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MEMORANDUM

To: Chairman Sutton and the House Committee on Insurance

From: Office of Revisor of Statutes

Date: March 3, 2025

Subject: **SB 21: Requiring that third party administrators maintain separate fiduciary accounts for individual payors and not contain funds collected or held on behalf of multiple payors and disclose to the commissioner of insurance any bankruptcy petition filed by or on behalf of such administrator.**

SB 21 is the Senate version of HB 2044.

SB 21 requires that the administrator maintain a separate fiduciary account for each payor and that there be no co-mingling of funds between each payor and other funds held by or collected on behalf of other payors. The bill also requires that an administrator immediately disclose to the commissioner any bankruptcy petition filed by or on behalf of the administrator, pursuant to chapter 11 or chapter 9 of the U.S. bankruptcy code.

The Senate Committee on Financial Institutions and Insurance to clarify the word "immediately" as the word is used to modify when an administrator is required to disclose any bankruptcy petition filed by or on behalf of the administrator. The language was amended to read that "An administrator shall disclose to the commissioner any bankruptcy petition filed by or on behalf of such administrator...***at the time such filing is made.***" The amendment appears in the bill on page 2, in line 40.

The Senate Committee of the Whole passed the bill unanimously on February 19, 2025.