

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 23** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee amendments, as follows:

On page 1, by striking all in lines 8 through 34;

By striking all on pages 2 through 15;

On page 16, by striking all in lines 1 through 29; following line 29, by inserting:

"Section 1. K.S.A. 40-209 is hereby amended to read as follows: 40-209. (a) Any insurance company organized under the laws of any other country, state or territory, upon application, may be authorized to transact business in this state, when possessed of the required amount of paid-up capital and surplus, or surplus only if a mutual company, and:

(1) Has made the deposit required by this code with the department of insurance of this or any other state in the United States;

(2) participates to the extent possible in the insurance regulatory information system administered by the national association of insurance commissioners;

(3) has submitted an examination report of its financial condition and affairs ~~which~~ that has been conducted by the insurance department of the state of domicile within five years of the date of application unless the commissioner determines that an earlier report will satisfy the purpose of this provision;

(4) demonstrates that any majority ownership interests are in sound financial condition;

(5) is not owned, managed or controlled by persons previously convicted of criminal activity involving fraud or embezzlement or offenses of a similar nature;

(6) has been in operation for at least three years and has been the subject of an

examination of its affairs and financial condition other than its organizational examination. ~~This requirement does not apply to subsidiary or affiliate companies with substantially the same management of an admitted company, a continuing corporation resulting from merger or consolidation or a company whose admission is determined by the commissioner to be in the best public interest;~~

(7) the company will not require immediate regulatory attention by the department upon admission pursuant to K.S.A. 40-222b, and amendments thereto.

(b) The requirements of subsection (a)(3) and (6) shall not apply to subsidiary or affiliate companies with substantially the same management as an admitted company, a continuing corporation resulting from a merger or consolidation or a company whose admission is determined by the commissioner to be in the best public interest.

(c) The authority shall not be granted, continued or renewed to any insurance company which that is controlled, as such word is defined in ~~subsection (e) of K.S.A. 40-3302, and amendments thereto, by another state of the United States or by, a foreign government, or by any political subdivision of either.~~

~~(e)~~(d) Every such company shall file a certified copy of its charter or deed of settlement with the commissioner of insurance, together with a statement, under oath of the president, vice-president or other chief officer and the secretary of the company for which they act, stating the name of the company, the place where located, and the amount of its capital, with a detailed statement of the facts and items required from companies organized under the laws of this state and a copy of the last annual report, if any was made, under any law of the state or country in which such company was incorporated.

~~(d)~~(e) Upon the application of any such insurance company for a certificate of authority

to transact business in this state, the commissioner of insurance shall be satisfied that the company is possessed of money and other admitted assets in excess of its liabilities, as herein provided, and that it has otherwise complied with all the other requirements of this code. The commissioner shall thereupon issue a certificate of authority to such company authorizing it to transact the classes of insurance permitted under its articles of incorporation and by the provisions of this code.

~~(e)~~(f) The funds of any such insurance company, in excess of the minimum paid-up capital required by this code, may at all times be invested in such securities as are or may be authorized by the laws of the state in which such company is organized or in which it has and maintains its United States deposit.

~~(f)~~(g) (1) Except as provided in paragraph (2), the commissioner of insurance may, upon renewal of a certificate of authority waive any of the above requirements except those relating to assets, capital and surplus.

(2) The commissioner of insurance may, at the commissioner's discretion, waive any of the above requirements for prescription drug plan sponsors as defined by 42 U.S.C. § 1395w-151, as in effect on January 1, 2006.

~~(g)~~(h) Whenever any insurance company organized under the laws of any other country, state or territory is issued a certificate of authority to transact insurance in this state by the commissioner of insurance pursuant to this section, such company shall not be required to comply with the provisions of the general corporation code relating to foreign corporations, nor shall any such company be required to file with the secretary of state its articles of incorporation, charter, bylaws or other documents, or any amendments thereof, unless specifically required to do so by law.

Sec. 2. K.S.A. 2025 Supp. 40-4906 is hereby amended to read as follows: 40-4906. (a) Unless denied licensure pursuant to K.S.A. 40-4909, and amendments thereto, a nonresident person shall receive a nonresident agent license if:

(1) Such person is currently licensed as a resident and in good standing in such person's home state;

(2) such person has submitted the proper request for licensure and has paid to the commissioner a nonrefundable application fee not to exceed \$30 and a biennial fee not to exceed \$50;

(3) such person has submitted or transmitted to the commissioner of insurance a copy of the application for licensure that such person submitted to such person's home state, or in lieu of the same, a completed application on a form prescribed by the commissioner; and

(4) such person's home state awards a nonresident agent license to residents of this state on the same basis.

(b) The commissioner may verify the insurance agent's licensing status through the producer database maintained by the NAIC, its affiliates or subsidiaries.

(c) (1) Any nonresident agent who is licensed in this state and who moves from one state to another state or a resident agent who moves from this state to another state shall file with the commissioner within 30 days a change of address and provide certification from the new resident state.

(2) Any insurance agent who resides in this state and who moves from this state to another state shall file with the commissioner within 30 days a change of address and provide certification from the new resident state.

(3) No fee or license application shall be required for any filing required by this

subsection.

(d) Subject to the provisions of subsection (a), any person licensed as a surplus lines agent in such person's home state shall receive a nonresident surplus lines agent license. Except as provided in subsection (a), nothing in this section shall be construed to amend or supersede any provision of K.S.A. 40-246b, and amendments thereto.

(e) Subject to the provisions of subsection (a), any person licensed as a limited line credit insurance or other type of limited lines agent in such person's home state shall receive a nonresident limited lines agent license in this state granting the same scope of authority as granted under the license issued by such insurance agent's home state.

(f) (1) Notwithstanding any other provision of the uniform insurance agents licensing act, a nonresident license issued pursuant to the act may be revoked without notice and a hearing 30 days after the commissioner receives notification that a nonresident licensee no longer holds a license in such nonresident licensee's home state.

(2) Not later than 30 days following the date of revocation of such nonresident's license, the commissioner shall inform the nonresident of such revocation.

(3) Nothing in this subsection shall be deemed to confer the right of a hearing for any nonresident whose license has been revoked.

(g) Not later than December 1 of each year, the commissioner shall set and publish in the Kansas register the application fee required pursuant to subsection (a) for the next calendar year.

Sec. 3. K.S.A. 2025 Supp. 40-4909 is hereby amended to read as follows: 40-4909. (a) The commissioner may deny, suspend, revoke or refuse renewal of any license issued under this act if the commissioner finds that the applicant or license holder has:

(1) Provided incorrect, misleading, incomplete or untrue information in the license application;

(2) violated any:

(A) ~~Any~~ Provision of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, or any rules and regulations promulgated thereunder;

(B) ~~any~~ subpoena or order of the commissioner;

(C) ~~any~~ insurance law or regulation of another state; or

(D) ~~any~~ subpoena or order issued by the regulatory official for insurance in another state;

(3) obtained or attempted to obtain a license under this act through misrepresentation or fraud;

(4) improperly withheld, misappropriated or converted any moneys or properties received in the course of doing insurance business;

(5) intentionally misrepresented the provisions, terms and conditions of an actual or proposed insurance contract or application for insurance;

(6) been convicted of a misdemeanor or felony;

(7) admitted to or been found to have committed any insurance unfair trade practice or fraud in violation of K.S.A. 40-2404, and amendments thereto;

(8) used any fraudulent, coercive, or dishonest practice, or demonstrated any incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere;

(9) had an insurance agent license, public adjuster license, securities registration, or their equivalent, denied, suspended or revoked in any state, district or territory;

(10) forged another person's name to an application for insurance or to any document related to an insurance transaction;

(11) improperly used notes or any other reference material to complete an examination for an insurance license issued under this act;

(12) knowingly accepted insurance business from an individual who is not licensed;

(13) failed to comply with any administrative or court order imposing a child support obligation upon the applicant or license holder;

(14) failed to pay any state income tax or comply with any administrative or court order directing payment of state income tax;

(15) except as otherwise permitted by law, rebated the whole or any part of any insurance premium or offered in connection with the presentation of any contract of insurance any other inducement not contained in the contract of insurance;

(16) made any misleading representation or incomplete comparison of policies to any person for the purposes of inducing or tending to induce such person to lapse, forfeit or surrender such person's insurance then in force; or

(17) failed to respond to an inquiry from the commissioner within 15 business days or failed to respond to an inquiry from the commissioner within 14 calendar days concerning a complaint as defined in K.S.A. 40-2404, and amendments thereto, or an inquiry related to a particular matter.

(b) In addition, the commissioner may deny, suspend, revoke or refuse renewal of any license issued under this act if the commissioner finds that the interests of the insurer or the insurable interests of the public are not properly served under such license.

(c) (1) When considering whether to deny, suspend, revoke or refuse to renew the

application of an individual who has been convicted of a misdemeanor or felony, the commissioner shall consider the:

- (A) Applicant's age at the time of the conduct;
- (B) recency of the conduct;
- (C) reliability of the information concerning the conduct;
- (D) seriousness of the conduct;
- (E) factors underlying the conduct;
- (F) cumulative effect of the conduct or information;
- (G) evidence of rehabilitation;
- (H) applicant's social contributions since the conduct;
- (I) applicant's candor in the application process; and
- (J) materiality of any omissions or misrepresentations.

(2) In determining whether to reinstate or grant to an applicant a license that has been revoked, the commissioner shall consider the:

- (A) Present moral fitness of the applicant;
- (B) demonstrated consciousness by the applicant of the wrongful conduct and disrepute that the conduct has brought to the insurance profession;
- (C) extent of the applicant's rehabilitation;
- (D) seriousness of the original conduct;
- (E) applicant's conduct subsequent to discipline;
- (F) amount of time that has elapsed since the original discipline;
- (G) applicant's character, maturity and experience at the time of revocation; and
- (H) applicant's present competence and skills in the insurance industry.

(d) Any action taken under this section that affects any license or imposes any administrative penalty shall be taken only after notice and an opportunity for a hearing conducted in accordance with the provisions of the Kansas administrative procedure act.

(e) The license of any business entity may be suspended, revoked or refused renewal if the insurance commissioner finds that any violation committed by an individual licensee employed by or acting on behalf of such business entity was known by or should have been known by one or more of the partners, officers or managers acting on behalf of the business entity and:

(1) Such violation was not reported to the insurance commissioner by such business entity; or

(2) such business entity failed to take any corrective action.

(f) None of the following actions shall deprive the commissioner of any jurisdiction or right to institute or proceed with any disciplinary proceeding against such license, ~~to~~ render a decision suspending, revoking or refusing to renew such license; or ~~to~~ establish and make a record of the facts of any violation of law for any of the following lawful purpose purposes:

(1) The imposition of an administrative penalty under this section;

(2) the lapse or suspension of any license issued under this act by operation of law;

(3) the licensee's failure to renew any license issued under this act; or

(4) the licensee's voluntary surrender of any license issued under this act. No such disciplinary proceeding shall be instituted against any licensee after the expiration of two years from the termination of the license.

(g) Whenever the commissioner imposes any administrative penalty or denies, suspends, revokes or refuses renewal of any license pursuant to subsection (a), any costs incurred

as a result of conducting an administrative hearing authorized under the provisions of this section shall be assessed against the person who is the subject of the hearing or any business entity represented by such person who is the party to the matters giving rise to the hearing. As used in this subsection, "costs" includes witness fees, mileage allowances, any costs associated with the reproduction of documents that become a part of the hearing record and the expense of making a record of the hearing.

(h) No person whose license as an agent or broker had been suspended or revoked shall be employed by any insurance company doing business in this state either directly, indirectly, as an independent contractor or otherwise to negotiate or effect contracts of insurance, suretyship or indemnity or perform any act toward the solicitation or transaction of any business of insurance during the period of such suspension or revocation.

(i) In lieu of taking any action under subsection (a), the commissioner may:

(1) Censure the person; or

(2) issue an order imposing an administrative penalty of up to a maximum of \$500 for each violation but not to exceed \$2,500 for the same violation occurring within any six consecutive calendar months from the date of the original violation unless such person knew or should have known that the violative act could give rise to disciplinary action under subsection (a). If such person knew or reasonably should have known the violative act could give rise to any disciplinary proceeding authorized by subsection (a), the commissioner may impose a penalty of up to a maximum of \$1,000 for each violation but not to exceed \$5,000 for the same violation occurring within any six consecutive calendar months from the date of the imposition of the original administrative penalty.

(j) (1) An applicant to whom a license has been denied after a hearing shall not apply

again for a license until after the expiration of a period of one year from the date of the commissioner's order.

(2) A licensee whose license was revoked shall not apply again for a license until after the expiration of a period of two years from the date of the commissioner's order. The commissioner may waive this requirement for a nonresident licensee whose license was revoked pursuant to K.S.A. 40-4906(f), and amendments thereto.

Sec. 4. K.S.A. 2025 Supp. 40-5510 is hereby amended to read as follows: 40-5510. (a) The commissioner may suspend, revoke or refuse to issue or renew a public adjuster's license for any of the following causes:

(1) Providing incorrect, misleading, incomplete or materially untrue information in the license application;

(2) violating any:

(A) ~~Any~~ Provision of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, or any rule and regulation promulgated thereunder;

(B) ~~any~~ subpoena or order of the commissioner;

(C) ~~any~~ insurance law or regulation of another state; or

(D) ~~any~~ subpoena or order issued by the regulatory official for insurance in another state;

(3) obtaining or attempting to obtain a license through misrepresentation or fraud;

(4) misappropriating, converting or improperly withholding any monies or properties received in the course of doing insurance business;

(5) intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance;

- (6) having been convicted of a misdemeanor or felony;
 - (7) having admitted or committed any insurance unfair trade practice or insurance fraud;
 - (8) using fraudulent, coercive or dishonest practices or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere;
 - (9) having an insurance agent license, public adjuster license, securities registration or their equivalent, denied, suspended or revoked in any other state, province, district or territory;
 - (10) forging another's name to an application for insurance or to any document related to an insurance transaction;
 - (11) cheating, including improperly using notes or any other reference material, to complete an examination for an insurance license;
 - (12) knowingly accepting insurance business from an individual who is not licensed but who is required to be licensed by the commissioner;
 - (13) failing to comply with an administrative or court order imposing a child support obligation upon the applicant or license holder;
 - (14) failing to pay state income tax or comply with any administrative or court order directing payment of state income tax; or
 - (15) failing to respond to an inquiry from the commissioner within 15 business days or failing to respond to an inquiry from the commissioner within 14 calendar days concerning a complaint as defined in K.S.A. 40-2404, and amendments thereto, or an inquiry related to a particular matter.
- (b) In addition, the commissioner may deny, suspend, revoke or refuse renewal of a

public adjuster's license if the commissioner finds that the interests of the public are not properly served under such license. Any action taken under this section ~~which~~ that affects any license or imposes any administrative penalty shall be taken only after notice and an opportunity for a hearing conducted in accordance with the Kansas administrative procedure act.

(c) In lieu of any action under subsection (a), the commissioner may:

(1) Censure the individual; or

(2) issue an order imposing an administrative penalty of up to a maximum of \$500 for each violation; but not to exceed \$2,500 for the same violation occurring within any six consecutive calendar months from the date of the original violation, unless such person knew or should have known that the violative act could give rise to disciplinary action under subsection (a). If such person knew or reasonably should have known the violative act could give rise to any disciplinary proceeding authorized by subsection (a), the commissioner may impose a penalty of up to a maximum of \$1,000 for each violation; but not to exceed \$5,000 for the same violation occurring within any six consecutive calendar months from the date of the original violation.

(d) (1) When considering whether to deny, suspend, revoke or refuse to renew the application of an individual who has been convicted of a misdemeanor or felony, the commissioner shall consider the:

(A) Applicant's age at the time of the conduct;

(B) recency of the conduct;

(C) reliability of the information concerning the conduct;

(D) seriousness of the conduct;

(E) factors underlying the conduct;

(F) cumulative effect of the conduct or the information;

- (G) evidence of rehabilitation;
- (H) applicant's social contributions since the conduct;
- (I) applicant's candor in the application process; and
- (J) materiality of any omissions or misrepresentations.

(2) In determining whether to reinstate or grant to an applicant a license that has been revoked, the commissioner shall consider the:

- (A) Present moral fitness of the applicant;
- (B) demonstrated consciousness by the applicant of the wrongful conduct and disrepute that the conduct has brought to the insurance profession;

- (C) extent of the applicant's rehabilitation;
- (D) seriousness of the original conduct;
- (E) applicant's conduct subsequent to discipline;
- (F) amount of time that has elapsed since the original discipline;
- (G) applicant's character, maturity and experience at the time of revocation; and
- (H) applicant's present competence and skills in the insurance industry.

(e) Any action taken under this section that affects any license or imposes any administrative penalty shall be taken only after notice and an opportunity for a hearing conducted in accordance with the provisions of the Kansas administrative procedure act.

(f) The commissioner shall remit all such fines collected under subsection (c) to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state general fund.

- (g) Whenever the commissioner imposes any administrative penalty or denies,

suspends, revokes or refuses renewal of any license pursuant to subsection (a), any costs incurred as a result of conducting an administrative hearing authorized under the provisions of this section shall be assessed against the person who is the subject of the hearing or any business entity represented by such person who is the party to the matters giving rise to the hearing. As used in this subsection, "costs" includes witness fees, mileage allowances, any costs associated with the reproduction of documents that become a part of the hearing record and the expense of making a record of the hearing.

(h) No person whose license as a public adjuster had been suspended or revoked shall be employed by any insurance company doing business in this state either directly, indirectly, as an independent contractor or otherwise to negotiate or effect contracts of insurance, suretyship or indemnity or perform any act toward the solicitation or transaction of any business of insurance during the period of such suspension or revocation.

(i) The commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by this act against any individual who is under investigation for or charged with a violation of this act, even if the individual's license or registration has been surrendered or has lapsed by operation of law.

(j) (1) An applicant to whom a license has been denied after a hearing shall not apply again for a license until after the expiration of a period of one year from the date of the commissioner's order.

(2) A licensee whose license was revoked shall not apply again for a license until after the expiration of a period of two years from the date of the commissioner's order.";

Sec. 5. K.S.A. 40-209 and K.S.A. 2025 Supp. 40-4906, 40-4909 and 40-5510 are hereby repealed.";

Also on page 16, in line 31, by striking "Kansas register" and inserting "statute book";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking all after "to"; by striking all in lines 2 and 3; in line 4, by striking all before the semicolon and inserting "the regulation thereof; reorganizing certain provisions that apply to foreign insurance companies seeking authorization to do business in Kansas; authorizing the suspension or revocation of a nonresident agent's license without notice and opportunity for a hearing after 30 days following notification to the commissioner that such nonresident agent no longer holds a home state license; requiring the commissioner of insurance to notify certain nonresident agents in writing of the revocation of such nonresident's license; requiring agents and public adjusters to respond to inquiries from the commissioner of insurance within 14 calendar days"; also in line 4, after "amending" by inserting "K.S.A. 40-209 and"; in line 5, by striking "2024" and inserting "2025"; also in line 5, by striking "40-2404 and" and inserting "40-4906,"; also in line 5, before the second "and" by inserting "and 40-5510";

And your committee on conference recommends the adoption of this report.

Conferees on part of House

Conferees on part of Senate