period of limitation shall not commence until the fact of injury becomes reasonably ascertainable to the injured party. In no event shall the period of limitation be extended more than 15 years beyond the time of the act giving rise to the cause of action.

(c) In cases where there is filed of record a right-of-way or other easement grant over or under lands for public utility or private or common carrier purposes if the title of the instrument or proceeding in condemnation granting or creating right-of-way or easement, together with a description of the character thereof, the names of the parties thereto, and index and date of recording, is shown on the abstract, it shall not be necessary to show on the abstract (1) any subsequent mortgages, deeds of trust or other encumbrances of the right-of-way or easement rights or of fixtures located thereon owned by the holder of the right-of-way or easement, or (2) any subsequent releases of such mortgages, deeds of trust or encumbrances, or (3) any documents showing the corporate character of such owner or of any mortgagee or trustee of such right-of-way or easement. It shall not be necessary to show on the abstract any privileged or confidential document or proceeding which is not open for inspection on file or of record in the district court and a failure to show such matters shall not be deemed incompleteness, imperfection or error on the part of those compiling the abstract. No abstracter shall be held liable for not showing such matters and, if the abstracter does show them, the abstracter shall not be permitted to charge compensation therefor unless express request to show any or all of such matters is made in writing to the abstracter.

(d) Any licensee doing business in more than one county shall furnish an additional bond for each county where the licensee does business to be executed, approved and filed as required by the board. Any license issued under the provisions of this act shall be in a form approved by the board except that such form shall recite that such bond has been filed and approved. No licensee, unless duly licensed to practice law, shall for hire examine and furnish an opinion on an abstract of title nor draw wills or other legal instruments not in connection with the licensee's own business, and for violation thereof, the license shall be revoked.

Sec. 6. K.S.A. 68-1402 is hereby amended to read as follows: 68-1402. The reconstruction, improvement, removal and relocation of bridges or approaches thereto provided for in this act shall be by written contract separately made and awarded as to each bridge, to the lowest responsible bidder, upon sealed proposals, based upon plans and specifications therefor on file in the office of the county clerk of the county. The county surveyor of the county, when so directed to do by the board of county commissioners, shall make all necessary surveys and investigations and prepare plans and specifications for the reconstruction, improvement, removal or relocation of any bridge or the approaches thereto, and grade separation structures connected therewith, together with an estimate under oath of the cost thereof, and file such plans, specifications and estimate in the office of the county clerk of the county. No contract shall be awarded for any such improvement at a price in excess of said estimated cost.

The board of county commissioners shall have power, if they deem it necessary, to employ engineers to assist the county surveyor in preparing plans and specifications or superintending the construction of such improvements, and to pay such engineers out of the proceeds of bonds issued on account of the cost thereof. After considering and approving plans and specifications, prepared and filed as aforesaid, the board of county commissioners shall advertise for three consecutive weeks in the official county paper for sealed proposals for the construction of such improvements or works, in accordance with the plans and specifications therefor. The board of county commissioners shall require any contractor to whom any such contract is awarded to enter into a written contract, and to secure the performance thereof by a bond signed by ~~two or more surety companies~~ *a surety company*. All bids for the construction of any such improvement or work shall be presented simultaneously to the board of county commissioners and opened forthwith by them, in the presence of the public and all bidders present.

Sec. 7. K.S.A. 75-110 is hereby amended to read as follows: 75-110. The governor may distribute the quota of arms and military equipments which the state may receive from the government of the United States. The governor shall require the officers to whom such arms or equipments are distributed and delivered to execute to the state of Kansas a bond, with ~~two sufficient sureties~~ *a sufficient surety*, to be approved by the governor, in a sum not less than double the value of said arms or equipments, conditioned for the safekeeping and delivery of the same on the order of the governor.

Sec. 8. K.S.A. 78-102 is hereby amended to read as follows: 78-102. Whenever any recognizance, stipulation, bond or undertaking conditioned for faithful performance of any contract of duty, or for the doing or refraining from doing anything in such recognizance, stipulation, bond or undertaking specified, is by the law of the state of Kansas required or permitted to be given with one surety, or with ~~two or more sureties~~ *a sufficient surety*, the execution of the same or the guaranteeing of the performance of the conditions thereof shall be sufficient when executed or guaranteed solely by a corporation, incorporated under the laws of the United States, or of any state, having power to guarantee the fidelity of persons holding positions of public or private trust and to execute and guarantee bonds and undertakings in judicial proceedings~~: Provided, That such corporation~~*; however, such corporation must* be authorized to do business in the state of Kansas, and ~~that~~ such recognizance, stipulation, bond or undertaking *must* be approved by the head of the department, court, judge, officer, board or body executive, legislative or judicial required to approve or accept the same~~: And provided further, That~~. It shall be no defense in a suit to recover on such recognizance, stipulation, bond or undertaking, that any false statement or misrepresentation were made in the application therefor by the person or party named as principal therein or giving the same.

Sec. 9. K.S.A. 40-3209 is hereby amended to read as follows: 40-3209. (a) All forms of group and individual certificates of coverage and contracts issued by the organization to enrollees or other marketing documents purporting to describe the organization's health care services shall contain as a minimum:

(1) A complete description of the health care services and other benefits to which the enrollee is entitled;

(2) The locations of all facilities, the hours of operation and the services which are provided in each facility in the case of individual practice associations or medical staff and group practices, and, in all other cases, a list of providers by specialty with a list of addresses and telephone numbers;

(3) the financial responsibilities of the enrollee and the amount of any deductible, copayment or coinsurance required;

(4) all exclusions and limitations on services or any other benefits to be provided including any deductible or copayment feature and all restrictions relating to pre-existing conditions;

(5) all criteria by which an enrollee may be disenrolled or denied reenrollment;

(6) service priorities in case of epidemic, or other emergency conditions affecting demand for medical services;

(7) in the case of a health maintenance organization, a provision that an enrollee or a covered dependent of an enrollee whose coverage under a health maintenance organization group contract has been terminated for any reason but who remains in the service area and who has been continuously covered by the health maintenance organization *or under any group policy providing similar benefits which it replaces* for at least three months *immediately prior to termination* shall be entitled to obtain a converted contract or have such coverage continued under the group contract for a period of six months following which such enrollee or dependent shall be entitled to obtain a converted contract in accordance with the provisions of this section. The converted contract shall provide coverage at least equal to the conversion coverage options generally available from insurers or mutual nonprofit hospital and medical service corporations in the service area at the applicable premium cost. The group enrollee or enrollees shall be solely responsible for paying the premiums for the alternative coverage. The frequency of premium payment shall be the frequency customarily required by the health maintenance organization, mutual nonprofit hospital and medical service corporation or insurer for the policy form and plan selected, except that the insurer, mutual nonprofit hospital and medical service corporation or health maintenance organization shall require premium payments at least quarterly. The coverage shall be available to all enrollees of any group without medical underwriting. The requirement imposed by this subsection shall not apply to a contract which provides benefits for specific diseases or for accidental injuries only, nor shall it apply to any employee or member or such employee's or member's covered dependents when:

(A) Such person was terminated for cause as permitted by the group contract approved by the commissioner;

(B) any discontinued group coverage was replaced by similar group coverage within 31 days; or

(C) the employee or member is or could be covered by any other insured or noninsured arrangement which provides expense incurred hospital, surgical or medical coverage and benefits for individuals in a group under which the person was not covered prior to such termination. Written application for the converted contract shall be made and the first premium paid not later than 31 days after termination of the group coverage or receipt of notice of conversion rights from the health maintenance organization, whichever is later, and shall become effective the day following the termination of coverage under the group contract. The health maintenance organization shall give the employee or member and such employee's or member's covered dependents reasonable notice of the right to convert at least once within 30 days of termination of coverage under the group contract. The group contract and certificates may include provisions necessary to identify or obtain identification of persons and notification of events that would activate the notice requirements and conversion rights created by this section but such requirements and rights shall not be invalidated by failure of persons other than the employee or member entitled to conversion to comply with any such provisions. In addition, the converted contract shall be subject to the provisions contained in paragraphs (2), (4), (5), (6), (7), (8), (9), (13), (14), (15), (16), (17) and (19) of subsection (j) of K.S.A. 40-2209, and amendments thereto;

(8) (A) group contracts shall contain a provision extending payment of such benefits until discharged or for a period not less than 31 days following the expiration date of the contract, whichever is earlier, for covered enrollees and dependents confined in a hospital on the date of termination;

(B) a provision that coverage under any subsequent replacement contract that is intended to afford continuous coverage will commence immediately following expiration of any prior contract with respect to covered services not provided pursuant to subparagraph (8)(A); and

(9) an individual contract shall provide for a 10-day period for the enrollee to examine and return the contract and have the premium refunded, but if services were received by the enrollee during the 10-day period, and the enrollee returns the contract to receive a refund of the premium paid, the enrollee must pay for such services.

(b) No health maintenance organization or medicare provider organization authorized under this act shall contract with any provider under provisions which require enrollees to guarantee payment, other than copayments and deductibles, to such provider in the event of nonpayment by the health maintenance organization or medicare provider organization for any services which have been performed under contracts between such enrollees and the health maintenance organization or medicare provider organization. Further, any contract between a health maintenance organization or medicare provider organization and a provider shall provide that if the health maintenance organization or medicare provider organization fails to pay for covered health care services as set forth in the contract between the health maintenance organization or medicare provider organization and its enrollee, the enrollee or covered dependents shall not be liable to any provider for any amounts owed by the health maintenance organization or medicare provider organization. If there is no written contract between the health maintenance organization or medicare provider organization and the provider or if the written contract fails to include the above provision, the enrollee and dependents are not liable to any provider for any amounts owed by the health maintenance organization or medicare provider organization. Any action by a provider to collect or attempt to collect from a subscriber or enrollee any sum owed by the health maintenance organization to a provider shall be deemed to be an unconscionable act within the meaning of K.S.A. 50-627 and amendments thereto.

(c) No group or individual certificate of coverage or contract form or amendment to an approved certificate of coverage or contract form shall be issued unless it is filed with the commissioner. Such contract form or amendment shall become effective within 30 days of such filing unless the commissioner finds that such contract form or amendment does not comply with the requirements of this section.

(d) Every contract shall include a clear and understandable description of the health maintenance organization's or medicare provider organization's method for resolving enrollee grievances.

(e) The provisions of subsections (A), (B), (C), (D) and (E) of K.S.A. 40-2209 and 40-2215 and amendments thereto shall apply to all contracts issued under this section, and the provisions of such sections shall apply to health maintenance organizations.

(f) In lieu of any of the requirements of subsection (a), the commissioner may accept certificates of coverage issued by a medicare provider organization in conformity with requirements imposed by any appropriate federal regulatory agency.

Sec. 10. K.S.A. 19-621, 32-950, 40-955, 40-3209, 41-805, 58-2802, 68-1402, 75-110 and 78-102 are hereby repealed.

Sec. 11. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the SENATE, and passed that body

_____

SENATE concurred in
HOUSE amendments _____

_____
President of the Senate.

_____
Secretary of the Senate.

Passed the HOUSE
as amended _____

_____
Speaker of the House.

_____
Chief Clerk of the House.

APPROVED _____

_____
Governor.