

HOUSE BILL No. 2106

By Committee on Insurance and Financial Institutions

1-18

9 AN ACT concerning insurance; pertaining to the preparation and filing
10 of certain reports; amending K.S.A. 40-252 and 40-1702 and K.S.A.
11 2006 Supp. 40-3213 and 75-1508 and repealing the existing sections.
12

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

14 Section 1. K.S.A. 40-252 is hereby amended to read as follows: 40-
15 252. Every insurance company or fraternal benefit society organized un-
16 der the laws of this state or doing business in this state shall pay to the
17 commissioner of insurance fees and taxes specified in the following
18 schedule:

19 A

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

21	1. Capital stock insurance companies and mutual legal reserve life insurance companies:	
22	Filing application for sale of stock or certificates of indebtedness	\$25
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	2. Mutual life, accident and health associations:	
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	3. Mutual fire, hail, casualty and multiple line insurers and reciprocal or interinsurance	
39	exchanges:	
40	Admission fees:	
41	Examination of charter and other documents	\$500
42	Filing annual statement	100
43	Certificate of authority	10

1 Annual fees:
2 Filing annual statement 100
3 Continuation of certificate of authority 10

4 In addition to the above fees and as a condition precedent to the con-
5 tinuation of the certificate of authority provided in this code, all such
6 companies shall pay a fee of \$2 for each agent certified by the company
7 and shall also pay a tax annually upon all premiums received on risk lo-
8 cated in this state at the rate of 1% for tax year 1997, and 2% for all tax
9 years thereafter per annum less (1) for tax years prior to 1984, any taxes
10 paid on business in this state pursuant to the provisions of K.S.A. 40-1701
11 to 40-1707, inclusive, and 75-1508 and amendments thereto and (2) for
12 tax years 1984 and thereafter, any taxes paid on business in this state
13 pursuant to the provisions of K.S.A. 75-1508 and amendments thereto
14 and the amount of the firefighters relief tax credit determined by the
15 commissioner of insurance. The amount of the firefighters relief tax credit
16 for a company for the current tax year shall be determined by the com-
17 missioner of insurance by dividing (A) the total amount of credits against
18 the tax imposed by this section for taxes paid by all such companies on
19 business in this state under K.S.A. 40-1701 to 40-1707, inclusive, and
20 amendments thereto for tax year 1983, by (B) the total amount of taxes
21 paid by all such companies on business in this state under K.S.A. 40-1703
22 and amendments thereto for the tax year immediately preceding the cur-
23 rent tax year, and by multiplying the result so obtained by (C) the amount
24 of taxes paid by the company on business in this state under K.S.A. 40-
25 1703 and amendments thereto for the current tax year.

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

40 B

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

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	C	
8	<i>Mutual nonprofit hospital service corporations, nonprofit medical service corporations, non-</i>	
9	<i>profit dental service corporations, nonprofit optometric service corporations and non-</i>	
10	<i>profit pharmacy service corporations organized under the laws of this state:</i>	
11	1. Mutual nonprofit hospital service corporations:	
12	Admission fees:	
13	Examination of charter and other documents	\$500
14	Filing annual statement	100
15	Certificate of authority	10
16	Annual fees:	
17	Filing annual statement	100
18	Continuation of certificate of authority	10
19	2. Nonprofit medical service corporations:	
20	Admission fees:	
21	Examination of charter and other documents	\$500
22	Filing annual statement	100
23	Certificate of authority	10
24	Annual fees:	
25	Filing annual statement	100
26	Continuation of certificate of authority	10
27	3. Nonprofit dental service corporations:	
28	Admission fees:	
29	Examination of charter and other documents	\$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	4. Nonprofit optometric service corporations:	
36	Admission fees:	
37	Examination of charter and other documents	\$500
38	Filing annual statement	100
39	Certificate of authority	10
40	Annual fees:	
41	Filing annual statement	100
42	Continuation of certificate of authority	10
43	5. Nonprofit pharmacy 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 In addition to the above fees and as a condition precedent to the con-
 9 tinuation of the certificate of authority, provided in this code, every cor-
 10 poration or association shall pay annually to the commissioner of insur-
 11 ance a tax in an amount equal to 1% for tax year 1997, and 2% for all tax
 12 years thereafter per annum of the total of all premiums, subscription
 13 charges, or any other term which may be used to describe the charges
 14 made by such corporation or association to subscribers for hospital, med-
 15 ical or other health services or indemnity received during the preceding
 16 year. In such computations all such corporations or associations shall be
 17 entitled to deduct any premiums or subscription charges returned on
 18 account of cancellations and dividends returned to members or subscrib-
 19 ers.

D

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

23 1. Capital stock insurance companies and mutual legal reserve life insurance companies:

24 Filing application for sale of stock or certificates of indebtedness \$25

25 Admission fees:

26 Examination of charter and other documents 500

27 Filing annual statement 100

28 Certificate of authority 10

29 Annual fees:

30 Filing annual statement 100

31 Continuation of certificate of authority 10

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

34 As a condition precedent to the continuation of the certificate of au-
 35 thority, provided in this code, every company organized under the laws
 36 of any other state of the United States or of any foreign country shall pay
 37 a tax upon all premiums received during the preceding year at the rate
 38 of 2% per annum.

39 In the computation of the gross premiums all such companies shall be
 40 entitled to deduct any premiums returned on account of cancellations,
 41 including funds accepted before January 1, 1997, and declared and taxed
 42 as annuity premiums which, on or after January 1, 1997, are withdrawn
 43 before application to the purchase of annuities, dividends returned to

1 policyholders and all premiums received for reinsurance from any other
 2 company authorized to do business in this state and premiums received
 3 in connection with the funding of a pension, deferred compensation, an-
 4 nuity or profit-sharing plan qualified or exempt under sections 401, 403,
 5 404, 408, 457 or 501 of the United States internal revenue code of 1986.
 6 Funds received by life insurers for the purchase of annuity contracts and
 7 funds applied by life insurers to the purchase of annuities shall not be
 8 deemed taxable premiums or be subject to tax under this section for tax
 9 years commencing on or after January 1, 1997.

10 2. Mutual life, accident and health associations:

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, every such company organized under the
 19 laws of any other state of the United States shall pay \$5 for each agent
 20 certified by the company, and shall pay a tax annually upon all premiums
 21 received at the rate of 2% per annum.

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

36 3. Mutual fire, casualty and multiple line insurers and reciprocal or interinsurance ex-
 37 changes:

38 Admission fees:

39 Examination of charter and other documents and issuance of certificate 40 of authority	\$500
41 Filing annual statement	100
42 Certificate of authority	10

43 Annual fees:

1 Filing annual statement 100
 2 Continuation of certificate of authority 10

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

7 For tax years 1998 and thereafter, the annual tax shall be reduced by
 8 the “applicable percentage” of (1) any taxes paid on business in this state
 9 pursuant to the provisions of K.S.A. 75-1508 and amendments thereto
 10 and (2) the amount of the firefighters relief tax credit determined by the
 11 commissioner of insurance. The amount of the firefighters relief tax credit
 12 for a company taxable under this subsection for the current tax year shall
 13 be determined by the commissioner of insurance by dividing (A) the total
 14 amount of taxes paid by all such companies on business in this state under
 15 K.S.A. 40-1701 to 40-1707 and amendments thereto for tax year 1983 as
 16 then in effect, by (B) the total amount of taxes paid by all such companies
 17 on business in this state under K.S.A. 40-1703 and amendments thereto
 18 for the tax year immediately preceding the current tax year, and by mul-
 19 tiplying the result so obtained by (C) the amount of taxes paid by the
 20 company on business in this state under K.S.A. 40-1703 and amendments
 21 thereto for the current tax year. The “applicable percentage” shall be as
 22 follows:

23 Tax Year	Applicable Percentage
24 1998	10%
25 1999	20%
26 2000	30%
27 2001	40%
28 2002	50%
29 2003	60%
30 2004	70%
31 2005	80%
32 2006	90%
33 2007 and thereafter	100%

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

38 E

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

41 Admission fees:
 42 Examination of charter and other documents \$500
 43 Filing annual statement 100

1 Certificate of authority 10

2 Annual fees:

3 Filing annual statement 100

4 Continuation of certificate of authority 10

5 F

6 *Mutual nonprofit hospital service corporations, nonprofit medical service corporations, non-*

7 *profit dental service corporations, nonprofit optometric service corporations and non-*

8 *profit pharmacy service corporations organized under the laws of any other state, ter-*

9 *ritory or country:*

10 1. Mutual nonprofit hospital 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 2. Nonprofit medical service corporations, nonprofit dental service corporations, nonprofit

19 optometric service corporations and nonprofit pharmacy service corporations:

20 Admission fees:

21 Examination of charter and other documents \$500

22 Filing annual statement 100

23 Certificate of authority 10

24 Annual fees:

25 Filing annual statement 100

26 Continuation of certificate of authority 10

27 In addition to the above fees and as a condition precedent to the con-

28 tinuation of the certificate of authority, provided in this code, every cor-

29 poration or association shall pay annually to the commissioner of insur-

30 ance a tax in an amount equal to 2% per annum of the total of all

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

32 describe the charges made by such corporation or association to subscrib-

33 ers in this state for hospital, medical or other health services or indemnity

34 received during the preceding year. In such computations all such cor-

35 porations or associations shall be entitled to deduct any premiums or

36 subscription charges returned on account of cancellations and dividends

37 returned to members or subscribers.

G

Payment of Taxes.

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

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

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

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

1 amendments thereto, make a return, ~~verified by affidavits~~ *generated by*
2 *or at the direction* of its president and secretary or other chief officers,
3 *under penalty of K.S.A. 21-3711, and amendments thereto*, to the com-
4 missioner of insurance, stating the amount of all premiums, assessments
5 and charges received by the companies or corporations in this state,
6 whether in cash or notes, during the year ending on the December 31
7 next preceding.

8 Commencing in 1985 and annually thereafter the estimated taxes shall
9 be paid as follows: On or before June 15 and December 15 of such year
10 an amount equal to 50% of the full amount of the prior year's taxes as
11 reported by the company shall be remitted to the commissioner of in-
12 surance. As used in this paragraph, "prior year's taxes" includes (1) taxes
13 assessed pursuant to this section for the prior calendar year, (2) fees and
14 taxes assessed pursuant to K.S.A. 40-253, and amendments thereto, for
15 the prior calendar year, and (3) taxes paid for maintenance of the de-
16 partment of the state fire marshal pursuant to K.S.A. 75-1508, and
17 amendments thereto, for the prior calendar year.

18 Upon the receipt of such returns the commissioner of insurance shall
19 verify the same and assess the taxes upon such companies, corporations
20 or associations on the basis and at the rate provided herein and the bal-
21 ance of such taxes shall thereupon become due and payable giving credit
22 for amounts paid pursuant to the preceding paragraph, or the commis-
23 sioner shall make a refund if the taxes paid in the prior June and Decem-
24 ber are in excess of the taxes assessed.

H

25
26 The fee prescribed for the examination of charters and other docu-
27 ments shall apply to each company's initial application for admission and
28 shall not be refundable for any reason.

29 Sec. 2. K.S.A. 40-1702 is hereby amended to read as follows: 40-
30 1702. (a) On or before April 1 of each year, every insurance company
31 doing business in this state shall return to the commissioner of insurance
32 a just and true account, ~~verified by oath~~ *generated by or at the direction*
33 *of its president and secretary or other chief officers, under penalty of*
34 *K.S.A. 21-3711, and amendments thereto*, of all premiums received for
35 fire and lightning insurance covering risks located within this state during
36 the year ending December 31, or the fire and lightning portion of any
37 other insurance transacted by the insurance company covering risks
38 within this state. Every insurance company shall include in its return an
39 account of all premiums received for fire and lightning insurance covering
40 risks located within this state.

41 (b) Each firefighters relief association shall prepare and file with the
42 commissioner a plat drawn to scale showing the area provided fire pro-
43 tection service by the fire department of the firefighters relief association

1 and the location of each fire department house. No such plat shall include
2 any part of any area served by another fire department.

3 Sec. 3. K.S.A. 2006 Supp. 40-3213 is hereby amended to read as
4 follows: 40-3213. (a) Every health maintenance organization and medi-
5 care provider organization subject to this act shall pay to the commissioner
6 the following fees:

7 (1) For filing an application for a certificate of authority, \$150;

8 (2) For filing each annual report, \$50;

9 (3) For filing an amendment to the certificate of authority, \$10.

10 (b) Every health maintenance organization subject to this act which
11 has operated for a period of three years but not more than five years shall
12 pay annually to the commissioner at the time such organization files its
13 annual report a privilege fee in an amount equal to one-half of one per
14 cent (.005) per annum of the total of all premiums, subscription charges
15 or any other term which may be used to describe the charges made by
16 such organization to enrollees; and after operating for a period of more
17 than five years from the time of organization a health maintenance or-
18 ganization shall pay annually to the commissioner at the time such organ-
19 ization files its annual report, a privilege fee in an amount equal to 1%
20 per annum of the total of all premiums, subscription charges or any other
21 term which may be used to describe the charges made by such organi-
22 zation to enrollees. In such computations all such organizations shall be
23 entitled to deduct therefrom any premiums or subscription charges re-
24 turned on account of cancellations and dividends returned to enrollees.
25 If the commissioner shall determine at any time that the application of
26 the privilege fee would cause a denial of, reduction in or elimination of
27 federal financial assistance to the state or to any health maintenance or-
28 ganization subject to this act, the commissioner is hereby authorized to
29 terminate the operation of such privilege fee.

30 (c) For the purpose of insuring the collection of the privilege fee
31 provided for by subsection (b), every health maintenance organization
32 subject to this act and required by subsection (b) to pay such privilege
33 fee shall at the time it files its annual report, as required by K.S.A. 40-
34 3220, and amendments thereto, make a return, ~~verified by affidavits of~~
35 *generated by or at the direction of* its chief officer or principal managing
36 director, *under penalty of K.S.A. 21-3711, and amendments thereto*, to
37 the commissioner, stating the amount of all premiums, assessments and
38 charges received by the health maintenance organization, whether in cash
39 or notes, during the year ending on the last day of the preceding calendar
40 year. Upon the receipt of such returns the commissioner of insurance
41 shall verify the same and assess the fees upon such organization on the
42 basis and at the rate provided herein and such fees shall thereupon be-
43 come due and payable.

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

5 (e) Fees charged under this section shall be remitted to the state
6 treasurer in accordance with the provisions of K.S.A. 75-4215, and
7 amendments thereto. Upon receipt of each such remittance, the state
8 treasurer shall deposit the entire amount in the state treasury to the credit
9 of the state general fund.

10 Sec. 4. K.S.A. 2006 Supp. 75-1508 is hereby amended to read as
11 follows: 75-1508. (a) For the purpose of maintaining the department of
12 the state fire marshal and the payment of the expenses incident thereto,
13 each fire insurance company doing business in this state shall pay to the
14 commissioner of insurance, on or before March 15 each year, in addition
15 to the taxes, fees and charges now required by law to be paid by it, such
16 levy as may be made by the state fire marshal. The levy shall not be more
17 than .80% for calendar year 2004, and each calendar year thereafter, of
18 a sum equal to the gross cash receipts as premiums of such company on
19 all fire business transacted by it in the state of Kansas during the calendar
20 year next preceding, as shown by its annual statement under oath to the
21 state insurance department.

22 (b) For the purposes of maintaining the emergency medical services
23 board and the payment of the expenses incident thereto, each fire insur-
24 ance company doing business in this state shall pay to the commissioner
25 of insurance, on or before March 15 each year, beginning with calendar
26 year 2002 and each calendar year thereafter, in addition to the taxes, fees
27 and charges now required by law to be paid by it, such levy as may be
28 made by the emergency medical services board. The levy shall not be
29 more than .25% of a sum equal to the gross cash receipts as premiums
30 of such company on all fire business transacted by it in the state of Kansas
31 during the calendar year next preceding, as shown by its annual statement
32 ~~under oath~~ to the state insurance department *generated by or at the*
33 *direction of its president and secretary or other chief officers under pen-*
34 *alty of K.S.A. 21-3711 and amendments thereto.*

35 (c) For the purposes of maintaining the fire service training program
36 of the university of Kansas and the payment of the expenses incident
37 thereto, each fire insurance company doing business in this state shall
38 pay to the commissioner of insurance, on or before March 15 each year,
39 beginning with calendar year 2004, and each calendar year thereafter, in
40 addition to the taxes, fees and charges now required by law to be paid by
41 it, such levy as may be made by the Kansas fire service training commis-
42 sion. The levy shall not be more than .20% of a sum equal to the gross
43 cash receipts as premiums of such company on all fire business transacted

1 by it in the state of Kansas during the calendar year next preceding, as
2 shown by its annual statement under oath to the state insurance depart-
3 ment.

4 (d) The director of the fire service training program of the university
5 of Kansas shall submit a report concerning expenditures and activities of
6 the fire service training program of the university of Kansas to the house
7 committee on appropriations on or before February 1, 2005, and each
8 ensuing year thereafter.

9 Sec. 5. K.S.A. 40-252 and 40-1702 and K.S.A. 2006 Supp. 40-3213
10 and 75-1508 are hereby repealed.

11 Sec. 6. This act shall take effect and be in force from and after its
12 publication in the statute book.