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300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Chair Dietrich and the Senate Committee on Financial Institutions and Insurance

From: Office of Revisor of Statutes

Date: January 28, 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 requiring that third party administrators disclose to the commissioner of insurance any bankruptcy petition filed by or on behalf of such administrator pursuant to chapter 9 or chapter 11 of the United States bankruptcy code.**

Section 1 amends K.S.A. 40-3807, pertaining to collections of premiums and payment of claims by third party administrators. SB 21 amends the statute to require 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.

Section 2 amends K.S.A. 40-3809, pertaining to disclosures and notices required to be made by administrators. SB 21 amends the statute to require 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.