

Approved January 20, 1988
Date

MINUTES OF THE HOUSE COMMITTEE ON INSURANCE

The meeting was called to order by Representative Dale Sprague at
Chairperson

3:30 xx a.m./p.m. on JANUARY 20, 1988 in room 531-N of the Capitol.

All members were present except:

Representative Turnquist, excused
Representative Littlejohn, excused
Representative Gross, excused

Committee staff present:

Emalene Correll, Research Department
Chris Courtwright, Research Department
Bill Edds, Research Department
Nancy Wolff, Secretary

Conferees appearing before the committee:

Mr. Ray Rathert, Kansas Insurance Department

The meeting was called to order by the Chairman.

Mr. Rathert reviewed the implementation of the Kansas municipal group-funded pool act, Sub. for HB 2109 which went into effect on May 28, 1987. He highlighted three groups that have made inquiries as to the feasibility of establishing pools in Kansas. They are: Kansas Association of School Boards Workers' Compensation Fund (KASB), Kansas Intergovernmental Risk Management Agency (KIRMA) and Kansas Public Entity Starpool. (See Attachment 1)

The first, KASB, was received on June 1, 1987. Fifty-one different school boards proposed to be members and annual premiums totaled \$870,000 at the outset. They were granted a license with an effective date of July 1, 1987. They have expanded to a total of 82 members and the annual premium now stands at \$1.9 million.

KIRMA made their initial contact on September 16, 1987, with 39 cities interested in participating in the pool. They initially requested a four-part pool which would include property, automobile, workers' compensation, and liability which would total \$4.3 million for all facets. At the current time, the initial 39 cities have shrunk to 16 and the four-part pool has been reduced to two. These 16 cities are unable to produce sufficient premium to implement the pool. This group is continuing to talk to municipalities within the state to see if sufficient interest can be generated to produce adequate premium volume in two of the four categories to allow the pool to be authorized in Kansas.

Kansas Public Entity Star Pool contacted the Insurance Department with 28 members interested in joining the pool. All the members are in some form of law enforcement. The main problem with this pool is that the insurer proposed is an unlicensed insurer in the State of Kansas. They are, at the current time, trying to create a risk retention group for policy members only. The pool is still on the drawing board.

The meeting was adjourned at 4:00 p.m.

two consecutive weeks in the official city newspaper, and the last publication shall not be less than 30 days before the day upon which the special election is held. If, at the special election, the majority of votes cast shall be for the ordinance and the making of the grant, the ordinance shall thereupon become effective. If a majority of the votes cast at the special election are against the ordinance and the making of the grant, the ordinance shall not confer any rights, powers or privileges of any kind whatsoever upon the applicants therefor and shall be void.

All expense of publishing any ordinance adopted pursuant to this section shall be paid by the proposed grantee. If a sufficient petition is filed and an election is called for the adoption of any such ordinance, the applicants for the grant, right, privilege or franchise, upon receipt by the applicants of written notice that such petition has been filed and found sufficient and stating the amount necessary for the purpose, shall immediately deposit with the city treasurer in cash an amount sufficient to cover the entire expense of such election. The mayor shall not issue a proclamation calling such election until such money is deposited with the treasurer. Upon such failure to so deposit such money the ordinance shall be void.

(7) All contracts, grants, rights, privileges or franchises for the use of the streets and alleys of such city, not herein mentioned, shall be governed by all the provisions of this act, and all amendments, extensions or enlargements of any contract, right, privilege or franchise previously granted to any person, firm or corporation for the use of the streets and alleys of such city shall be subject to all the conditions provided for in this act for the making of original grants and franchises. The provisions of this section shall not apply to railway companies for the purpose of reaching and affording railway connections and switch privileges to the owners or users of any industrial plants, or for the purpose of reaching and affording railway connections and switch privileges to any agency or institution of the state of Kansas.

History: L. 1945, ch. 98, § 1; L. 1949, ch. 119, § 1; L. 1953, ch. 70, § 1; L. 1976, ch. 83, § 1; L. 1981, ch. 173, § 28; L. 1985, ch. 71, § 2; July 1.

Attorney General's Opinions:

Granting franchises; elections on ordinance. 85-47.
Franchises; granting of franchises; rural water districts. 85-55.
Franchises; granting of franchises. 86-26.

Article 26.—INSURANCE

GROUP-FUNDED LIABILITY POOLS

12-2616. Name and citation of act. K.S.A. 1987 Supp. 12-2616 through 12-2629 shall be known and may be cited as the Kansas municipal group-funded pool act.
History: L. 1987, ch. 74, § 1; May 28.

12-2617. Authorization of municipalities to pool liabilities; certain insurance excluded from pools; pools not deemed insurance and not subject to regulation except as enumerated. Five or more municipalities as defined in K.S.A. 75-6102, and amendments thereto, may enter into agreements to pool their liabilities for Kansas fire, marine, inland marine and allied lines, as defined in K.S.A. 40-901, and amendments thereto, and casualty, surety and fidelity lines as defined in K.S.A. 40-1102, and amendments thereto, including workers' compensation and employers' liability. Such pools shall not include accident, health or life insurance. Such arrangements shall be known as group-funded pools, which shall not be deemed to be insurance or insurance companies and shall not be subject to the provisions of chapter 40 of the Kansas Statutes Annotated, except as otherwise provided herein.

History: L. 1987, ch. 74, § 2; May 28.

12-2618. Certificate of authority to operate pool; application; hearing upon denial of application. Application for a certificate of authority to operate a pool shall be made to the commissioner of insurance not less than 30 days prior to the proposed inception date of the pool. The application shall include the following:

(a) A copy of the bylaws of the proposed pool, a copy of the articles of incorporation, if any, and a copy of all agreements and rules of the proposed pool. If any of the bylaws, articles of incorporation, agreements or rules are changed, the pool shall notify the commissioner within 30 days after such change.

(b) Designation of the initial board of trustees and administrator. When there is a

change in the membership of the board of trustees or change of administrator, the pool shall notify the commissioner within 30 days after such change.

(c) The address where the books and records of the pool will be maintained at all times. If this address is changed, the pool shall notify the commissioner within 30 days after such change.

(d) Evidence that the annual Kansas gross premium of the pool will be not less than \$250,000 for each of the following categories: (1) All property insurance under article 9 of chapter 40 of the Kansas Statutes Annotated except motor vehicle physical damage; (2) motor vehicle liability and physical damage insurance; (3) workers' compensation and employers' liability insurance; and (4) all casualty insurance under article 11 of chapter 40 of the Kansas Statutes Annotated except insurance under categories (2) and (3) above. The pool shall notify the commissioner within 30 days if the Kansas gross premium is less than \$250,000 for any of the above categories of insurance.

(e) An agreement binding the group and each member thereof to comply with the provisions of the workmen's compensation act. For all lines of coverage, all members of the pool shall be jointly liable for the payment of claims to the extent of the assets of the pool.

(f) A copy of the procedures adopted by the pool to provide services with respect to underwriting matters and safety engineering.

(g) A copy of the procedures adopted by the pool to provide claims adjusting and accumulation of income and expense and loss data.

(h) A confirmation of specific and aggregate excess insurance, as selected by the board of trustees of the pool, or adequate surplus funds as approved by the commissioner, in the pool. The pool shall notify the commissioner within 30 days of any change in the specific or aggregate excess insurance carried by the pool.

(i) After evaluating the application the commissioner shall notify the applicant if the plan submitted is inadequate, fully explaining to the applicant what additional requirements must be met. If the application is denied, the applicant shall have 10 days to make an application for hearing by

the commissioner after the denial notice is received. A record shall be made of such hearing, and the cost thereof shall be assessed against the applicant requesting the hearing.

(j) Any other relevant factors the commissioner may deem necessary.

History: L. 1987, ch. 74, § 3; May 28.

12-2619. Irrevocable consent for service of process on commissioner of insurance. Every group-funded pool applying for authority to operate a pool in this state, as a condition precedent to obtaining such authority, shall file in the insurance department a written irrevocable consent, that any action may be commenced against such pool in the proper court of any county in this state in which the cause of action shall arise or in which the plaintiff may reside by the service of process on the commissioner of insurance of this state, and stipulating and agreeing that such service shall be taken and held in all courts to be as valid and binding as if due service had been made upon the trustees or the administrator of such pool. The consent shall be executed by the board of trustees and shall be accompanied by a duly certified copy of the resolution passed by the trustees to execute such consent.

History: L. 1987, ch. 74, § 4; May 28.

12-2620. Certificate of authority granted on perpetual basis; examinations; submission of financial statement and reports; suspension of certificate, grounds; hearing; revocation; dissolution or injunction of pool. (a) All certificates granted hereunder shall be perpetual unless sooner suspended or revoked by the commissioner or the attorney general.

(b) Whenever the commissioner shall deem it necessary the commissioner may make, or direct to be made, an examination of the affairs and the financial condition of any pool, except that once every five years the commissioner shall conduct an examination of the affairs and the financial condition of each pool. Each pool shall submit a certified independent audited financial statement no later than 90 days after the end of the fiscal year. The financial statement shall include outstanding reserves for claims and for claims incurred but not reported. Each pool shall file reports as to income, expenses and loss data at such

times and in such manner as the commissioner shall require. Whenever it appears to the commissioner from such examination or other satisfactory evidence that the ability to pay current and future claims of any such pool is impaired, or that it is doing business in violation of any of the laws of this state, or that its affairs are in an unsound condition so as to endanger its ability to pay or cause to be paid claims in the amount, manner and time due, the commissioner shall, before filing such report or making the same public, grant such pool upon reasonable notice a hearing, and, if on such hearing the report be confirmed, the commissioner shall suspend the certificate of authority for such pool until its ability to pay current and future claims shall have been fully restored and the laws of the state fully complied with. The commissioner may, if there is an unreasonable delay in restoring the ability to pay claims of such pool and in complying with the law, revoke the certificate of authority of such pool to do business in this state. Upon revoking any such certificate the commissioner shall communicate the fact to the attorney general, whose duty it shall be to commence and prosecute an action in the proper court to dissolve such pool or to enjoin the same from doing or transacting business in this state. The commissioner of insurance may call a hearing under K.S.A. 40-222b, and amendments thereto, and the provisions thereof shall apply to group-funded pools.

History: L. 1987, ch. 74, § 5; May 28.

12-2621. Premium contributions, determination, deposit and use; refunds. (a) Premium contributions to the pool shall be based upon appropriate manual classification and rates, plus or minus applicable experience credits or debits, and minus any advance discount approved by the trustees, not to exceed 25% of manual premium. The pool shall use rules, classifications and rates as promulgated by the national council on compensation insurance for workers' compensation. Premium contributions to the pool for all other lines of insurance shall be based on rates filed by a licensed rating organization or on rates of certain companies filing rates with the commissioner and approved by the commissioner for the pool. In lieu of the foregoing, the board of trustees may determine such classification, rates

and discounts as approved by the commissioner.

(b) An amount equal to at least 70% of the annual premium shall be maintained in a designated depository for the purpose of paying claims in a claims fund account. The remaining annual premium shall be placed into a designated depository for the payment of taxes, fees and administrative and other operational costs in an administrative fund account.

(c) Any surplus moneys for a fund year in excess of the amount necessary to fulfill all obligations of the pool for that fund year may be declared to be refundable by the trustees not less than 12 months after the end of the fund year. Any such refund shall be paid only to those members who remained participants in the pool for an entire year. Payment of previously earned refunds shall not be contingent on continued membership in the pool.

History: L. 1987, ch. 74, § 6; May 28.

12-2622. Same; investments. The trustees shall not utilize any of the contributions collected as premiums for any purpose unrelated to the pool. Moneys not needed for current obligations may be invested by the trustees. Such investments shall be limited to bonds or other evidences of indebtedness issued, assumed or guaranteed by the United States of America, or by any agency or instrumentality thereof; in certificates of deposit in a federally insured bank located in Kansas; or in shares or savings deposits in a federally insured savings and loan association located in Kansas.

History: L. 1987, ch. 74, § 7; May 28.

12-2623. Group-funded pools fee fund; payment of operating expenditures; expenses of administration; assessments; deposit of remittances. The expense of state supervision of the group-funded pools shall be financed in the following manner:

(a) There is hereby created in the state treasury a fund to be called the group-funded pools fee fund. All amounts which are required to be paid from the group-funded pools fee fund for the operating expenditures incident to the supervision of the group-funded pools shall be paid from the group-funded pools fee fund. The commissioner of insurance shall be responsible for administering the group-funded pools fee fund and all payments from the fund

shall be upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the commissioner of insurance or a person or persons designated by the commissioner.

(b) The commissioner of insurance shall estimate as soon as practical after January 1 of each year the expenses necessary for the supervision of the group-funded pools for the fiscal year beginning on July 1 thereafter. Not later than June 1 of each year, the commissioner of insurance shall notify all such group-funded pools of the amount of each assessment imposed under this subsection on such group-funded pools and the same shall be due and payable to the commissioner on the July 1 following.

(c) The commissioner of insurance shall remit all moneys received by or for such remittance to the state treasurer. Upon receipt of any such remittance the state treasurer shall deposit the entire amount thereof in the state treasury to the credit of the group-funded pools fee fund.

History: L. 1987, ch. 74, § 8; May 28.

12-2624. Gross premium tax, rate, payment; deductions for cancellations and dividends. In addition to the fees required to be paid in K.S.A. 1987 Supp. 12-2622, and as a condition precedent to the continuation of the certificate of authority provided in this act, all group-funded pools shall pay no later than 90 days after the end of each fiscal year a tax upon the annual Kansas gross premium collected by the pool at the rate of 1% per annum applied to the collective premium of the pool for the preceding fiscal year. In the computation of the tax, all pools shall be entitled to deduct any annual Kansas gross premiums returned on account of cancellation or dividends returned to members of such pools or expenditures used for the purchase of specific and aggregate excess insurance, as provided in subsection (h) of K.S.A. 1987 Supp. 12-2618.

History: L. 1987, ch. 74, § 9; May 28.

12-2625. Pools subject to additional assessments and certain provisions of chapter 40 of Kansas Statutes Annotated. (a) Each pool shall be assessed annually as provided by K.S.A. 44-566a and 74-713, and amendments thereto.

(b) Each pool shall be subject to the provisions of article 24 of chapter 40 of the Kansas Statutes Annotated.

(c) Each pool shall be subject to the provisions of 40-246b to 40-246e, inclusive, and amendments thereto.

History: L. 1987, ch. 74, § 10; May 28.

12-2626. Application for membership in pool; approval; termination or cancellation of participation. (a) After the inception date of the group-funded pool, prospective new members of the pool shall submit an application for membership to the board of trustees or its administrator. The trustees may approve the application for membership pursuant to the bylaws of the pool.

(b) Individual members may elect to terminate their participation in a pool or be subject to cancellation by the pool pursuant to the bylaws of the pool. On termination or cancellation of a workers' compensation member, the pool shall notify the division of workers' compensation within 10 days and shall maintain coverage of each cancelled or terminating member for 30 days after notice to such division or until such division gives notice that the cancelled or terminating member has procured workers' compensation and employers' liability insurance, whichever occurs first.

History: L. 1987, ch. 74, § 11; May 28.

12-2627. Board of trustees of pool, qualifications, duties; administrator, bond; audits; credit transactions; delegation of authority from board to administrator. To ensure the financial stability of the operations of each group-funded pool, the board of trustees of each pool is responsible for all operations of the pool. The board of trustees shall consist of not less than three nor more than 11 persons selected according to the bylaws of the pool for stated terms of office to direct the administration of a pool, and whose duties include approving applications by new members of the pool. The majority of the trustees must be a member of the governing body or an officer or employee of members of the pool, but a trustee may not be an owner, officer or employee of any service agent or representative. All trustees shall be residents of this state. The board of trustees of each fund shall take all necessary precautions to safeguard the assets of the fund, including all of the following:

(a) Designate an administrator to administer the financial affairs of the pool who shall furnish a fidelity bond to the pool in an

amount determined by the trustees to protect the pool against the misappropriation or misuse of any moneys or securities. The administrator shall file evidence of the bond with the commissioner. The bond shall be one of the conditions required for approval of the establishment and continued operation of a pool. Any administrator so designated shall be a resident of Kansas if an individual or shall be authorized to do business in Kansas if a corporation.

(b) Retain control of all moneys collected or disbursed from the pool and segregate all moneys into a claims fund account and an administrative fund account. All administrative costs and other disbursements shall be made from the administrative fund account. The trustees may establish a revolving fund for use by the authorized service agent which is replenished from time to time from the claims fund account. The service agent and its employees shall be covered by a fidelity bond, with the pool as obligee, in an amount sufficient to protect all moneys placed in the revolving fund.

(c) Audit the accounts and records of the pool annually or at any time as required. The commissioner shall prescribe the type of audits and a uniform accounting system for use by pool and service agents to determine the ability of the pool to pay current and future claims.

(d) The trustees shall not extend credit to individual members for any purpose.

(e) The board of trustees shall not borrow any moneys from the pool or in the name of the pool without advising the commissioner of the nature and purpose of the loan.

(f) The board of trustees may delegate authority for specific functions to the administrator of the pool. The functions which the board may delegate include such matters as contracting with a service agent, determining the premium chargeable to and refunds payable to members, investing surplus moneys and approving applications for membership. The board of trustees shall specifically define all authority it delegates in the written minutes of the trustees' meetings. Any delegation of authority shall not be effective without a formal resolution passed by the trustees.

History: L. 1987, ch. 74, § 12; May 28.

12-2628. Licensing of persons solicit-

ing insurance business for pool. Any person soliciting the business of insurance for a group-funded pool shall hold a current license authorizing such person to sell each line of insurance offered for sale. Any person licensed for the kinds of insurance offered by the pool shall be deemed to be certified by a company for the kinds of insurance permitted by the pool.

History: L. 1987, ch. 74, § 13; May 28.

12-2629. Commissioner of insurance to provide advice and counsel to local governments. The commissioner of insurance shall make such recommendations as deemed advisable to assist Kansas local governments in the effective, efficient and fiscally sound operation of any proposed group-funded pool. Within the time and resources available, the department of insurance shall provide advice and counsel to any group-funded pool.

History: L. 1987, ch. 74, § 14; May 28.

Article 27.—WATER SUPPLY, WATERWORKS AND DISTRIBUTION OF WATER

12-2709. Common water supply; general obligation and revenue bonds, conditions and restrictions. (a) All general obligation bonds issued pursuant to this act shall be issued, registered, sold, delivered and retired in accordance with the provisions of the general bond law except as in this act otherwise provided. Revenue bonds issued under this act are hereby made a lien on all reimbursements received by the issuing municipality from the revenues derived from the operation of the common water supply and waterworks system. The governing body of a municipality may pledge all or part of the revenues derived or to be derived from any other waterworks system or water line owned by it to retirement of revenue bonds issued by such municipality hereunder and may also use such revenues for the payment of debt service on general obligation bonds issued by such municipality hereunder. Revenue bonds issued under the provisions of this act shall mature not later than 40 years after the date of issuance. The bonds shall bear interest at a rate not to exceed the maximum rate of interest prescribed by K.S.A. 10-1009, and amendments thereto. No other statute

construed to authorize any separate legal entity to issue or sell bonds, notes or other evidence of indebtedness, or use the proceeds thereof, to purchase, condemn, or otherwise acquire a utility plant or distribution system owned or operated by a regulated public utility as defined by K.S.A. 66-104 and amendments thereto.

(c) The duration of any separate legal entity referred to in this section may be perpetual or as otherwise provided in the agreement under which it was created; however, any property owned or held by such separate legal entity shall become the property of the public agencies that are parties to such agreement, according to the terms of that agreement or as otherwise determined according to equitable principles, if and when at any time no bond, note or other indebtedness of the authority is not currently outstanding and unpaid. No property of such separate legal entity shall inure to the benefit of any private individual, corporation or association other than for fair value received.

(d) No such separate legal entity shall operate or administer any arrangement or program under which any two or more municipalities, as defined in K.S.A. 75-6102, and amendments thereto, have agreed to pool their liabilities incurred as a result of negligent or wrongful act or omission of their employees or any other liabilities or losses incurred by such municipalities regardless of the cause thereof.

History: L. 1987, ch. 60, § 8; May 28.

12-2906. Same; additional approval of certain agreements; insurance-pooling agreements. In the event that an agreement made pursuant to this act shall deal in whole or in part with the provisions of services or facilities with regard to which an officer or agency of the state government has constitutional or statutory powers of control, the agreement shall, as a condition precedent to its entry into force, be submitted to the state officer or agency having such power of control and shall be approved or disapproved by the state officer or agency as to all matters within such officer's or agency's jurisdiction in the same manner and subject to the same requirements governing the action of the attorney general pursuant to K.S.A. 12-2904(f), and amendments thereto. This requirement of submis-

sion and approval shall be in addition to and not in substitution for the requirement of submission to and approval by the attorney general.

Any agreement to participate in a group-funded pool or any other insurance-pooling arrangement shall be subject to the provisions of K.S.A. 1987 Supp. 12-2616 to 12-2629.

History: L. 1957, ch. 100, § 6; L. 1987, ch. 74, § 15; May 28.

CITIES AND COUNTIES

12-2908. Contracts between cities and counties; authorization. (a) Any city or county may contract with any other city or county to perform any governmental service, activity or undertaking which each contracting city or county is authorized by law to perform. The contract shall be authorized by the governing body of the city and county and shall state the purpose of the contract and the powers and duties of the parties thereunder.

(b) A contract entered into pursuant to this section shall not be regarded as an interlocal agreement under the provisions of K.S.A. 12-2901 *et seq.*, and amendments thereto.

History: L. 1982, ch. 58, § 1; L. 1983, ch. 69, § 1; May 12.

12-2909. Same; enforcement of city ordinances by sheriff; sheriff's approval. (a) The board of county commissioners of any county and the governing body of any city located within the county may enter into a contract providing for the enforcement of the city's ordinances by the sheriff of the county or other officers of the sheriff's department. Any contract entered into pursuant to this section shall be submitted to and approved by the county sheriff. Failure of the sheriff to approve a contract within 30 days of its submission shall constitute disapproval thereof. All monetary consideration paid by a city to a county as part of the contract shall be expended by the county solely for law enforcement purposes. The sheriff and any officers of the sheriff's department assigned responsibility for enforcing a city's ordinances under the contract shall be designated therein and shall have all the powers of any other police officer of the city by virtue of the existence of the contract.

KANSAS INSURANCE DEPARTMENT

APPLICATION FOR CERTIFICATE OF AUTHORITY FOR
A KANSAS MUNICIPAL GROUP-FUNDED POOL

To the Commissioner of Insurance:

Application is hereby made for a Certificate of Authority to operate as a Kansas Municipal Group-Funded Pool for the following liabilities: Property _____; Motor Vehicle Liability and Physical Damage _____; Workers' Compensation and Employers' Liability _____; Other Casualty _____.

(If additional space is required to answer any question, use separate sheets of paper numbering each to correspond to the question being answered.) Please type all information.

1. Name of Pool _____
2. Address of Principal Office of Pool _____

3. Address Where Books and Records of the Pool are maintained _____
4. Desired Effective Date of Pool _____
5. List the complete Membership of the Pool and their Business Addresses (must be at least 5 members)

NAME

BUSINESS ADDRESS

_____	_____
_____	_____
_____	_____
_____	_____

6. Name and Business Address of the Pool Administrator _____

7. Name and Address of each Trustee (must have at least 3 but not more than 11 trustees)

NAME

RESIDENCE ADDRESS

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

8. Is any trustee of the Fund an owner, officer, or employee of the service agent or representative? Yes _____ No _____ If so, explain. _____

9. Name and Address of Designated Depository _____

This Application shall also include the following:

- _____ A copy of the bylaws of the Pool.
- _____ A copy of the articles of incorporation (if any).
- _____ A copy of all agreements and rules of the Pool.
- _____ Evidence that the annual Kansas gross premium of the Pool is at least \$250,000 for each category permitted by law. (Use the attached Pool Premium Schedule.)
- _____ Evidence that a claims fund account has been established.
(Must be at least 70% of the annual premium.)
- _____ Evidence that an administrative fund account has been established.
- _____ An agreement binding the group and each Pool member to comply with the provisions of the Workers' Compensation Act.
- _____ A copy of the procedures adopted by the Pool to provide services on underwriting matters and safety engineering.
- _____ A copy of the procedures adopted by the Pool to provide claims adjusting and accumulation of income and expense and loss data.
- _____ Confirmation of specific and aggregate excess insurance coverage or adequate surplus funds as selected by the Board of Trustees.
- _____ A Letter of Attorney to acknowledge service of process (see attached example).
- _____ Administrator shall file evidence of a fidelity bond to the Pool in an amount determined by the trustees .
- _____ Any other relevant factors the Commissioner may deem necessary.

Signed,

Authorized Representative

POOL PREMIUM SCHEDULE

	<u>Annual Kansas Gross Premium</u>
1. Property	_____
2. Motor Vehicle Liability and Physical Damage	_____
3. Workers' Compensation and Employers Liability	_____
4. Other Casualty	_____

NOTE:

Use the attached or a similar worksheet to support the premiums for each category. The completed worksheets must accompany the application. Attach your own worksheets for the "Other Casualty" coverages. (A suggested worksheet for general liability is attached.)

Source of Rates:

(i.e. Name of Licensed Rating Organization, Name of Insurance Company, Board of Trustees)

Property	_____
Motor Vehicle Liability	_____
Motor Physical Damage	_____
Workers' Compensation	_____
Other Casualty	_____

ANNUAL PREMIUM TAX STATEMENT

FOR

MUNICIPAL GROUP FUNDED POOLS

INSTRUCTIONS

- A. The annual tax statement shall be furnished within ninety (90) days after the end of each fiscal year.
- B. Acceptance of this statement by the Commissioner of Insurance constitutes demand and assessment required by law.
- C. Check payable to "Commissioner of Insurance, State of Kansas," for amount of tax on Line 6 must accompany this statement.

The following is a full and complete statement of all premiums received by _____
(Insert Name of Pool)

_____ in the state of Kansas for the preceding fiscal year.

1. Annual Kansas Gross Premium for the preceding fiscal year.	\$ _____
2. Less premiums returned due to cancellation.	\$ _____
3. Less dividends returned to members.	\$ _____
4. Less expenditures for the purchase of specific and aggregate excess insurance.	\$ _____
5. Net taxable premiums (Line 1 minus lines 2, 3 and 4). . .	\$ _____
6. Tax due at 1%	\$ _____

Individual Responsible for Completion of Form:

 (Name) (Business Address) (Phone)

LETTER OF ATTORNEY

TO ACKNOWLEDGE SERVICE OF PROCESS

KNOW ALL MEN BY THESE PRESENTS:

That the _____, created by and organized
(Name of Pool)

under the laws of the State of _____ and authorized by said state to pool authorized liabilities pursuant to the Kansas Municipal Group-Funded Pool Act within the State of Kansas, does by these presents irrevocably consent that actions may be commenced against said Pool in the proper court of any county in the State of Kansas in which the cause of action shall arise, or in which the plaintiff may reside, by service of process upon the Commissioner of Insurance of the State of Kansas; and the said

Name of Pool)

does hereby, in consideration of the privilege of pooling authorized liabilities in the State of Kansas as aforesaid, stipulate and agree that such service of process shall be taken and held in all courts to be as valid and binding as if due service had been made upon said Pool according to the laws of said State of Kansas, or of any other state.

IN WITNESS WHEREOF, The said Pool, in accordance with a resolution of its Board of Trustees, duly adopted by said Board, on the _____ day of _____, 19 _____, (a certified copy whereof is hereto attached), hath to these presents caused the same to be subscribed and attested by its Board of Trustees, at the city of _____ in the state of _____ on the _____ day of _____, _____

Chairperson, Board of Trustees

Attest:

Authorized Representative of Board of Trustees

NOTE: THERE MUST BE ATTACHED TO THIS FORM A CERTIFIED COPY OF THE MINUTES OF THE BOARD OF TRUSTEES MEETING AT WHICH THE ABOVE MENTIONED RESOLUTION WAS ADOPTED.

COPY OF RESOLUTION

BE IT RESOLVED by the Board of Trustees of _____

(Name of Pool)

meeting in regular session, this _____ day of _____, 19 _____, that such Board be and is hereby authorized and directed to forthwith sign and execute this letter of attorney to acknowledge service of process giving irrevocable consent that actions may be commenced against said Pool in the proper court of any county in the state of Kansas in which the cause of action shall arise, or in which the plaintiff may reside, by service of process upon the Commissioner of Insurance of the state of Kansas, and stipulating and agreeing that such service of process shall be taken and held in all courts to be as valid and binding as if due service had been made upon said Pool according to the laws of said state of Kansas or any other state.

CERTIFICATION

I, _____, an authorized representative of

(Name of Pool)

state that this is a true and accurate copy of the resolution adopted by the Board of Trustees at a meeting held on the _____ day of _____, 19 _____.

Secretary's Signature

PROPERTY (INLAND MARINE)
PREMIUM WORKSHEET

Coverage	Rate	x	Amount of Insurance	=	Premium
Building					
Contents					
Other					
Total Premium					

Note: Please explain how the rate was derived.

PROPERTY (FIRE and EC)
PREMIUM WORKSHEET

Coverage	Rate	x	Amount of Insurance	=	Premium
Building:					
Fire					
EC					
V&MM					
AOP					
Sub-Total					
Contents:					
Fire					
EC					
MM					
AOP					
Sub-Total					
Other:					
Fire					
EC					
V&MM					
AOP					
Sub-Total					
Total Premium					

Note: Please explain how the rate was derived.

Auto Premium Worksheet

TERR. # _____
 VEH. # _____ GVW _____ SYM _____ AGE _____
 CL (SIZE) _____ (USE) _____ (RADIUS) _____ CODE _____
 PRIMARY FACTOR _____ SECONDARY FACTOR _____

	BASE PREMIUM	X	INC. LIMIT FACTOR	CONVERSION EXEMPT FACTOR	X	PRIMARY & SECONDARY FACTOR	X	FLEET DISCOUNT	=	ANNUAL PREMIUM
BI										
PD										
MED. PAY										
UM										
COMP										
COLL										
TOTAL										

Note: Please explain how the rate was derived.

INSTRUCTIONS TO EACH
GROUP-FUNDED POOL

1. New Section 5(b) of 1987 House Substitute for Senate Bill No. 250 requires each pool to submit a current certified financial statement on a form approved by the Commissioner of Insurance showing its financial ability to meet the obligations under the Kansas Municipal Group-Funded Pool Act. The attached form KMP-11 may be used to satisfy this requirement.
2. New Section 12(c) of 1987 House Substitute for Senate Bill No. 250 provides that the Commissioner of Insurance shall prescribe ". . . a uniform accounting system for use by pool and service agents. . .". The establishment of an accounting system sufficient to accumulate the information required by the attached financial statement shall be deemed to be the system prescribed by the commissioner.

Note: The attached form presumes that group-funded municipal pools will not be subject to federal income tax. If this presumption is incorrect, the Insurance Department should be advised as appropriate adjustments will need to be made to accommodate the reporting of federal income tax payments, liability and/or adjustments.

3. New Section 5(b) requires the reporting of income, expenses and loss information in such manner as the commissioner shall require. The attached form KMP-12 may be used to satisfy this requirement.

(Name of Pool)

As of _____, 19____

ASSETS

Current
Period

Previous
Period

Administrative fund:

_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____

Claims fund:

_____	_____	_____
_____	_____	_____
_____	_____	_____

Premium contributions receivable

_____	_____
-------	-------

Excess insurance recoverable on claims payments

_____	_____
-------	-------

Interest income due and accrued

_____	_____
-------	-------

Receivable from affiliates

_____	_____
-------	-------

Other assets:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Total Assets

\$ _____	\$ _____
----------	----------

To the best of my knowledge, I hereby certify that the balance sheet and summary of operations contained herein represents a true and complete accounting of _____ (Name of pool)

By: _____

Title: _____

(Name of Pool)

As of _____, 19____

LIABILITIES RESERVES AND FUND BALANCE	Current Period	Previous Period
Reserve for unpaid claims	\$ _____	\$ _____
Reserve for unpaid claim adjustment expenses	_____	_____
Reserve for claims incurred but not reported	_____	_____
Unearned premium contributions	_____	_____
Other expensed due or accrued	_____	_____
Taxes, licenses and fees due or accrued	_____	_____
Borrowed money \$ _____ and interest thereon \$ _____	_____	_____
Dividends payable to members	_____	_____
Deposits on premium contributions	_____	_____
Excess insurance premium contributions payable	_____	_____
able to affiliates	_____	_____
Accounts payable	_____	_____
Miscellaneous liabilities:		
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Liabilities	\$ _____	\$ _____
Special reserve funds:		
_____	_____	_____
_____	_____	_____
Fund balance		
Total Reserves and Fund Balance	\$ _____	\$ _____
Total Liabilities, Reserves and Fund Balance	\$ _____	\$ _____

(Name of Pool)

As of _____, 19__

SUMMARY OF OPERATIONS

Current
Period

Previous
Period

Underwriting Income

Direct premium contributions earned \$ _____ \$ _____

Excess insurance premium contributions expense _____

Net premium contributions earned

Deductions:

Claims incurred _____

Claims adjustment expenses incurred _____

Other administrative expenses incurred _____

Total underwriting deductions _____

Net operating gain or (loss) \$ _____ \$ _____

Investment Income

Interest income earned (Net of investment expenses) _____

Other Income

Other income _____

Net income before dividends to members _____

Dividends to members _____

Net income after dividends to members _____

Net Income \$ _____ \$ _____

ANALYSIS OF FUND BALANCE

Fund balance, previous period \$ _____ \$ _____

Net income _____

Change in assets (encumbrances) _____

Change in fund balance for the period \$ _____ \$ _____

Fund Balance, current period \$ _____ \$ _____

KANSAS PREMIUM AND LOSS EXPERIENCE EXHIBIT

NAME OF KANSAS GROUP-FUNDED MUNICIPAL POOL _____

LINE OF BUSINESS: _____ EXPERIENCE CURRENT AS OF _____, 19 _____

KANSAS	19 ____		19 ____		19 ____		19 ____		19 ____	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
1. Direct Premium Contributions Earned		100		100		100		100		100
2. Direct Losses Incurred										
3. Loss Adjustment Expenses Incurred										
4. Loss & Loss Expenses Incurred (2&3)										
5. Direct Premium Contributions Written		100		100		100		100		100
6. Service Agent Fees										
7. General Expenses Paid										
8. Taxes, Licenses & Fees Paid										
9. Total Expenses Paid (6,7,8,9)										

KASB Members

USD 101 (Erie)	USD 292 (Grainfield)	USD 405 (Lyons)
USD 202 (Turner)	USD 297 (St. Francis)	USD 406 (Wathena)
USD 210 (Hugoton)	USD 299 (Sylvan Grove)	USD 412 (Hoxie)
USD 212 (Northern Valley)	USD 305 (Salina)	USD 416 (Louisburg)
USD 215 (Lakin)	USD 307 (Ell-Saline)	USD 418 (Mcpherson)
USD 216 (Deerfield)	USD 310 (Fairfield)	USD 426 (Pike Valley)
USD 223 (Barnes)	USD 311 (Pretty Prairie)	USD 429 (Troy)
USD 224 (Republican Valley)	USD 313 (Buhler)	USD 433 (Midway-Denton)
USD 227 (Jetmore)	USD 323 (Pottawatomie West)	USD 440 (Halstead)
USD 231 (Gardner)	USD 329 (Alma)	USD 445 (Coffeyville)
USD 240 (Twin Valley)	USD 336 (Holton)	USD 448 (Inman)
USD 242 (Weskan)	USD 338 (Valley Falls)	USD 453 (Leavenworth)
USD 243 (Lebo-Waverly)	USD 342 (McLouth)	USD 456 (Marais Des Cygnes)
USD 245 (LeRoy-Gridley)	USD 344 (Pleasanton)	USD 458 (Basehor-Linwood)
USD 248 (Girard)	USD 345 (Seaman)	USD 464 (Tonganoxie)
USD 252 (Southern Lyon Co)	USD 352 (Goodland)	USD 476 (Copeland)
USD 255 (South Barber)	USD 353 (Wellington)	USD 477 (Ingalls)
USD 260 (Derby)	USD 358 (Oxford)	USD 481 (Rural Vista)
USD 264 (Clearwater)	USD 366 (Yates Center)	USD 486 (Elwood)
USD 268 (Cheney)	USD 379 (Clay Center)	USD 487 (Herington)
USD 270 (Plainville)	USD 380 (Vermillion)	USD 496 (Pawnee Heights)
USD 274 (Oakley)	USD 384 (Randolph)	USD 500 (Kansas City)
USD 275 (Triplains)	USD 387 (Altoona-Midway)	USD 507 (Satanta)
USD 280 (Morland)	USD 394 (Rose Hill)	USD 512 (Shawnee Mission)
USD 282 (West Elk)	USD 400 (Lindsborg)	SE KS Reg. Educ. Srv. Ctr.
USD 290 (Ottawa)	USD 401 (Chase)	Neosho Co. Comm. College

KIRMA Members

Beloit

Bonner Springs

Coffeyville

Chanute

Columbus

Dodge City

Goodland

Kinsley

Marysville

Neodosha

Ottawa

Pittsburg

Russell

Seneca

Valley Center

Wamego

Kansas Public Entity Starpool Members

Calloway County Sheriff's Dept.	Leavenworth County Sheriff's Dept.
Carbondale Police Dept.	Lincoln County Sheriff's Dept.
City of Clyde Police Dept.	Linn County Sheriff's Dept.
Douglas County Sheriff's Dept.	Metropolitan Topeka Airport Authority
City of Edgerton Police Dept.	City of Mission Woods
Ellis County Sheriff's Dept.	Olathe Dept. of Public Safety
Garden City Police Dept.	City of Westwood Hills
City of Gardner	City of Winfield Police Dept.
Halstead Police Dept.	Atchison County
Hamilton County Sheriff's Dept.	City of Edgerton
Harvey County Sheriff's Dept.	City of Garden City
City of Hays Police Dept.	City of Gardner
Johnson County Sheriff's Dept.	Kansas Eastern Region Insurance Trust
Kearney County Sheriff's Dept.	City of Lawrence

BW:jbfc

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