

HOUSE BILL No. 2050

By Committee on Insurance

Requested by Eric Turek, Kansas Insurance Department

1-21

1 AN ACT concerning insurance; relating to the powers, duties and
2 responsibilities of the commissioner of insurance; authorizing the
3 commissioner of insurance to set the amount of certain fees; requiring the
4 publication of certain fees in the Kansas register; amending K.S.A.
5 40-205a, 40-218, 40-252, 40-2,133, 40-504, 40-956, 40-22a04, 40-
6 2604, 40-2702, 40-3213, 40-3304, 40-3812, 40-3813, 40-3814, 40-
7 4103, 40-4116, 40-4323, 40-4334, 40-4503, 40-5003 and 40-5509 and
8 K.S.A. 2024 Supp. 40-3823, 40-3824, 40-4209, 40-4302 and 40-4903
9 and repealing the existing sections; also repealing K.S.A. 40-3217.

10
11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. K.S.A. 40-205a is hereby amended to read as follows: 40-
13 205a. (a) No person shall ~~do~~ perform any act toward selling the stock of
14 any insurance company or health maintenance organization unless such
15 person first obtains from the commissioner of insurance written authority
16 to engage in the business of selling the stock of such company. Such
17 applicant shall first be appointed in writing by the president or secretary of
18 the company for which such applicant intends to sell stock. The applicant
19 for such license shall file with the commissioner of insurance the
20 applicant's written application for a license authorizing the applicant to
21 engage in the business of selling such stock. The applicant shall make
22 sworn answers to such interrogatories as the commissioner of insurance
23 shall require. The fee charged for the issuance of such license shall ~~be not~~
24 exceed \$100 and shall be paid to the commissioner of insurance by the
25 company requesting such license.

26 (b) *Not later than December 1 of each year, the commissioner shall*
27 *set and cause to be published in the Kansas register the fee required*
28 *pursuant to this section for the next calendar year.*

29 Sec. 2. K.S.A. 40-218 is hereby amended to read as follows: 40-218.
30 (a) Every insurance company, or fraternal benefit society, on applying for
31 authority to transact business in this state, and as a condition precedent to
32 obtaining such authority, shall file in the insurance department its
33 *irrevocable* written consent, ~~irrevocable~~, that any action or garnishment
34 proceeding may be commenced against such company or fraternal benefit
35 society in the proper court of any county in this state in which the cause of

1 action shall arise or in which the plaintiff may reside by the service of
2 process on the commissioner of insurance of this state, and stipulating and
3 agreeing that such service shall be taken and held in all courts to be as
4 valid and binding as if due service had been made upon the president or
5 chief officer of such corporation. Such consent shall be executed by the
6 president and secretary of the company and shall be accompanied by a
7 duly certified copy of the order or resolution of the board of directors,
8 trustees or managers authorizing the president and secretary to execute the
9 same. The summons or order of garnishment, accompanied by a fee ~~of~~ *not*
10 *to exceed* \$25, shall be directed to the commissioner of insurance, and
11 shall require the defendant or garnishee to answer or otherwise respond by
12 a certain day, not less than 40 days from the date the summons or order of
13 garnishment is served on the commissioner. *Not later than December 1 of*
14 *each year, the commissioner shall set and cause to be published in the*
15 *Kansas register the fee required pursuant to this subsection for the next*
16 *calendar year.*

17 (b) Service on the commissioner of insurance of any process, notice
18 or demand against an insurance company or fraternal benefit society shall
19 be made by delivering to and leaving with the commissioner or the
20 commissioner's designee, the original of the process and two copies of the
21 process and the petition, notice of demand, or the clerk of the court may
22 send the original process and two copies of both the process and petition,
23 notice or demand directly to the commissioner by certified mail, return
24 receipt requested. In the event that any process, notice or demand is served
25 on the commissioner, the commissioner shall immediately cause a copy
26 thereof to be forwarded by certified mail, return receipt requested to the
27 insurance company or fraternal benefit society address to its general agent
28 if such agent resides in this state or to the secretary of the insurance
29 company or fraternal benefit society sued at its registered or principal
30 office in any state in which it is domesticated. The commissioner of
31 insurance shall make return of the summons to the court from whence it
32 issued, showing the date of its receipt, the date of forwarding such copies,
33 and the name and address of each person to whom a copy was forwarded.
34 Such return shall be under the hand and seal of office, and shall have the
35 same force and effect as a due and sufficient return made on process
36 directed to a sheriff. The commissioner of insurance shall keep a suitable
37 record in which shall be docketed every action commenced against an
38 insurance company, the time when commenced, the date and manner of
39 service; also the date of the judgment, its amount and costs, and the date of
40 payment thereof, which shall be certified from time to time by the clerk of
41 the court.

42 Sec. 3. K.S.A. 40-252 is hereby amended to read as follows: 40-252.
43 *Not later than December 1 of each year, the commissioner shall set and*

1 *cause to be published in the Kansas register the fees required pursuant to*
2 *this section for the next calendar year:*

3 Every insurance company or fraternal benefit society organized under
4 the laws of this state or doing business in this state shall pay to the
5 commissioner of insurance fees and taxes *not to exceed the amounts*
6 *specified in the following schedule:*

7 A

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

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

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

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. Mutual life, accident and health associations:

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. Mutual fire, hail, casualty and multiple line insurers and reciprocal or
28 interinsurance exchanges:

29 Admission fees:

30 Examination of charter and other documents.....\$500

31 Filing annual statement.....100

32 Certificate of authority.....10

33 Annual fees:

34 Filing annual statement.....100

35 Continuation of certificate of authority.....10

36 In addition to the above fees and as a condition precedent to the
37 continuation of the certificate of authority provided in this code, all such
38 companies shall pay a fee of \$2 for each agent *newly* certified by the
39 company and shall also pay a tax annually upon all premiums received on
40 risk located in this state at the rate of ~~1% for tax year 1997, and 2% for all~~
41 ~~tax years thereafter per annum less (1) for tax years prior to 1984, any~~
42 ~~taxes paid on business in this state pursuant to the provisions of K.S.A. 40-~~
43 ~~1701 to 40-1707, inclusive, and 75-1508, and amendments thereto, and (2)~~

1 for tax years 1984 and thereafter, any taxes paid on business in this state
 2 pursuant to the provisions of K.S.A. 75-1508, and amendments thereto,
 3 and the amount of the firefighters relief tax credit determined by the
 4 commissioner of insurance. The amount of the firefighters relief tax credit
 5 for a company for the current tax year shall be determined by the
 6 commissioner of insurance by dividing: (A) The total amount of credits
 7 against the tax imposed by this section for taxes paid by all such
 8 companies on business in this state under K.S.A. 40-1701 ~~to~~ through 40-
 9 1707, ~~inclusive~~, and amendments thereto, for tax year 1983, by (B) the
 10 total amount of taxes paid by all such companies on business in this state
 11 under K.S.A. 40-1703, and amendments thereto, for the tax year
 12 immediately preceding the current tax year, and by multiplying the result
 13 so obtained by (C) the amount of taxes paid by the company on business in
 14 this state under K.S.A. 40-1703, and amendments thereto, for the current
 15 tax year.

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

30 B

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

32 Admission fees:

33 Examination of charter and other documents.....	\$500
34 Filing annual statement.....	100
35 Certificate of authority.....	10

36 Annual fees:

37 Filing annual statement.....	100
38 Continuation of certificate of authority.....	10

39 C

40 *Mutual nonprofit hospital service corporations, nonprofit medical service*
 41 *corporations, nonprofit dental service corporations, nonprofit optometric*
 42 *service corporations and nonprofit pharmacy service corporations*
 43 *organized under the laws of this state:*

1 1. Mutual nonprofit hospital service corporations:

2 Admission fees:

3 Examination of charter and other documents.....\$500

4 Filing annual statement.....100

5 Certificate of authority.....10

6 Annual fees:

7 Filing annual statement.....100

8 Continuation of certificate of authority.....10

9 2. Nonprofit medical service corporations:

10 Admission fees:

11 Examination of charter and other documents.....\$500

12 Filing annual statement.....100

13 Certificate of authority.....10

14 Annual fees:

15 Filing annual statement.....100

16 Continuation of certificate of authority.....10

17 3. Nonprofit dental service corporations:

18 Admission fees:

19 Examination of charter and other documents.....\$500

20 Filing annual statement.....100

21 Certificate of authority.....10

22 Annual fees:

23 Filing annual statement.....100

24 Continuation of certificate of authority.....10

25 4. Nonprofit optometric service corporations:

26 Admission fees:

27 Examination of charter and other documents.....\$500

28 Filing annual statement.....100

29 Certificate of authority.....10

30 Annual fees:

31 Filing annual statement.....100

32 Continuation of certificate of authority.....10

33 5. Nonprofit pharmacy service corporations:

34 Admission fees:

35 Examination of charter and other documents.....\$500

36 Filing annual statement.....100

37 Certificate of authority.....10

38 Annual fees:

39 Filing annual statement.....100

40 Continuation of certificate of authority.....10

41 In addition to the above fees and as a condition precedent to the

42 continuation of the certificate of authority, provided in this code, every

43 corporation or association shall pay annually to the commissioner of

1 insurance a tax in an amount equal to ~~1% for tax year 1997, and 2% for all~~
 2 ~~tax years thereafter~~ per annum of the total of all premiums, subscription
 3 charges, or any other term ~~which~~ *that* may be used to describe the charges
 4 made by such corporation or association to subscribers for hospital,
 5 medical or other health services or indemnity received during the
 6 preceding year. In such computations all such corporations or associations
 7 shall be entitled to deduct any premiums or subscription charges returned
 8 on account of cancellations and dividends returned to members or
 9 subscribers.

10 D

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

- 13 1. Capital stock insurance companies and mutual legal reserve life
 14 insurance companies:
 15 Filing application for sale of stock or certificates of indebtedness.....\$25
 16 Admission fees:
 17 Examination of charter and other documents.....500
 18 Filing annual statement.....100
 19 Certificate of authority.....10
 20 Annual fees:
 21 Filing annual statement.....100
 22 Continuation of certificate of authority.....10
 23 In addition to the above fees, all such companies shall pay \$5 for each
 24 agent *newly* certified by the company, except as otherwise provided by
 25 law.

26 As a condition precedent to the continuation of the certificate of
 27 authority, provided in this code, every company organized under the laws
 28 of any other state of the United States or of any foreign country shall pay a
 29 tax upon all premiums received during the preceding year at the rate of 2%
 30 per annum.

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

1 this section for tax years commencing on or after January 1, 1997.

2 2. Mutual life, accident and health associations:

3 Admission fees:

4 Examination of charter and other documents.....\$500

5 Filing annual statement.....100

6 Certificate of authority.....10

7 Annual fees:

8 Filing annual statement.....100

9 Continuation of certificate of authority.....10

10 In addition to the above fees, every such company organized under the
 11 laws of any other state of the United States shall pay \$5 for each agent
 12 *newly* certified by the company; and ~~shall~~ pay a tax annually upon all
 13 premiums received at the rate of 2% per annum.

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

28 3. Mutual fire, casualty and multiple line insurers and reciprocal or
 29 interinsurance exchanges:

30 Admission fees:

31 Examination of charter and other documents and issuance of certificate
 32 of authority.....\$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 In addition to the above fees, every such company or association
 39 organized under the laws of any other state of the United States shall pay a
 40 fee of \$5 for each agent *newly* certified by the company and shall also pay
 41 a tax annually upon all premiums received at the rate of 2% per annum.

42 For tax years 1998 and thereafter, the annual tax shall be reduced by the
 43 "applicable percentage" of: (1) Any taxes paid on business in this state

1 pursuant to the provisions of K.S.A. 75-1508, and amendments thereto;
 2 and (2) the amount of the firefighters relief tax credit determined by the
 3 commissioner of insurance. The amount of the firefighters relief tax credit
 4 for a company taxable under this subsection for the current tax year shall
 5 be determined by the commissioner of insurance by dividing (A) the total
 6 amount of taxes paid by all such companies on business in this state under
 7 K.S.A. 40-1701 to 40-1707, and amendments thereto, for tax year 1983 as
 8 then in effect, by (B) the total amount of taxes paid by all such companies
 9 on business in this state under K.S.A. 40-1703, and amendments thereto,
 10 for the tax year immediately preceding the current tax year, and by
 11 multiplying the result so obtained by (C) the amount of taxes paid by the
 12 company on business in this state under K.S.A. 40-1703, and amendments
 13 thereto, for the current tax year. The "applicable percentage" shall be as
 14 follows:

Tax Year	Applicable Percentage
1998	10%
1999	20%
2000	40%
2002	50%
2003	60%
2004	70%
2005	80%
2006	90%
2007 and thereafter	100%

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

29 E

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

32 Admission fees:

33 Examination of charter and other documents.....	\$500
34 Filing annual statement.....	100
35 Certificate of authority.....	10

36 Annual fees:

37 Filing annual statement.....	100
38 Continuation of certificate of authority.....	10

39 F

40 *Mutual nonprofit hospital service corporations, nonprofit medical service*
 41 *corporations, nonprofit dental service corporations, nonprofit optometric*
 42 *service corporations and nonprofit pharmacy service corporations*
 43 *organized under the laws of any other state, territory or country:*

- 1 1. Mutual nonprofit hospital service corporations:
- 2 Admission fees:
- 3 Examination of charter and other documents.....\$500
- 4 Filing annual statement.....100
- 5 Certificate of authority.....10
- 6 Annual fees:
- 7 Filing annual statement.....100
- 8 Continuation of certificate of authority.....10
- 9 2. Nonprofit medical service corporations, nonprofit dental service
- 10 corporations, nonprofit optometric service corporations and nonprofit
- 11 pharmacy 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 In addition to the above fees and as a condition precedent to the
- 20 continuation of the certificate of authority, provided in this code, every
- 21 corporation or association shall pay annually to the commissioner of
- 22 insurance a tax in an amount equal to 2% per annum of the total of all
- 23 premiums, subscription charges, or any other term ~~which~~ that may be used
- 24 to describe the charges made by such corporation or association to
- 25 subscribers in this state for hospital, medical or other health services or
- 26 indemnity received during the preceding year. In such computations all
- 27 such corporations or associations shall be entitled to deduct any premiums
- 28 or subscription charges returned on account of cancellations and dividends
- 29 returned to members or subscribers.

30 G

31 *Payment of Taxes.*

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

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

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

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

36 amendments thereto, make a return, generated by or at the direction of its

37 president and secretary or other chief officers, under penalty of K.S.A. 21-

38 5824, and amendments thereto, to the commissioner of insurance, stating

39 the amount of all premiums, assessments and charges received by the

40 companies or corporations in this state, whether in cash or notes, during

41 the year ending on the December 31 next preceding.

42 Commencing in 1985 and annually thereafter the estimated taxes shall

43 be paid as follows: On or before June 15 and December 15 of such year an

1 amount equal to 50% of the full amount of the prior year's taxes as
2 reported by the company shall be remitted to the commissioner of
3 insurance. As used in this paragraph, "prior year's taxes" includes: (1)
4 Taxes assessed pursuant to this section for the prior calendar year;; (2) fees
5 and taxes assessed pursuant to K.S.A. 40-253, and amendments thereto,
6 for the prior calendar year;; and (3) taxes paid for maintenance of the
7 department of the state fire marshal pursuant to K.S.A. 75-1508, and
8 amendments thereto, for the prior calendar year.

9 Upon the receipt of such returns the commissioner of insurance shall
10 verify the same and assess the taxes upon such companies, corporations or
11 associations on the basis and at the rate provided herein and the balance of
12 such taxes shall thereupon become due and payable giving credit for
13 amounts paid pursuant to the preceding paragraph, or the commissioner
14 shall make a refund if the taxes paid in the prior June and December are in
15 excess of the taxes assessed.

16 H

17 The fee prescribed for the examination of charters and other documents
18 shall apply to each company's initial application for admission and shall
19 not be refundable for any reason.

20 Sec. 4. K.S.A. 40-2,133 is hereby amended to read as follows: 40-
21 2,133. (a) No insurer may utilize or continue to utilize the services of an
22 MGA on and after the effective date of this act unless such utilization is in
23 compliance with this act.

24 (b) The insurer shall have on file an independent financial
25 examination in a form acceptable to the commissioner of each MGA with
26 which it has done business.

27 (c) If an MGA establishes loss reserves, the insurer shall annually
28 obtain the opinion of an actuary attesting to the adequacy of loss reserves
29 established for losses incurred and outstanding on business produced by
30 the MGA. Such requirement shall be in addition to any other required loss
31 reserve certification.

32 (d) The insurer shall periodically, but not less frequently than semi-
33 annually, conduct an on-site review of the underwriting and claims
34 processing operations of the MGA.

35 (e) Binding authority for all reinsurance contracts or participation in
36 insurance or reinsurance syndicates shall rest with an officer of the insurer
37 who shall not be affiliated with the MGA.

38 (f) (1) Within 30 days of entering into or termination of a contract
39 with an MGA, the insurer shall provide written notification of such
40 appointment or termination to the commissioner. Notices of appointment
41 of an MGA shall include:

42 (H)(A) A statement of duties ~~which~~ that the applicant is expected to
43 perform on behalf of the insurer;;

1 ~~(2)(B)~~ the lines of insurance for which the applicant is to be
2 authorized to act;

3 ~~(3)(C)~~ a notification fee in ~~the an~~ amount of ~~not to exceed~~ \$100; ~~(4)~~;
4 and

5 (D) any other information the commissioner may request.

6 (2) *Not later than December 1 of each year, the commissioner shall*
7 *set and cause to be published in the Kansas register the fee required*
8 *pursuant to this subsection for the next calendar year.*

9 (g) *Each calendar quarter, an insurer shall* ~~each quarter~~ review its
10 books and records to determine if any agent or broker has become, by
11 operation of ~~subsection (d) of~~ K.S.A. 40-2,130(d), and amendments
12 thereto, an MGA as defined in that subsection. If the insurer determines
13 that an agent or broker has become an MGA pursuant to the above, the
14 insurer shall promptly notify the agent or broker and the commissioner of
15 such determination, and the insurer and agent or broker shall fully comply
16 with the provisions of this act within 30 days.

17 (h) An insurer shall not appoint to its board of directors an officer,
18 director, employee or controlling shareholder of its MGAs. This subsection
19 shall not apply to relationships governed by the applicable provisions of
20 article 33 of chapter 40 of the Kansas Statutes Annotated, *and amendments*
21 *thereto.*

22 Sec. 5. K.S.A. 40-504 is hereby amended to read as follows: 40-504.
23 Any corporation heretofore organized and existing pursuant to law for the
24 purpose of making insurance on the lives of individuals, may take
25 advantage and have the benefit of this act by filing in the office of the
26 commissioner of insurance a declaration of the company, signed by the
27 president and secretary, giving the name of the corporation, a copy of the
28 bylaws, the form of application adopted by them, and a copy of the policy
29 contract proposed to be issued to individuals, together with a fee ~~of one~~
30 ~~hundred dollars~~ *not to exceed \$100.* The commissioner of insurance shall
31 submit all documents to the attorney general for ~~his~~ examination, and if
32 found by ~~him~~ *the attorney general* to be in accordance with the law ~~he,~~ *the*
33 *attorney general* shall certify to and deliver ~~the same~~ *such documents* to
34 the commissioner of insurance, who shall retain such documents on file;
35 ~~and.~~ Upon compliance by ~~said~~ *such* company with the provisions of this
36 code, the commissioner of insurance shall issue ~~his~~ *a* certificate
37 authorizing ~~said~~ *such* company to do business in this state under the
38 provisions of this code. *Not later than December 1 of each year, the*
39 *commissioner shall set and cause to be published in the Kansas register*
40 *the fee required pursuant to this section for the next calendar year.*

41 Sec. 6. K.S.A. 40-956 is hereby amended to read as follows: 40-956.
42 (a) (1) Any corporation, association, partnership or individual whether
43 located in or out of the state, may apply for license as a rating organization

1 for such kinds of insurance or subdivisions thereof as are specified in its
2 application and shall file ~~therewith~~:

3 ~~(1)~~(A) A copy of its constitution, articles of agreement or association
4 or certificate of incorporation, and its bylaws and rules governing the
5 conduct of its business;

6 ~~(2)~~(B) a list of its members and subscribers;

7 ~~(3)~~(C) the name and address of a resident of the state upon whom
8 service of process or orders of the commissioner may be served and an
9 irrevocable agreement to accept such service or notices; and

10 ~~(4)~~(D) a statement of its qualification as a rating organization.

11 (2) Every rating organization shall notify the commissioner promptly
12 of every change in its organizational structure, members or subscribers and
13 the person upon whom service or notices may be made.

14 (3) If the commissioner finds the applicant is qualified, the
15 commissioner shall issue a license specifying the kinds of insurance or
16 subdivisions thereof for which the applicant is authorized to act as a rating
17 organization. Every such application shall be granted or denied in whole or
18 in part by the commissioner within 60 days of the date of its filing.
19 Licenses issued pursuant to this section shall continue in force until May 1
20 next after their date unless suspended or revoked by the commissioner. The
21 fee for such license shall ~~be not exceed~~ \$25 annually. *Not later than*
22 *December 1 of each year, the commissioner of insurance shall set and*
23 *cause to be published in the Kansas register the fee required pursuant to*
24 *this paragraph for the next calendar year.* Licenses issued pursuant to this
25 section may be suspended or revoked by the commissioner, after hearing
26 upon notice, in the event the rating organization ceases to meet the
27 requirements of this section.

28 (b) Every rating organization shall furnish its rating services without
29 discrimination to its members and subscribers. Subject to rules ~~which that~~
30 have been approved by the commissioner as reasonable, each rating
31 organization shall permit any insurer or group pool, not a member, to be a
32 subscriber to its rating service for any kind of insurance or subdivision
33 thereof for which it is authorized to act as a rating organization. The
34 reasonableness of any rule in its application to subscribers, or the refusal
35 of any rating organization to admit an insurer or group pool as a
36 subscriber, at the request of any subscriber, pool or any insurer shall be
37 reviewed by the commissioner at a hearing.

38 (c) No rating organization shall adopt any rule, the effect of which
39 would be to prohibit or regulate the payment of dividends, savings or
40 unabsorbed premium deposits allowed or returned by insurers to their
41 policyholders, members or subscribers.

42 (d) The commissioner, at least once in five years, shall make or cause
43 to be made an examination of each rating organization licensed in this

1 state. The reasonable costs of such examination shall be paid by the rating
2 organization examined, upon presentation to it of a detailed account of
3 such cost. The officers, managers, agents and employees of such rating
4 organization may be examined under oath and shall exhibit all books,
5 records, accounts, documents or agreements governing its method of
6 operation. The commissioner may waive such examination upon proof
7 such rating organization has, within a reasonably recent period, been
8 examined by the insurance supervisory official of another state, and upon
9 filing with the commissioner a copy of the report of such examination.

10 (e) Cooperation among rating organizations or among rating
11 organizations and insurers in rate making or in other matters within the
12 scope of this act is hereby authorized, ~~provided~~ *except that* the filings
13 resulting from such cooperation are subject to all the provisions of this act
14 ~~which~~ *that* are applicable to filings generally. The commissioner may
15 review such cooperative activities and practices and if, after a hearing, the
16 commissioner finds any such activity or practice is unfair, unreasonable or
17 otherwise inconsistent with this act or other provision of the insurance
18 laws of this state, the commissioner may issue a written order requiring
19 discontinuance of such activities or practices.

20 (f) Any rating organization may provide for the examination of
21 policies, daily reports, binders and other transaction with its members or
22 subscribers, ~~providing~~ *if* it makes reasonable rules governing those
23 activities, ~~which~~. *Such* rules shall be approved by the commissioner. ~~Such~~
24 ~~rules~~ *and* shall contain a provision that in the event any insurer does not
25 within 60 days furnish satisfactory evidence to the rating organization of
26 the correction of any error or omissions previously called to its attention
27 by the rating organization, it shall be the duty of the rating organization to
28 notify the commissioner thereof. All information submitted for
29 examination shall be confidential.

30 (g) Any rating organization may subscribe for or purchase actuarial,
31 technical or other services, and such services shall be available to all
32 members and subscribers without discrimination. Any rating organization
33 may collect, compile and distribute past and current premiums of
34 individual insurers.

35 Sec. 7. K.S.A. 40-22a04 is hereby amended to read as follows: 40-

36 22a04. (a) The commissioner shall adopt rules and regulations establishing
37 standards governing the conduct of utilization review activities performed
38 in this state or affecting residents or healthcare providers of this state by
39 utilization review organizations. Unless granted an exemption under
40 K.S.A. 40-22a06, and amendments thereto, no utilization review
41 organization may conduct utilization review services in this state or
42 affecting residents of this state without first obtaining a certificate from the
43 commissioner.

1 (b) The commissioner shall not issue a certificate to a utilization
2 review organization until the applicant:

3 (1) Files a formal application for certification in such form and detail
4 as required by the commissioner and such application has been executed
5 under oath by the chief executive officer, president or other head official of
6 the applicant;

7 (2) files with the commissioner a certified copy of its charter or
8 articles of incorporation and bylaws, if any;

9 (3) states the location of the office or offices of the utilization review
10 organization where utilization review affecting residents or health care
11 providers of this state will be principally performed;

12 (4) provides a summary of the qualifications and experience of
13 persons performing utilization review affecting the persons and at the
14 locations identified pursuant to paragraph (3);

15 (5) makes payment of a certification fee ~~of not to exceed~~ \$100 to the
16 commission; and

17 (6) provides such other information or documentation as the
18 commissioner requires.

19 (c) Certificates issued by the commissioner pursuant to this act shall
20 remain effective until suspended, surrendered or revoked subject to
21 payment of an annual continuation fee ~~of not to exceed~~ \$50.

22 (d) The commissioner may suspend or revoke the certificate or any
23 exemption from certification requirements upon determination that the
24 interests of Kansas insureds are not being properly served under such
25 certificate or exemption. Any such action shall be taken only after a
26 hearing conducted in accordance with the provisions of the Kansas
27 administrative procedure act.

28 (e) *Not later than December 1 of each year, the commissioner shall*
29 *set and cause to be published in the Kansas register the fee required*
30 *pursuant to this paragraph for the next calendar year.*

31 Sec. 8. K.S.A. 40-2604 is hereby amended to read as follows: 40-
32 2604. (a) No person shall engage in the business of financing insurance
33 premiums under this act in this state without first having obtained a license
34 as a premium finance company from the commissioner of insurance. Every
35 violation of any of the provisions of this act shall subject the person
36 violating ~~the same~~ *such provisions* to a penalty not to exceed \$500 for each
37 violation or by imprisonment not to exceed six months in jail or both.

38 (b) (I) (A) The license continuation fee shall ~~be not exceed~~ \$100. The
39 fee for such continuation shall be paid to the commissioner to be deposited
40 in the state general fund.

41 (B) Licenses may be continued from year to year as of May 1 of each
42 year upon payment of the continuation fee. Every licensee shall, on or
43 before the first day of April, pay to the commissioner ~~the sum of an~~

1 amount not to exceed \$100 as a continuation fee for the succeeding year.
2 Failure to pay the continuation fee within the time prescribed shall
3 automatically revoke the license.

4 (2) *Not later than December 1 of each year, the commissioner shall*
5 *set and cause to be published in the Kansas register the fees required*
6 *pursuant to this subsection for the next calendar year.*

7 (c) The applicant for such license shall file with the commissioner
8 written application and shall make sworn answers to such interrogatories
9 as the commissioner may require on forms prepared by the commissioner.
10 The commissioner shall have authority, at any time, to require the
11 applicant fully to disclose the identity of all stockholders, partners, officers
12 and employees, and the commissioner may, in the exercise of discretion,
13 refuse to issue or renew a license in the name of any firm, partnership, or
14 corporation if not satisfied that any officer, employee, stockholder, or
15 partner thereof who may materially influence the applicant's conduct meets
16 the standards of this act.

17 Sec. 9. K.S.A. 40-2702 is hereby amended to read as follows: 40-
18 2702. (a) As used in this act, unless the context otherwise requires, the
19 term "insurer" means and includes all corporations, companies,
20 associations, societies, fraternal benefit societies, mutual nonprofit hospital
21 service and nonprofit medical service companies, partnerships and persons
22 engaged as principals in the business of insurance of the kinds enumerated
23 in articles 4, 5, 6, 7, 11, 18, 19, 19a, 19b, 19c, 22, 32 and 38 of chapter 40
24 of the Kansas Statutes Annotated, and ~~any~~ amendments thereto, insofar as
25 the business of insurance of the kinds enumerated in such articles relate to
26 life and accident or sickness. Whenever in this section there is reference to
27 an act effected or committed by mail, the venue of such act shall be at the
28 point where the matter transmitted by mail is delivered and takes effect.

29 It shall be unlawful for any insurer to transact insurance business in this
30 state, as set forth in subsection (b) ~~of this section~~, without a certificate of
31 authority from the commissioner of insurance. This section shall not apply
32 to:

33 (1) The lawful transaction of insurance procured by agents under the
34 authority of K.S.A. 40-246b, 40-246c and 40-246d, and amendments
35 thereto, relating to accident and sickness insurance;

36 (2) contracts of reinsurance issued by an insurer not organized under
37 the laws of this state;

38 (3) transactions in this state involving a policy lawfully solicited,
39 written and delivered outside of this state, covering only subjects of
40 insurance not resident in this state at the time of issuance and which
41 transactions are subsequent to the issuance of such policy;

42 (4) attorneys acting in the ordinary relation of attorney and client in
43 the adjustment of claims or losses;

1 (5) transactions in this state involving group life and group sickness
2 and accident or blanket sickness and accident insurance or group annuities,
3 where the master policy of such groups was lawfully issued and delivered
4 in and pursuant to the laws of a state in which the insurer was authorized
5 to do an insurance business to a group organized for purposes other than
6 the procurement of insurance and where the policyholder is domiciled or
7 otherwise has a bona fide residence;

8 (6) transactions in this state involving any policy of life or accident
9 and health insurance or annuity contract issued prior to the effective date
10 of this act;

11 (7) contracts of insurance written by certain lodges, societies, persons
12 and associations specified in K.S.A. 40-202, and amendments thereto, and
13 organizations preempted from state jurisdiction as a result of compliance
14 with both the employees retirement income security act of 1974, as
15 amended, including all bonding provisions, and paragraph (9) of
16 subsection (c) of section 501 of the internal revenue code; and

17 (8) any life insurance company organized and operated, without profit
18 to any private shareholder or individual, exclusively for the purpose of
19 aiding and strengthening educational institutions, organized and operated
20 without profit to any private shareholder or individual, by issuing
21 insurance and annuity contracts directly from the home office of the
22 company, without insurance agents or insurance representatives in this
23 state, only to or for the benefit of such institutions and individuals engaged
24 in the services of such institutions, but this exemption shall be conditioned
25 upon any such company complying with the following requirements:

26 ~~(i)~~(A) Payment of an annual registration fee ~~of not to exceed~~ \$500;
27 *Not later than December 1 of each year, the commissioner shall set and*
28 *cause to be published in the Kansas register such fee for the next calendar*
29 *year;*

30 ~~(ii)~~(B) filing a copy of the form of any policy or contract issued to
31 Kansas residents with the commissioner of insurance;

32 ~~(iii)~~(C) filing a copy of its annual statement prepared pursuant to the
33 laws of its state of domicile, as well as such other financial material as
34 may be requested, with the commissioner of insurance; and

35 ~~(iv)~~(D) providing, in such form as may be prescribed by the
36 commissioner of insurance, for the appointment of the commissioner of
37 insurance as its true and lawful attorney upon whom may be served all
38 lawful process in any action or proceeding against such company arising
39 out of any policy or contract it has issued to, or which is currently held by,
40 a Kansas citizen and process so served against such company shall have
41 the same force and validity as if served upon the company.

42 (b) Any of the following acts in this state effected by mail or
43 otherwise by or on behalf of an unauthorized insurer ~~is~~ shall be deemed to

1 constitute the transaction of an insurance business in this state:

2 (1) The making of or proposing to make, as an insurer, an insurance
3 contract;

4 (2) the taking or receiving of any application for insurance;

5 (3) the receiving or collection of any premium, commission,
6 membership fees, assessments, dues or other consideration for any
7 insurance or any part thereof;

8 (4) the issuance or delivery of contracts of insurance to residents of
9 this state or to persons authorized to do business in this state;

10 (5) (A) directly or indirectly acting as an agent for or otherwise
11 representing or aiding on behalf of ~~another~~ any *other* person or insurer in
12 the:

13 (i) solicitation, negotiation, procurement or effectuation of insurance
14 or renewals thereof ~~or in the~~;

15 (ii) dissemination of *coverage or rate* information ~~as to coverage or~~
16 ~~rates, or~~;

17 (iii) forwarding of applications or delivery of policies or contracts ~~or~~
18 ;

19 (iv) investigation or adjustment of claims or losses or in the
20 transaction of matters subsequent to effectuation of the contract and rising
21 out of it; or

22 (v) in any other manner representing or assisting a person or insurer
23 in the transaction of insurance with respect to subjects of insurance
24 resident in this state.

25 (B) Nothing ~~herein~~ *in this paragraph* shall be construed to prohibit
26 full-time salaried employees of a corporate insured from acting in the
27 capacity of an insurance manager or buyer in placing insurance ~~in~~ *on*
28 behalf of such employer;

29 (6) the transaction of any kind of insurance business specifically
30 recognized as transacting an insurance business within the meaning of the
31 statutes relating to insurance; or

32 (7) the transacting of or proposing to transact any insurance business,
33 in substance equivalent to any of the foregoing, in a manner designed to
34 evade the provisions of this act.

35 (c) (1) The failure of an insurer transacting insurance business in this
36 state to obtain a certificate of authority from the commissioner of
37 insurance shall not impair the validity of any act or contract of such insurer
38 and shall not prevent such insurer from defending any action at law or suit
39 in equity in any court of this state, but no insurer transacting insurance
40 business in this state without a certificate of authority shall be permitted to
41 maintain an action in any court of this state to enforce any right, claim or
42 demand arising out of the transaction of such business until such insurer
43 shall have obtained a certificate of authority.

1 (2) In the event of failure of any such unauthorized insurer to pay any
2 claim or loss within the provisions of such insurance contract, any person
3 who assisted or in any manner aided, directly or indirectly, in the
4 procurement of such insurance contract shall be liable to the insured for
5 the full amount of the claim or loss in the manner provided by the
6 provisions of such insurance contract.

7 Sec. 10. K.S.A. 40-3213 is hereby amended to read as follows: 40-
8 3213. (a) *(1)* Every health maintenance organization and medicare
9 provider organization subject to this act shall pay to the commissioner the
10 following fees:

11 ~~(1)~~*(A)* For filing an application for a certificate of authority, *an*
12 *amount not to exceed \$150;*

13 ~~(2)~~*(B)* for filing each annual report, *an amount not to exceed \$50;*
14 *and*

15 ~~(3)~~*(C)* for filing an amendment to the certificate of authority, *an*
16 *amount not to exceed \$10.*

17 *(2) Not later than December 1 of each year, the commissioner shall*
18 *set and cause to be published in the Kansas register the fees required*
19 *pursuant to this subsection for the next calendar year.*

20 (b) Every health maintenance organization subject to this act shall
21 pay annually to the commissioner at the time such organization files its
22 annual report, a privilege fee in an amount equal to the following
23 percentages of the total of all premiums, subscription charges or any other
24 term that may be used to describe the charges made by such organization
25 to enrollees: 3.31% during the reporting period beginning January 1, 2015,
26 and ending December 31, 2017; and 5.77% on and after January 1, 2018.
27 In such computations all such organizations shall be entitled to deduct
28 therefrom any premiums or subscription charges returned on account of
29 cancellations and dividends returned to enrollees. If the commissioner
30 shall determine at any time that the application of the privilege fee, or a
31 change in the rate of the privilege fee, would cause a denial of, reduction
32 in or elimination of federal financial assistance to the state or to any health
33 maintenance organization subject to this act, the commissioner is hereby
34 authorized to terminate the operation of such privilege fee or the change in
35 such privilege fee.

36 (c) For the purpose of insuring the collection of the privilege fee
37 provided for by subsection (b), every health maintenance organization
38 subject to this act and required by subsection (b) to pay such privilege fee
39 shall at the time it files its annual report, as required by K.S.A. 40-3220,
40 and amendments thereto, make a return, generated by or at the direction of
41 its chief officer or principal managing director, under penalty of K.S.A.
42 21-5824, and amendments thereto, to the commissioner, stating the amount
43 of all premiums, assessments and charges received by the health

1 maintenance organization, whether in cash or notes, during the year ending
2 on the last day of the preceding calendar year. Upon the receipt of such
3 returns the commissioner of insurance shall verify such returns and
4 reconcile the fees pursuant to subsection (f) upon such organization on the
5 basis and at the rate provided in this section.

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

10 (e) Fees charged under this section shall be remitted to the state
11 treasurer in accordance with the provisions of K.S.A. 75-4215, and
12 amendments thereto. Upon receipt of each such remittance, the state
13 treasurer shall deposit the entire amount in the state treasury to the credit
14 of the medical assistance fee fund created by K.S.A. 40-3236, and
15 amendments thereto.

16 (f) (1) ~~On and after January 1, 2018,~~ In addition to any other filing or
17 return required by this section, each health maintenance organization shall
18 submit a report to the commissioner on or before March 31 and September
19 30 of each year containing an estimate of the total amount of all premiums,
20 subscription charges or any other term that may be used to describe the
21 charges made by such organization to enrollees that the organization
22 expects to collect during the current calendar year. Upon filing each March
23 31 report, the organization shall submit payment equal to ½ of the
24 privilege fee that would be assessed by the commissioner for the current
25 calendar year based upon the organization's reported estimate. Upon filing
26 each September 30 report, the organization shall submit payment equal to
27 the balance of the privilege fee that would be assessed by the
28 commissioner for the current calendar year based upon the organization's
29 reported estimates.

30 (2) Any amount of privilege fees actually owed by a health
31 maintenance organization during any calendar year in excess of estimated
32 privilege fees paid shall be assessed by the commissioner and shall be due
33 and payable upon issuance of such assessment.

34 (3) Any amount of estimated privilege fees paid by a health
35 maintenance organization during any calendar year in excess of privilege
36 fees actually owed shall be reconciled when the commissioner assesses
37 privilege fees in the ensuing calendar year. The commissioner shall credit
38 such excess amount against future privilege fee assessments. Any such
39 excess amount paid by a health maintenance organization that is no longer
40 doing business in Kansas and that no longer has a duty to pay the privilege
41 fee shall be refunded by the commissioner from funds appropriated by the
42 legislature for such purpose.

43 Sec. 11. K.S.A. 40-3304 is hereby amended to read as follows: 40-

1 3304. (a) (1) No person other than the issuer shall make a tender offer for
2 or a request or invitation for tenders of, or enter into any agreement to
3 exchange securities or, seek to acquire, or acquire, in the open market or
4 otherwise, any voting security of a domestic insurer if, after the
5 consummation thereof, such person would, directly or indirectly, or by
6 conversion or by exercise of any right to acquire, be in control of such
7 insurer, and no person shall enter into an agreement to merge with or
8 otherwise to acquire control of a domestic insurer or any person
9 controlling a domestic insurer unless, at the time any such offer, request, or
10 invitation is made or any such agreement is entered into, or prior to the
11 acquisition of such securities if no offer or agreement is involved, such
12 person has filed with the commissioner of insurance and has sent to such
13 insurer, a statement containing the information required by this section and
14 such offer, request, invitation, agreement or acquisition has been approved
15 by the commissioner of insurance in the manner hereinafter prescribed.
16 The requirements of this section shall not apply to the merger or
17 consolidation of those companies subject to the requirements of K.S.A. 40-
18 507 and 40-1216 through 40-1225, and amendments thereto.

19 (2) For purposes of this section, any controlling person of a domestic
20 insurer seeking to divest its controlling interest in the domestic insurer, in
21 any manner, shall file with the commissioner, with a copy to the insurer,
22 confidential notice of its proposed divestiture at least 30 days prior to the
23 cessation of control. The commissioner shall determine those instances in
24 which each party seeking to divest or to acquire a controlling interest in an
25 insurer shall be required to file for and obtain approval of the transaction.
26 The information shall remain confidential until the conclusion of the
27 transaction unless the commissioner, in the commissioner's discretion,
28 determines that confidential treatment will interfere with enforcement of
29 this section. If the statement referred to in paragraph (1) is otherwise filed,
30 this paragraph shall not apply.

31 (3) With respect to a transaction subject to this section, the acquiring
32 person shall also be required to file a preacquisition notification with the
33 commissioner, and such preacquisition notification shall contain the
34 information in the form and manner prescribed by the commissioner
35 through rules and regulations.

36 (4) ~~For the purposes of~~ *As used in this section:*

37 (A) ~~A "Domestic" insurer shall include~~ *includes* any person
38 controlling a domestic insurer unless such person, as determined by the
39 commissioner of insurance, is either directly or through its affiliates
40 primarily engaged in business other than the business of insurance.

41 (B) "Person" ~~shall~~ *does* not include any securities broker holding, in
42 the usual and customary broker's function, less than 20% of the voting
43 securities of the insurance company or of any person ~~which that~~ *controls*

1 the insurance company.

2 (b) (1) The statement to be filed with the commissioner of insurance
3 ~~hereunder~~ shall be made under oath or affirmation, shall be accompanied
4 by a nonrefundable filing fee ~~of not to exceed~~ \$1,000 and shall contain the
5 following information:

6 (1)(A) The name and address of each person by whom or on whose
7 behalf the merger or other acquisition of control referred to in subsection
8 (a) is to be ~~affected~~ *effected*, hereinafter called "acquiring party," and:

9 (A)(i) If such person is an individual, such individual's principal
10 occupation, all offices and positions held by such individual during the
11 past five years and any conviction of crimes other than minor traffic
12 violations during the past 10 years; *and*

13 (B)(ii) if such person is not an individual, a report of the nature of its
14 business operations during the past five years or for such ~~lesser~~ *shorter*
15 period as such person and any predecessors thereof shall have been in
16 existence; an informative description of the business intended to be done
17 by such person and such person's subsidiaries; and a list of all individuals
18 who are or who have been selected to become directors or executive
19 officers of such person, or who perform or will perform functions
20 appropriate to such positions. Such list shall include for each such
21 individual the information required by ~~subparagraph (A) clause (i)~~;

22 (2)(B) the source, nature and amount of the consideration used or to
23 be used in effecting the merger or other acquisition of control, a
24 description of any transaction wherein funds were or are to be obtained for
25 any such purpose including any pledge of the insurer's stock, or the stock
26 of any of its subsidiaries or controlling affiliates, and the identity of
27 persons furnishing such consideration, except that where a source of such
28 consideration is a loan made in the lender's ordinary course of business,
29 the identity of the lender shall remain confidential, if the person filing such
30 statement so requests;

31 (3)(C) fully audited financial information as to the earnings and
32 financial condition of each acquiring party for the preceding five fiscal
33 years of each such acquiring party or for such lesser period as such
34 acquiring party and any predecessors thereof shall have been in existence
35 and similar unaudited information as of a date not earlier than 90 days
36 prior to the filing of the statement;

37 (4)(D) any plans or proposals that each acquiring party may have to
38 liquidate such insurer, to sell its assets, merge or consolidate it with any
39 person or to make any other material change to its business, corporate
40 structure or management;

41 (5)(E) the number of shares of any security referred to in subsection
42 (a) that each acquiring party proposes to acquire and the terms of the offer,
43 request, invitation, agreement or acquisition referred to in subsection (a)

1 and a statement regarding the method utilized to determine the fairness of
2 the proposal;

3 ~~(6)~~(F) the amount of each class of any security referred to in
4 subsection (a) that is beneficially owned or concerning which there is a
5 right to acquire beneficial ownership by each acquiring party;

6 ~~(7)~~(G) a full description of any contracts, arrangements or
7 understandings with respect to any security referred to in subsection (a) in
8 which any acquiring party is involved, including, but not limited to,
9 transfer of any of the securities, joint ventures, loan or option
10 arrangements, puts or calls, guarantees of loans, guarantees against loss or
11 guarantees of profits, division of losses or profits, or the giving or
12 withholding of proxies. Such description shall identify the persons with
13 whom such contracts, arrangements or understandings have been entered
14 into;

15 ~~(8)~~(H) a description of the purchase of any security referred to in
16 subsection (a) during the 12 calendar months preceding the filing of the
17 statement, by any acquiring party, including the dates of purchase, names
18 of the purchasers and consideration paid or agreed to be paid therefor;

19 ~~(9)~~(I) a description of any recommendations to purchase any security
20 referred to in subsection (a) made during the 12 calendar months preceding
21 the filing of the statement, by any acquiring party, or by anyone based
22 upon interviews or at the suggestion of such acquiring party;

23 ~~(10)~~(J) copies of all tender offers for, requests or invitations for
24 tenders of, exchange offers for and agreements to acquire or exchange any
25 securities referred to in subsection (a) and, if distributed, of additional
26 soliciting material relating thereto;

27 ~~(11)~~(K) the terms of any agreement, contract or understanding made
28 with or proposed to be made with any broker-dealer as to solicitation of
29 securities referred to in subsection (a) for tender and the amount of any
30 fees, commissions or other compensation to be paid to broker-dealers with
31 regard thereto;

32 ~~(12)~~(L) an agreement by the person required to file the statement
33 referred to in subsection (a) that such person ~~will~~ shall provide the annual
34 report, as specified in K.S.A. 40-3305(l), and amendments thereto, for so
35 long as control exists;

36 ~~(13)~~(M) an acknowledgment by the person required to file the
37 statement referred to in subsection (a) that the person and all subsidiaries
38 within its control in the insurance holding company system will provide to
39 the commissioner of insurance upon request such information as the
40 commissioner of insurance deems necessary to evaluate enterprise risk to
41 the insurer; and

42 ~~(14)~~(N) such additional information as the commissioner of insurance
43 may by rule or regulation prescribe as necessary or appropriate for the

1 protection of policyholders of the insurer or in the public interest.

2 (2) If the person required to file the statement referred to in
3 subsection (a) is a partnership, limited partnership, syndicate or other
4 group, the commissioner of insurance may require that the information
5 ~~called for by paragraphs~~ *required pursuant to subparagraphs* ~~(1) (A)~~ *(A)*
6 ~~through (14) (N)~~ *shall be given provided* with respect to each partner of
7 such partnership or limited partnership, each member of such syndicate or
8 group and each person who controls such partner or member. If any such
9 partner, member or person is a corporation or the person required to file
10 the statement referred to in subsection (a) is a corporation, the
11 commissioner of insurance may require that the information ~~called for by~~
12 ~~paragraphs~~ *required pursuant to subparagraphs* ~~(1) (A)~~ *(A)* through ~~(14) (N)~~
13 *shall be given provided* with respect to such corporation, each officer and
14 director of such corporation and each person who is directly or indirectly
15 the beneficial owner of more than 10% of the outstanding voting securities
16 of such corporation.

17 (3) If any material change occurs in the facts set forth in the statement
18 filed with the commissioner of insurance and sent to such insurer pursuant
19 to this section, an amendment setting forth such change, together with
20 copies of all documents and other material relevant to such change, shall
21 be filed with the commissioner of insurance and sent to such insurer within
22 two business days after ~~the~~ *such* person learns of such change.

23 (4) *Not later than December 1 of each year, the commissioner shall*
24 *set and cause to be published in the Kansas register the fee required*
25 *pursuant to this subsection for the next calendar year.*

26 (c) If any offer, request, invitation, agreement or acquisition referred
27 to in subsection (a) is proposed to be made by means of a registration
28 statement under the securities act of 1933 or in circumstances requiring the
29 disclosure of similar information under the securities exchange act of
30 1934, or under a state law requiring similar registration or disclosure, the
31 person required to file the statement referred to in subsection (a) may
32 utilize such documents in furnishing the information called for by that
33 statement.

34 (d) (1) The commissioner of insurance shall approve any merger or
35 other acquisition of control referred to in subsection (a) unless, after a
36 public hearing thereon conducted in accordance with the provisions of the
37 Kansas administrative procedure act, the commissioner of insurance finds
38 that:

39 (A) After the change of control the domestic insurer referred to in
40 subsection (a) would not be able to satisfy the requirements for the
41 issuance of a license to write the line or lines of insurance for which it is
42 presently licensed;

43 (B) the financial condition of any acquiring party is such as might

1 jeopardize the financial stability of the insurer or prejudice the interest of
2 its policyholders;

3 (C) the plans or proposals which the acquiring party has to liquidate
4 the insurer, sell its assets, consolidate or merge it with any person, or to
5 make any other material change in its business, corporate structure or
6 management, are unfair and unreasonable to policyholders of the insurer or
7 are not in the public interest;

8 (D) the competence, experience and integrity of those persons who
9 would control the operation of the insurer are such that it would not be in
10 the interest of policyholders of the insurer or of the public to permit the
11 merger or other acquisition of control; or

12 (E) the acquisition is likely to be hazardous or prejudicial to the
13 insurance-buying public.

14 (2) The public hearing referred to in subsection (d)(1) shall be held as
15 soon as ~~practical~~ *practicable* after the statement required by this
16 subsection (a) is filed, and at least 20 days' notice thereof shall be given by
17 the commissioner of insurance to the person filing the statement. Not less
18 than seven days' notice of such public hearing shall be given by the person
19 filing the statement to the insurer and to such other persons as may be
20 designated by the commissioner of insurance. At such hearing, the person
21 filing the statement, the insurer, any person to whom notice of hearing was
22 sent and any other person whose interests may be affected thereby shall
23 have the right to present evidence, examine and cross-examine witnesses
24 and offer oral and written arguments in accordance with the Kansas
25 administrative procedure act. In the absence of intervention, such insurer
26 or person shall have the right to present oral or written statements in
27 accordance with K.S.A. 77-523(c), and amendments thereto.

28 (3) If the proposed acquisition of control will require the approval of
29 more than one commissioner of insurance, the public hearing referred to in
30 paragraph (2) may be held on a consolidated basis upon request of the
31 person filing the statement referred to in subsection (a). Such person shall
32 file the statement referred to in subsection (a) with the national association
33 of insurance commissioners within five days of making the request for a
34 public hearing. A commissioner of insurance may opt out of a consolidated
35 hearing and shall provide notice to the applicant of the opt-out within 10
36 days of the receipt of the statement referred to in subsection (a). A hearing
37 conducted on a consolidated basis shall be public and shall be held within
38 the United States before the commissioners of insurance of the states in
39 which the insurers are domiciled. Such commissioners of insurance shall
40 hear and receive evidence. A commissioner of insurance may attend such
41 hearing in person or by telecommunication.

42 (4) As a condition of a change of control of a domestic insurer, any
43 determination by the commissioner of insurance that the person acquiring

1 control of the insurer shall be required to maintain or restore the capital of
2 the insurer to the level required by the laws and regulations of this state
3 shall be made not later than 60 days after the date of notification of the
4 change in control submitted pursuant to subsection (a).

5 (5) The commissioner of insurance may retain at the acquiring
6 person's expense any attorneys, actuaries, accountants and other experts
7 not otherwise a part of the staff of the commissioner of insurance as the
8 commissioner of insurance deems to be reasonably necessary to assist the
9 commissioner of insurance in reviewing the proposed acquisition of
10 control.

11 (e) The provisions of this section shall not apply to any offer, request,
12 invitation, agreement or acquisition that the commissioner of insurance by
13 order shall exempt therefrom as:

14 (1) Not having been made or entered into for the purpose and not
15 having the effect of changing or influencing the control of a domestic
16 insurer; or

17 (2) as otherwise not comprehended within the purposes of this
18 section.

19 (f) The following shall be violations of this section:

20 (1) The failure to file any statement, amendment or other material
21 required to be filed pursuant to subsection (a) or (b); or

22 (2) the effectuation or any attempt to effectuate an acquisition of
23 control of, or merger with, a domestic insurer unless the commissioner of
24 insurance has given the requisite approval thereto.

25 (g) The courts of this state are hereby vested with jurisdiction over
26 every securityholder of a domestic insurer and every person not resident,
27 domiciled or authorized to do business in this state who files a statement
28 with the commissioner of insurance under this section and over all actions
29 involving such person arising out of violations of this section. Each such
30 person shall be deemed to have performed acts equivalent to and
31 constituting an appointment by such a person of the commissioner of
32 insurance to be such person's true and lawful attorney upon whom may be
33 served all lawful process in any action, suit or proceeding arising out of
34 violations of this section. Copies of all such lawful process shall be served
35 on the commissioner of insurance and transmitted by registered or certified
36 mail by the commissioner of insurance to such person at such person's last
37 known address.

38 Sec. 12. K.S.A. 40-3812 is hereby amended to read as follows: 40-
39 3812. (a) A person shall apply to be an administrator in its home state and
40 shall receive a license from the regulatory authority of its home state prior
41 to performing any function of an administrator in this state.

42 (b) A person applying to Kansas as its home state shall apply for
43 licensure by submitting to the commissioner an application in the form

1 prescribed by the commissioner that shall include or be accompanied by
2 the following information and documents:

3 (1) All basic organizational documents of the applicant, including any
4 articles of incorporation, articles of association, partnership agreement,
5 trade name certificate, trust agreement, shareholder agreement, certificate
6 of existence from the Kansas secretary of state and other applicable
7 documents and all amendments to such documents;

8 (2) the bylaws, rules, regulations or similar documents regulating the
9 internal affairs of the applicant;

10 (3) NAIC biographical affidavits for the individuals who are directly
11 or indirectly responsible for the conduct of affairs of the applicant,
12 including all members of the board of directors, board of trustees,
13 executive committee or other governing board or committee, the principal
14 officers in the case of a corporation or the partners or members in the case
15 of a partnership, association or limited liability company, any shareholders
16 or members holding directly or indirectly 10% or more of the voting stock,
17 voting securities or voting interest of the applicant and any other person
18 who directly or indirectly exercises control or influence over the affairs of
19 the applicant;

20 (4) audited annual financial statements or reports for the two most
21 recent fiscal years that demonstrate that the applicant has a positive net
22 worth. If the applicant has been in existence for less than two fiscal years,
23 the uniform application shall include financial statements or reports,
24 certified by at least two officers, owners or directors of the applicant and
25 prepared in accordance with GAAP, for any completed fiscal years and for
26 any month during the current fiscal year for which such financial
27 statements or reports have been completed. An audited annual financial
28 report prepared on a consolidated basis shall include a columnar
29 consolidating or combining worksheet that shall be filed with the report
30 and include the following:

31 (A) Amounts shown on the consolidated audited financial report
32 shown on the worksheet;

33 (B) amounts for each entity stated separately; and

34 (C) explanations of consolidating and eliminating entries included.

35 The applicant shall also include such other information as the
36 commissioner may require in order to review the current financial
37 condition of the applicant;

38 (5) in lieu of submitting audited financial statements, and upon
39 written application by an applicant and good cause shown, the
40 commissioner may grant a hardship exemption from filing audited
41 financial statements and allow the submission of unaudited financial
42 statements. Acceptable formats for unaudited financial statements, that
43 shall include notes, are:

1 (A) Reports compiled or reviewed by a certified public accountant; or

2 (B) (i) internal financial reports prepared in accordance with GAAP,
3 certified by at least two officers, owners or directors of the administrator.

4 (ii) If unaudited financial statements are submitted, the applicant ~~must~~
5 *shall* also secure and maintain a surety bond in a form prescribed by the
6 commissioner for the use and benefit of the commissioner to be held in
7 trust for the benefit and protection of covered persons and any payor or
8 self-funded plan against loss by reason of acts of fraud or dishonesty, for
9 the greater of 10% of funds handled for the benefit of Kansas residents or
10 \$20,000. Administrators of self-funded plans in Kansas ~~are~~ *shall be* subject
11 to the mandatory surety bond requirement ~~found~~ described in subsection
12 (h), regardless of whether they file audited or unaudited financial reports;

13 (6) a statement describing the business plan, including information on
14 staffing levels and activities, proposed in this state and nationwide. The
15 plan shall provide details setting forth the applicant's capability for
16 providing a sufficient number of experienced and qualified personnel in
17 the areas of claims processing, record keeping and underwriting;

18 (7) a license application fee ~~in the amount of~~ *not to exceed* \$400; and

19 (8) such other pertinent information as may be required by the
20 commissioner.

21 (c) An administrator licensed or applying for licensure under the
22 provisions of this section shall make available for inspection by the
23 commissioner, copies of all contracts with payors or other persons utilizing
24 the services of the administrator.

25 (d) An administrator licensed or applying for licensure under the
26 provisions of this section shall produce its accounts, records and files for
27 examination, and makes its officers available to give information with
28 respect to its affairs, as often as reasonably required by the commissioner.

29 (e) The commissioner may refuse to issue a license if the
30 commissioner determines that the applicant or any individual responsible
31 for the conduct of affairs of the applicant is not competent, trustworthy,
32 financially responsible or of good personal and business reputation, or has
33 had an insurance or an administrator certificate of authority or license
34 denied or revoked for cause by any jurisdiction, or if the commissioner
35 determines that any of the grounds set forth in K.S.A. 40-3810, and
36 amendments thereto, exist with respect to the applicant.

37 (f) A license issued under this section shall remain valid, unless
38 surrendered, suspended or revoked by the commissioner, for so long as the
39 administrator continues in business in this state and remains in compliance
40 with the provisions of this act and any applicable rules and regulations.

41 (g) An administrator licensed or applying for licensure under the
42 provisions of this section shall immediately notify the commissioner of
43 any material change in its ownership, control or other fact or circumstance

1 affecting its qualification for a license in this state.

2 (h) An administrator licensed or applying for a home state license that
3 administers or will administer governmental or church self-insured plans
4 in this state or any other state shall maintain a surety bond for the use and
5 benefit of the commissioner to be held in trust for the benefit and
6 protection of covered persons and any payor or self-funded plan against
7 loss by reason of acts of fraud or dishonesty. The bond shall be in the
8 greater of the following amounts:

9 (1) \$100,000; or

10 (2) an amount equal to 10% of the aggregate total amount of self-
11 funded coverage under church plans or governmental plans handled in this
12 state and all additional states in which the administrator is authorized to do
13 business.

14 (i) *Not later than December 1 of each year, the commissioner shall*
15 *set and cause to be published in the Kansas register the fee required*
16 *pursuant to this section for the next calendar year.*

17 Sec. 13. K.S.A. 40-3813 is hereby amended to read as follows: 40-
18 3813. (a) Unless an administrator has obtained a home state license in this
19 state, any administrator who performs duties as an administrator in this
20 state shall obtain a nonresident administrator license in accordance with
21 the provisions of this section by filing with the commissioner the uniform
22 application, accompanied by a letter of certification. In lieu of requiring an
23 administrator to file a letter of certification with the uniform application,
24 the commissioner may verify the nonresident administrator's home state
25 certificate of authority or license status through an electronic database
26 maintained by the NAIC, its affiliates or subsidiaries.

27 (b) An administrator shall not be eligible for a nonresident
28 administrator license under the provisions of this section if—~~it~~ *such*
29 *administrator* does not hold a license in a home state that has adopted a
30 substantially similar law governing administrators.

31 (c) Except as provided in subsections (b) and (h), the commissioner
32 shall issue to the administrator a nonresident administrator license
33 promptly upon receipt of a complete application.

34 (d) Each nonresident administrator shall file biennially, as a part of its
35 application for renewal of its license, a statement that its home state
36 administrator license remains in force and has not been revoked or
37 suspended by its home state during the preceding years. Each nonresident
38 administrator renewal application shall be accompanied by a renewal
39 application fee ~~in the amount of~~ *not to exceed* \$200.

40 (e) At the time of filing the application for licensing required under
41 the provisions of this section, the nonresident administrator shall pay a
42 license application fee ~~in the amount of~~ *not to exceed* \$400.

43 (f) An administrator licensed or applying for licensure under the

1 provisions of this section shall produce its accounts, records and files for
 2 examination, and make its officers available to give information with
 3 respect to its affairs, as often as reasonably required by the commissioner.

4 (g) A nonresident administrator is not required to hold a nonresident
 5 administrator license in this state if the administrator is licensed in its
 6 home state and the administrator's duties in this state are limited to:

7 (1) The administration of a group policy or plan and ~~no~~ not more than
 8 a total of 20% of covered persons, for all plans the administrator services,
 9 reside in this state; and

10 (2) the total number of covered persons residing in this state is ~~less~~
 11 *fewer* than 100.

12 (h) The commissioner may refuse to issue a nonresident administrator
 13 license, or delay the issuance of a nonresident administrator license, if the
 14 commissioner determines that, due to events or information obtained
 15 subsequent to the home state's licensure of the administrator, the
 16 nonresident administrator cannot satisfy the requirements of this act or that
 17 grounds exist for the home state's revocation or suspension of the
 18 administrator's home state certificate of authority or license.

19 (i) *Not later than December 1 of each year, the commissioner shall*
 20 *set and cause to be published in the Kansas register the fees required*
 21 *pursuant to this section for the next calendar year.*

22 Sec. 14. K.S.A. 40-3814 is hereby amended to read as follows: 40-
 23 3814. (a) Each administrator licensed under the provisions of this act shall
 24 file an annual report for the preceding calendar year with the
 25 commissioner on or before July 1 of each year, or within such extension of
 26 time as the commissioner may grant for good cause, accompanied by an
 27 annual report fee ~~in the amount of~~ *not to exceed* \$100. *Not later than*
 28 *December 1 of each year, the commissioner shall set and cause to be*
 29 *published in the Kansas register such fee for the next calendar year.*

30 (b) The annual report shall include:

31 (1) *The complete names and addresses of all payors, and for self-*
 32 *funded plans, all employers and trusts with which the administrator had*
 33 *agreements during the preceding fiscal year.*

34 (2) *the number of Kansas residents covered by each of the plans; and*

35 (3) (A) an audited financial statement attested to by an independent
 36 certified public accountant. An audited annual financial report prepared on
 37 a consolidated basis shall include a columnar consolidating or combining
 38 worksheet ~~that shall be~~ filed with the report ~~and~~. *Such worksheet shall*
 39 *include the following:*

40 ~~(A)~~(i) Amounts shown on the consolidated audited financial report
 41 shown on the worksheet;

42 ~~(B)~~(ii) amounts for each entity stated separately; and

43 ~~(C)~~(iii) explanations of consolidating and eliminating entries

1 included.

2 ~~(2)(B)~~ In lieu of submitting an audited financial statement, and upon
 3 written application by an administrator and good cause shown, the
 4 commissioner may grant a hardship exemption from filing audited
 5 financial statements and allow the submission of unaudited financial
 6 statements. Acceptable formats for unaudited financial statements, ~~that~~
 7 *which* shall include notes, are:

8 ~~(A)(i)~~ Reports compiled or reviewed by a certified public accountant;
 9 or

10 ~~(B)(ii)~~ internal financial reports prepared in accordance with GAAP,
 11 certified by at least two officers, owners or directors of the administrator.

12 ~~(C)~~ If unaudited financial statements are submitted, the administrator
 13 ~~must shall~~ secure and maintain a surety bond in a form prescribed by the
 14 commissioner for the use and benefit of the commissioner to be held in
 15 trust for the benefit and protection of covered persons and any payor or
 16 self-funded plan against loss by reason of acts of fraud or dishonesty, for
 17 the greater of 10% of funds handled for the benefit of Kansas residents or
 18 \$20,000.

19 ~~(b)(c)~~ The annual report shall be in the form and contain such matters
 20 as the commissioner prescribes and shall be verified by at least two
 21 officers, owners or directors of the administrator.

22 ~~(e)~~ The annual report shall include the complete names and addresses
 23 of all payors and for self-funded plans, all employers and trusts, with
 24 which the administrator had agreements during the preceding fiscal year.
 25 The report shall also include the number of Kansas residents covered by
 26 each of the plans.

27 Sec. 15. K.S.A. 2024 Supp. 40-3823 is hereby amended to read as
 28 follows: 40-3823. (a) No person shall act or operate as a pharmacy benefits
 29 manager without first obtaining a valid license issued by the
 30 commissioner.

31 (b) Each person seeking a license to act as a pharmacy benefits
 32 manager shall file with the commissioner an application for a license upon
 33 a form to be furnished by the commissioner. At a minimum, the
 34 application form shall include the following information:

35 (1) The name, address and telephone number of the pharmacy
 36 benefits manager;

37 (2) the name, address, official position and professional qualifications
 38 of each individual who is responsible for the conduct of the affairs of the
 39 pharmacy benefits manager, including all members of the board of
 40 directors, board of trustees, executive committee, other governing board or
 41 committee, the principal officers in the case of a corporation, the partners
 42 or members in the case of a partnership or association;

43 (3) the name and address of the applicant's agent for service of

1 process in the state.;

2 (4) the name, address, phone number, email address and official
3 position of the employee who will serve as the primary contact for the
4 department.;

5 (5) a copy of the pharmacy benefits manager's corporate charter,
6 articles of incorporation or other charter document.;

7 (6) a template contract, ~~which shall include~~ *including* a dispute
8 resolution process, that ultimately involves an independent fact finder
9 between:

10 (A) The pharmacy benefits manager and the health insurer; or

11 (B) the pharmacy benefits manager and the pharmacy or a pharmacy's
12 contracting agent.; *and*

13 (7) a network adequacy report on a form prescribed by the
14 department through rules and regulations.

15 (c) A nonrefundable application fee ~~of not to exceed~~ \$2,500. *Not later*
16 *than December 1 of each year, the commissioner shall set and cause to be*
17 *published in the Kansas register such fee for the next calendar year.*

18 (d) The licensee shall inform the commissioner, by any means
19 acceptable to the commissioner, of any material change in the information
20 required by this subsection within 90 days of such change. Failure to
21 timely inform the commissioner of a material change may result in a
22 penalty against the licensee in the amount of \$500.

23 (e) Within 90 days after receipt of a completed application, the
24 network adequacy report and the applicable license fee, the commissioner
25 shall review the application and issue a license if the applicant is deemed
26 qualified under this section. If the commissioner determines that the
27 applicant is not qualified, the commissioner shall notify the applicant and
28 shall specify the reason for the denial.

29 (f) (1) All documents, materials or other information and copies
30 thereof in the possession or control of the department or any other
31 governmental entity that are obtained by or disclosed to the commissioner
32 or any other person in the course of an application, examination or
33 investigation made pursuant to this act shall be confidential by law and
34 privileged, shall not be subject to any open records, freedom of
35 information, sunshine or other public record disclosure laws; and shall not
36 be subject to subpoena or discovery.

37 (2) The provisions of paragraph (1) shall only apply to the disclosure
38 of the confidential documents described in paragraph (1) by the
39 department or any other governmental entity and shall not be construed to
40 create any privilege in favor of any other party.

41 (3) The provisions of this subsection shall expire on July 1, 2027,
42 unless the legislature reviews and reenacts this provision pursuant to
43 K.S.A. 45-229, and amendments thereto, prior to July 1, 2027.

1 Sec. 16. K.S.A. 2024 Supp. 40-3824 is hereby amended to read as
2 follows: 40-3824. (a) Each pharmacy benefits manager license shall expire
3 on March 31 *of* each year and may be renewed annually on the request of
4 the licensee. The application for renewal shall be submitted on a form
5 furnished by the commissioner and accompanied by a renewal fee ~~of~~ *not*
6 *to exceed* \$2,500. The application for renewal shall be in such form and
7 contain such matters as the commissioner prescribes.

8 (b) If a license renewal fee is not paid by the prescribed date, the
9 amount of the fee, plus a penalty fee ~~of~~ *not to exceed* \$2,500 shall be paid.
10 The pharmacy benefits manager's license may be revoked or suspended by
11 the commissioner until the renewal fee and any penalty assessed has been
12 paid.

13 (c) Any person who performs or is performing any pharmacy benefits
14 management service shall be required to obtain a license as a pharmacy
15 benefits manager from the commissioner not later than January 1, 2023, in
16 order to continue to do business in Kansas.

17 (d) *Not later than December 1 of each year, the commissioner shall*
18 *set and cause to be published in the Kansas register the fees required*
19 *pursuant to this section for the next calendar year.*

20 Sec. 17. K.S.A. 40-4103 is hereby amended to read as follows: 40-
21 4103. Risk retention groups chartered in states other than this state seeking
22 to do business as a risk retention group in this state shall observe and abide
23 by the laws of this state as follows:

24 (a) *Notice of operations and designation of commissioner as agent.*
25 Before offering insurance in this state, a risk retention group shall submit
26 to the commissioner:

27 (1) A statement identifying the state or states in which the risk
28 retention group is chartered and licensed as a liability insurance company,
29 date of chartering, its principal place of business and such other
30 information, including information on its membership, as the
31 commissioner of this state may require to verify that the risk retention
32 group is qualified under K.S.A. 40-4101(k), and amendments thereto;

33 (2) a copy of its plan of operations or a feasibility study and revisions
34 of such plan or study submitted to its state of domicile, except that the
35 provision relating to the submission of a plan of operation or a feasibility
36 study shall not apply with respect to any line or classification of liability
37 insurance that *was*:

38 (A) ~~was~~ Defined in the product liability risk retention act of 1981
39 before October 27, 1986; and

40 (B) ~~was~~ offered before such date by any risk retention group that had
41 been chartered and operating for not less than three years before such date;

42 (3) a statement of registration that designates the commissioner as its
43 agent for the purpose of receiving service of legal documents or process;

1 and

2 (4) a notification fee ~~in the amount of~~ *not to exceed \$250. Not later*
3 *than December 1 of each year, the commissioner shall set and cause to be*
4 *published in the Kansas register such fee for the next calendar year.*

5 (b) *Financial condition.* Any risk retention group doing business in
6 this state shall submit to the commissioner:

7 (1) A copy of the group's financial statement submitted to its state of
8 domicile that contains a statement of opinion on loss and loss adjustment
9 expense reserves made by a member of the American academy of actuaries
10 or a qualified loss reserve specialist under criteria established by the
11 national association of insurance commissioners;

12 (2) a copy of each examination of the risk retention group as certified
13 by the commissioner or public official conducting the examination;

14 (3) upon request by the commissioner, a copy of any audit performed
15 with respect to the risk retention group; and

16 (4) such information as may be required to verify its continuing
17 qualification as a risk retention group under K.S.A. 40-4101(k), and
18 amendments thereto.

19 (c) *Taxation.* (1) All premiums paid for coverages within this state to
20 risk retention groups chartered outside this state shall be subject to taxation
21 at the same rate and subject to the same interest, fines and penalties for
22 nonpayment as that provided by K.S.A. 40-246c, and amendments thereto.
23 Risk retention groups chartered or licensed in this state shall be taxed in
24 accordance with K.S.A. 40-252, and amendments thereto.

25 (2) To the extent agents or brokers are utilized, they shall report and
26 pay the taxes for the premiums for risks that they have placed with or on
27 behalf of a risk retention group not chartered in this state.

28 (3) To the extent agents or brokers are not utilized or fail to pay the
29 tax, each risk retention group shall pay the tax for risks insured within the
30 state. Each risk retention group shall report all premiums paid to it for
31 risks insured within the state.

32 (d) *Compliance with unfair claims settlement practices law.* Any risk
33 retention group, its agents and representatives, shall comply with K.S.A.
34 40-2404(9), and amendments thereto.

35 (e) *Deceptive, false or fraudulent practices.* Any risk retention group
36 shall comply with the laws of this state regarding deceptive, false or
37 fraudulent acts or practices, except that if the commissioner seeks an
38 injunction regarding such conduct, the injunction shall be obtained from a
39 court of competent jurisdiction.

40 (f) *Examination regarding financial condition.* Any risk retention
41 group shall submit to an examination in accordance with K.S.A. 40-222
42 and 40-223, and amendments thereto, by the commissioner to determine
43 its financial condition if the commissioner of the jurisdiction in which the

1 group is chartered has not initiated an examination or does not initiate an
 2 examination within 60 days after a request by the commissioner of this
 3 state.

4 (g) *Notice to purchasers.* Any policy issued by a risk retention group
 5 shall contain in 10 point type on the front page and the declaration page,
 6 the following notice:

7 NOTICE

8 This policy is issued by your risk retention group. Your risk retention
 9 group may not be subject to all of the insurance laws and regulations of
 10 your state. State insurance insolvency guaranty funds are not available for
 11 your risk retention group.

12 (h) *Prohibited acts regarding solicitation or sale.* The following acts
 13 by a risk retention group are hereby prohibited:

14 (1) The solicitation or sale of insurance by a risk retention group to
 15 any person who is not eligible for membership in such group; and

16 (2) the solicitation or sale of insurance by, or operation of, a risk
 17 retention group that is in a hazardous financial condition or is financially
 18 impaired.

19 (i) *Prohibition on ownership by an insurance company.* No risk
 20 retention group shall be allowed to do business in this state if an insurance
 21 company is directly or indirectly a retention group all of whose members
 22 are insurance companies.

23 (j) *Prohibited coverage.* No risk retention group may offer insurance
 24 policy coverage prohibited by the laws of this state or declared unlawful
 25 by the supreme court of the state of Kansas.

26 (k) *Delinquency proceedings.* A risk retention group not chartered in
 27 this state and doing business in this state must comply with a lawful order
 28 issued in a voluntary dissolution proceeding or in a delinquency
 29 proceeding commenced by a state insurance commissioner if there has
 30 been a finding of financial impairment after an examination under
 31 subsection (f).

32 Sec. 18. K.S.A. 40-4116 is hereby amended to read as follows: 40-
 33 4116. (a) (1) A purchasing group ~~which that~~ intends to do business in this
 34 state shall furnish notice to the commissioner ~~which shall~~:

35 ~~(1)(A) identify~~ *Identifying* the state in which the group is domiciled;

36 ~~(2)(B) specify~~ *specifying* the lines and classifications of liability
 37 insurance ~~which that~~ the purchasing group intends to purchase;

38 ~~(3)(C) identify~~ *identifying* the insurance company from which the
 39 group intends to purchase its insurance and the domicile of such company;

40 ~~(4)(D) identify~~ *identifying* the principal place of business of the group;
 41 and

42 ~~(5)(E) provide~~ *providing* such other information as may be required by
 43 the commissioner to verify that the purchasing group is qualified under

1 ~~subsection (j)~~ of K.S.A. 40-4101(j), and amendments thereto.

2 (2) The notice submitted to the commissioner shall be accompanied
3 by a notification fee ~~of~~ *not to exceed* \$250.

4 (b) The purchasing group shall file with the insurance department its
5 written consent, irrevocable, that any action or garnishment proceeding
6 may be commenced against such group in the proper court of any county
7 in this state in which the cause of action shall arise or in which the plaintiff
8 may reside by the service of process on the commissioner of insurance of
9 this state and stipulating and agreeing that such service shall be taken and
10 held in all courts to be as valid and binding as if due service had been
11 made upon the president or chief officer of such corporation. Such consent
12 shall be executed by the president of the company and shall be
13 accompanied by a certified copy of the order or resolution of the board of
14 directors, trustees or managers authorizing the president to execute the
15 same. The summons, accompanied by a fee ~~of~~ *not to exceed* \$25, shall be
16 directed to the commissioner of insurance and shall require the defendant
17 to answer not less than 40 days from its date. Such summons, and a
18 certified copy of the petition shall be ~~forthwith~~ *immediately* forwarded by
19 the clerk of the court to the commissioner of insurance, who shall
20 immediately forward a copy of the summons and the certified copy of the
21 petition, to the president of the group sued, and thereupon the
22 commissioner of insurance shall make return of the summons to the court
23 from which it issued, showing the date of the receipt by the commissioner,
24 the date of forwarding of such copies and the name and address of the
25 person to whom the commissioner forwarded the copy. Such return shall
26 be made under the commissioner's hand and seal of office; and ~~shall~~
27 have the same force and effect as a due and sufficient return made by the sheriff
28 on process directed to the sheriff. The foregoing shall not apply in the case
29 of a purchasing group ~~which~~ *that*:

30 (1) (A) Was domiciled before April 2, 1986; and

31 (B) is domiciled on and after October 27, 1986, in any state of the
32 United States;

33 (2) (A) before October 27, 1986, purchased insurance from an
34 insurance carrier licensed in any state; and

35 (B) since October 27, 1986, purchased its insurance from an
36 insurance carrier licensed in any state;

37 (3) was a purchasing group under the requirements of the product
38 liability retention act of 1981 before October 27, 1986; and

39 (4) does not purchase insurance that was not authorized for purposes
40 of an exemption under that act, as in effect before October 27, 1986.

41 (c) *Not later than December 1 of each year, the commissioner shall*
42 *set and cause to be published in the Kansas register the fees required*
43 *pursuant to this section for the next calendar year.*

1 Sec. 19. K.S.A. 2024 Supp. 40-4209 is hereby amended to read as
2 follows: 40-4209. (a) (1) No person shall act as or hold such person out to
3 be a prepaid service plan in this state unless such person holds a certificate
4 of registration as a prepaid service plan issued by the commissioner of
5 insurance. An application for such certificate may be made to the
6 commissioner of insurance on forms prescribed by the commissioner and
7 shall include:

8 (A) The completed application form;

9 (B) a list of each individual who solicits memberships on behalf of
10 such prepaid service plan; and

11 (C) a filing fee ~~of~~ *not to exceed* \$100.

12 (2) The certificate of registration may be continued for successive
13 annual periods by notifying the commissioner of such intent, paying an
14 annual continuation fee ~~of~~ *not to exceed* \$50 and advising the
15 commissioner of insurance of any additions to or deletions from the list of
16 individuals who solicit memberships on behalf of such prepaid service
17 plan since the last reporting date.

18 (b) The certificate of registration shall be issued to or continued for a
19 prepaid service plan by the commissioner of insurance unless the
20 commissioner of insurance, after due notice and hearing, determines that
21 the prepaid service plan is not competent, trustworthy, financially
22 responsible or of good personal and business reputation; or has had a
23 previous application for a certificate of registration denied for cause since
24 January 1, 1988, or within five years of the date of application, whichever
25 is later.

26 (c) *Not later than December 1 of each year, the commissioner shall*
27 *set and cause to be published in the Kansas register the fees required*
28 *pursuant to this section for the next calendar year.*

29 Sec. 20. K.S.A. 2024 Supp. 40-4302 is hereby amended to read as
30 follows: 40-4302. (a) Any captive insurance company, when permitted by
31 its organizational documents, may apply to the commissioner for a
32 certificate of authority to do any and all insurance comprised in K.S.A. 40-
33 901 et seq., 40-1102(1)(a); *and* (1)(c) through (1)(n), and amendments
34 thereto, and to issue life, accident and health insurance policies provided
35 that:

36 (1) No pure captive insurance company shall insure any risks other
37 than those of its parent and affiliated companies and, upon prior approval
38 of the commissioner, any controlled unaffiliated business up to 5% of total
39 direct written premium;

40 (2) no association captive insurance company shall insure any risks
41 other than those of its association and those of the member organizations
42 of its association. No association captive insurance company shall expose
43 itself to loss on any one risk or hazard in an amount exceeding 10% of its

1 paid-up capital and surplus;

2 (3) no captive insurance company shall provide personal lines of
3 insurance, workers' compensation, employers' liability insurance coverage,
4 long-term care coverage, critical care coverage, surety, title insurance,
5 credit insurance or any component thereof, except that a technology-
6 enabled fiduciary financial institution insurance company shall be
7 permitted to provide contracts of suretyship and credit insurance in
8 accordance with K.S.A. 2024 Supp. 40-4354, and amendments thereto;

9 (4) no captive insurance company shall accept or cede reinsurance
10 except as provided in K.S.A. 40-4311, and amendments thereto;

11 (5) no captive insurance company shall provide accident and health,
12 life insurance or annuities on a direct basis;

13 (6) no captive insurance company authorized as a life insurance
14 company shall transact business other than life insurance; and

15 (7) no captive insurance company authorized to transact business
16 under article 9 or 11 of chapter 40 of the Kansas Statutes Annotated, and
17 amendments thereto, shall engage in the business of life insurance.

18 (b) No captive insurance company organized under the laws of this
19 state shall do any insurance business in this state unless:

20 (1) It first obtains from the commissioner a certificate of authority
21 authorizing it to do insurance business in this state;

22 (2) its board of directors, members, partners, managers, committee of
23 managers or other governing body holds at least one meeting each year in
24 this state;

25 (3) it maintains its principal place of business in this state; and

26 (4) it authorizes the commissioner to accept service of process on its
27 behalf in accordance with K.S.A. 40-218, and amendments thereto.

28 (c) Before receiving a certificate of authority, an applicant captive
29 insurance company shall file with the commissioner:

30 (1) A copy of the applicant captive insurance company's
31 organizational documents; and

32 (2) a plan of operation or a feasibility study describing the anticipated
33 activities and results of the applicant captive insurance company that shall
34 include:

35 (A) The company's loss prevention program of its parent and
36 insureds, as applicable;

37 (B) historical and expected loss experience of the risks to be insured
38 or reinsured by the applicant captive insurance company;

39 (C) pro forma financial statements and projections of the proposed
40 business operations of the applicant captive insurance company;

41 (D) an analysis of the adequacy of the applicant captive insurance
42 company's proposed premiums, assets and capital and surplus levels
43 relative to the risks to be insured or reinsured by the captive insurance

1 company;

2 (E) a statement of the applicant captive insurance company's net
 3 retained limited liability on any contract of insurance or reinsurance it
 4 intends to issue and the nature of any reinsurance it intends to cede;

5 (F) a statement certifying that the applicant captive insurance
 6 company's investment policy is in compliance with this act and specifying
 7 the type of investments to be made;

8 (G) a statement identifying the geographic areas in which the
 9 applicant captive insurance company intends to operate;

10 (H) a statement identifying the persons or organizations that will
 11 perform the applicant captive insurance company's major operational
 12 functions, including management, underwriting, accounting, asset
 13 investment, claims adjusting and loss control and the adequacy of the
 14 expertise, experience and character of such persons or organizations; and

15 (I) whenever required by the commissioner, an appropriate opinion
 16 by a qualified independent actuary regarding the adequacy of the applicant
 17 captive insurance company's proposed capital, surplus and premium levels;

18 (3) a description of the coverages, deductibles, coverage limits, rates
 19 and forms, together with any additional information that the commissioner
 20 may require;

21 (4) such other items deemed relevant by the commissioner in
 22 ascertaining whether the proposed captive insurance company will be able
 23 to meet its obligations; and

24 (5) any modification or change in the items required under this
 25 subsection that shall require the prior approval of the commissioner.

26 (d) Each captive insurance company not in existence on January 1,
 27 2018, shall pay to the commissioner a nonrefundable fee ~~of not to exceed~~
 28 \$10,000 for examining, investigating and processing its application for a
 29 certificate of authority. The commissioner is authorized to retain legal,
 30 financial, actuarial, analysis and examination services from outside the
 31 department, the reasonable costs of which shall be charged against the
 32 applicant. In addition, it shall pay a renewal fee for each year thereafter ~~of~~
 33 *not to exceed \$10,000. Not later than December 1 of each year, the*
 34 *commissioner shall set and cause to be published in the Kansas register*
 35 *the fee required by this subsection for the next calendar year.*

36 ~~(e) Each captive insurance company already in existence on January~~
 37 ~~1, 2018, shall pay an annual renewal fee of \$110 until January 1, 2028,~~
 38 ~~after which date the provisions of subsection (d) shall apply.~~

39 (f) If the commissioner is satisfied that the documents and statements
 40 that such captive insurance company has filed comply with the provisions
 41 of this act, the commissioner may grant a certificate of authority
 42 authorizing a:

43 (1) Captive insurance company other than a technology-enabled

1 fiduciary financial institution to do insurance business in this state until
2 March 1 thereafter, which certificate of authority may be renewed; and

3 (2) technology-enabled fiduciary financial institution insurance
4 company to do insurance business in this state until the later of March 1
5 thereafter or the maturity date of the last payment-in-kind asset held by
6 such technology-enabled fiduciary financial institution insurance company
7 pursuant to this act.

8 ~~(g)~~(f) Information submitted under this section shall be and remain
9 confidential, and shall not be made public by the commissioner or any
10 employee or agent of the commissioner without the written consent of the
11 company, except that:

12 (1) Such information may be discoverable by a party in a civil action
13 or contested case to which the captive insurance company that submitted
14 such information is a party, upon a showing by the party seeking to
15 discover such information that:

16 (A) The information sought is relevant to and necessary for the
17 furtherance of such action or case;

18 (B) the information sought is unavailable from other non-confidential
19 sources;

20 (C) a subpoena issued by a judicial or administrative officer or
21 competent jurisdiction has been submitted to the commissioner; and

22 (D) the privacy of a qualified policyholder shall be protected in any
23 court proceeding concerning such qualified policyholder if the technology-
24 enabled fiduciary financial institution insurance company so petitions the
25 court. Upon the filing of such petition, any information, including, but not
26 limited to, an instrument, inventory, statement or verified report produced
27 by the technology-enabled fiduciary financial institution insurance
28 company regarding a policy issued to a qualified policyholder or payment-
29 in-kind assets held by the technology-enabled fiduciary financial
30 institution insurance company to satisfy claims of such qualified
31 policyholder, all payment-in-kind policies, all petitions relevant to such
32 information and all court orders thereon, shall be sealed upon filing and
33 shall not be made a part of the public record of the proceeding, except that
34 such petition shall be available to the court, the commissioner, the
35 technology-enabled fiduciary financial institution insurance company, their
36 attorneys and to such other interested persons as the court may order upon
37 a showing of good cause;

38 (2) the commissioner may disclose such information to a public
39 officer having jurisdiction over the regulation of insurance in another state,
40 ~~provided that if:~~

41 (A) Such public official shall agree in writing to maintain the
42 confidentiality of such information; and

43 (B) the laws of the state in which such public official serves requires

1 such information to be and to remain confidential;

2 (3) access may also be granted to the national association of
3 insurance commissioners and its affiliates, and the international
4 association of supervisors and its affiliates. Such parties ~~must~~ *shall* agree
5 in writing prior to receiving the information to provide to it the same
6 confidential treatment as required by this section, unless the company
7 gives prior written consent; and

8 (4) the privacy of those who have established an affiliated fidfin trust
9 or alternative asset custody account shall be protected in any court
10 proceeding concerning such trust or custody account if the acting trustee,
11 custodian, trustor or any beneficiary so petition the court. Upon the filing
12 of such a petition, the instrument, inventory, statement filed by any trustee
13 or custodian, annual verified report of the trustee or custodian and all
14 petitions relevant to trust administration and all court orders thereon shall
15 be sealed upon filing and shall not be made a part of the public record of
16 the proceeding, except that such petition shall be available to the court, the
17 trustor, the trustee, the custodian, any beneficiary, their attorneys and to
18 such other interested persons as the court may order upon a showing of
19 good cause.

20 Sec. 21. K.S.A. 40-4323 is hereby amended to read as follows: 40-
21 4323. (a) As used in this section, unless the context requires otherwise,
22 "dormant captive insurance company" means a captive insurance company
23 that has:

24 (1) Ceased transacting the business of insurance, including the
25 issuance of insurance policies; and

26 (2) no remaining liabilities associated with insurance business
27 transactions or insurance policies issued prior to the filing of its
28 application for a certificate of dormancy under this section.

29 (b) A captive insurance company domiciled in Kansas that meets the
30 criteria of subsection (a) may apply to the commissioner for a certificate of
31 dormancy. The certificate of dormancy shall be subject to renewal every
32 five years and shall be forfeited if not renewed within such time.

33 (c) A dormant captive insurance company that has been issued a
34 certificate of dormancy shall:

35 (1) Possess and thereafter maintain unimpaired, paid-in capital and
36 surplus of not less than \$25,000;

37 (2) prior to March 15 of each year, submit to the commissioner a
38 report of its financial condition, verified by oath by two of its executive
39 officers, in a form as may be prescribed by the commissioner; and

40 (3) pay a license renewal fee ~~of not to exceed~~ \$500. *Not later than*
41 *December 1 of each year, the commissioner shall set and cause to be*
42 *published in the Kansas register such fee required pursuant to this*
43 *paragraph.*

1 (d) A dormant captive insurance company shall not be subject to or
2 liable for the payment of any tax under K.S.A. 40-4314, and amendments
3 thereto, or as provided in article 28 of chapter 40 of the Kansas Statutes
4 Annotated, and amendments thereto.

5 (e) A dormant captive insurance company shall apply to the
6 commissioner for approval to surrender its certificate of dormancy and
7 resume conducting the business of insurance prior to issuing any insurance
8 policies.

9 (f) A certificate of dormancy shall be revoked if a dormant captive
10 insurance company no longer meets the criteria of subsection (a).

11 (g) The commissioner may promulgate rules and regulations as
12 necessary to carry out the provisions of this section.

13 Sec. 22. K.S.A. 40-4334 is hereby amended to read as follows: 40-
14 4334. (a) To transact business in Kansas, a special purpose insurance
15 captive shall:

16 (1) Obtain from the commissioner a certificate of authority
17 authorizing it to conduct reinsurance business in Kansas;

18 (2) hold at least one meeting of its board of directors each year within
19 Kansas;

20 (3) maintain its principal place of business in Kansas;

21 (4) authorize the commissioner to accept service of process on its
22 behalf in accordance with K.S.A. 40-218, and amendments thereto;

23 (5) maintain unimpaired paid-in capital and surplus of not less than
24 \$5,000,000;

25 (6) maintain a risk-based capital of at least 200%; and

26 (7) pay all applicable fees as required by this act.

27 (b) A special purpose insurance captive, when permitted by its
28 organizational documents, may apply to the commissioner for a certificate
29 of authority to conduct reinsurance in Kansas as authorized by this section.

30 (1) An authorized special purpose insurance captive may only
31 reinsure the risks of its ceding company. A special purpose insurance
32 captive may reinsure risks of more than one ceding company, ~~provided if~~
33 all ceding companies from which a special purpose insurance captive
34 assumes risks ~~shall be~~ are affiliated with one another.

35 (2) An authorized special purpose insurance captive may cede all or a
36 portion of its assumed risks under ceded reinsurance agreements.

37 (3) An authorized special purpose insurance captive may take credit
38 or a reduction from liability for the reinsurance of risks or portions of risks
39 ceded to a reinsurer in accordance with K.S.A. 40-221a, and amendments
40 thereto, or as otherwise approved by the commissioner.

41 (c) To obtain a certificate of authority to transact business as a special
42 purpose insurance captive in Kansas, the special purpose insurance captive
43 shall:

- 1 (1) File an application, ~~which~~ *that* shall include the following:
- 2 (A) Certified copies of its organizational documents;
- 3 (B) a statement under oath from any of the applicant's officers as to
- 4 the financial condition of the applicant as of the time the application is
- 5 filed;
- 6 (C) evidence of the applicant's assets as of the time of the application;
- 7 (D) complete biographical sketches for each officer and director on
- 8 forms created by the NAIC;
- 9 (E) a plan of operation as described in K.S.A. 40-4335, and
- 10 amendments thereto;
- 11 (F) an affidavit signed by the applicant that the special purpose
- 12 insurance captive will operate only in accordance with the provisions of
- 13 this section and its plan of operation;
- 14 (G) a description of the investment strategy the special purpose
- 15 insurance captive will follow; and
- 16 (H) a description of the source and form of the initial minimum
- 17 capital proposed in the plan of operation; and
- 18 (2) have deposited with the commissioner of insurance pursuant to
- 19 K.S.A. 40-229a, and amendments thereto, securities authorized by K.S.A.
- 20 40-2a01 et seq., and amendments thereto, in an amount equal to not less
- 21 than the minimum capital stock required of such company for the
- 22 protection of its policyholders or creditors, or both;
- 23 (3) demonstrate that the minimum surplus required is established and
- 24 held in Kansas; and
- 25 (4) provide copies of any filings made by the ceding company with
- 26 the ceding company's domiciliary insurance regulator to obtain approval
- 27 for the ceding company to enter into the special purpose insurance captive
- 28 contract and copies of any filings made by any affiliate of the special
- 29 purpose insurance captive to obtain regulatory approval to contribute
- 30 capital to the special purpose insurance captive or to acquire direct or
- 31 indirect ownership of the special purpose insurance captive. The special
- 32 purpose insurance captive shall provide copies of any letters of approval or
- 33 disapproval received from the insurance regulator responding to such
- 34 filing.
- 35 (d) The commissioner may require the special purpose insurance
- 36 captive to revise its plan of operation under K.S.A. 40-4335, and
- 37 amendments thereto, and meet all requirements imposed by a revised plan
- 38 of operation as approved by the commissioner thereunder.
- 39 (e) The department shall act upon a complete application within 30
- 40 days of its filing. Upon good cause shown, the commissioner may extend
- 41 the time to act on the application by 30 days.
- 42 (f) In the event *that* the ceding company is not required to make
- 43 filings with its domiciliary insurance regulator as described in subsection

1 (c)(4), no such filing shall be required under subsection (c)(4) in Kansas;
2 ~~provided if~~ the applicant provides the commissioner with a certification
3 signed by one of its officers attesting that no such filing is required with
4 the ceding company's domiciliary regulator.

5 (g) Once granted, a certificate of authority under this section shall
6 continue until March 1 of each year. At such time, the certificate of
7 authority may be renewed at the discretion of the commissioner.

8 (h) A special purpose insurance captive shall pay to the commissioner
9 a nonrefundable application fee ~~of not to exceed~~ \$10,000 for examining,
10 investigating and processing its application for certificate of authority, and
11 the commissioner is authorized to retain legal, financial, actuarial and
12 examination services from outside the department, the reasonable costs of
13 which may be additionally charged against the applicant. In addition, each
14 special purpose insurance captive shall pay a renewal fee ~~for each year~~
15 ~~thereafter of not to exceed~~ \$10,000 *for each subsequent year. Not later*
16 *than December 1 of each year, the commissioner shall set and cause to be*
17 *published in the Kansas register the fee required pursuant to this*
18 *subsection for the next calendar year.*

19 Sec. 23. K.S.A. 40-4503 is hereby amended to read as follows: 40-
20 4503. (a) No person, firm, association or corporation shall act as a
21 reinsurance broker in this state if the reinsurance broker maintains an
22 office either directly or as a member or employee of a firm or association,
23 or as an officer, director or employee of a corporation:

24 (1) In this state, unless such reinsurance broker is a licensed producer
25 in this state; or

26 (2) in another state, unless such reinsurance broker is a licensed
27 producer in this state or another state having a law substantially similar to
28 this act or such reinsurance broker is licensed in this state as a nonresident
29 reinsurance intermediary.

30 (b) No person, firm, association or corporation shall act as a
31 reinsurance manager:

32 (1) For a reinsurer domiciled in this state, unless such reinsurance
33 manager is a licensed producer in this state;

34 (2) in this state, if the reinsurance manager maintains an office either
35 directly or as a member or employee of a firm or association, or an officer,
36 director or employee of a corporation in this state, unless such reinsurance
37 manager is a licensed producer in this state;

38 (3) in another state for a nondomestic insurer, unless such reinsurance
39 manager is a licensed producer in this state or another state having a law
40 substantially similar to this act or such person is licensed in this state as a
41 nonresident reinsurance intermediary.

42 (c) The commissioner may require a reinsurance manager subject to
43 subsection (b) to file a bond in an amount from an insurer acceptable to the

1 commissioner for the protection of each reinsurer represented.

2 (d) (1) The commissioner may issue a reinsurance intermediary
3 license to any person, firm, association or corporation who has complied
4 with the requirements of this act. Before any such license may be issued,
5 the applicant shall submit proper application therefor on a form prescribed
6 by the commissioner ~~which~~ *that* shall be accompanied by an initial fee ~~of~~
7 *not to exceed* \$150. Any license so issued shall remain in effect until
8 suspended, revoked, voluntarily surrendered or otherwise terminated by
9 the commissioner or licensee subject to payment of an annual continuation
10 ~~fee of not to exceed~~ \$100 on or before May 1 of each year. Any such
11 license issued to a firm or association will authorize all the members of
12 such firm or association and any designated employees to act as
13 reinsurance intermediaries under the license, and all such persons shall be
14 named in the application and any supplements thereto. Any such license
15 issued to a corporation shall authorize all of the officers; and any
16 designated employees and directors thereof; to act as reinsurance
17 intermediaries on behalf of such corporation, and all such persons shall be
18 named in the application and any supplements thereto.

19 (2) If the applicant for a reinsurance intermediary license is a
20 nonresident, such applicant, as a condition precedent to receiving or
21 holding a license, shall designate the commissioner as agent for service of
22 process in the manner, and with the same legal effect, as is provided for by
23 this act for designation of service of process upon insurers holding a
24 Kansas certificate of authority. Such applicant shall furnish the
25 commissioner with the name and address of a resident of this state upon
26 whom notices or orders of the commissioner or process affecting such
27 nonresident reinsurance intermediary may be served. Such licensee shall
28 promptly notify the commissioner in writing of every change in its
29 designated agent for service of process, and such change shall not become
30 effective until acknowledged by the commissioner.

31 (3) *Not later than December 1 of each year, the commissioner shall*
32 *set and cause to be published in the Kansas register the fee required*
33 *pursuant to this subsection for the next calendar year.*

34 (e) The commissioner may, after a hearing conducted in accordance
35 with the provisions of the Kansas administrative procedure act; *and held*
36 ~~on~~ not less than 20 days' notice, refuse to issue a reinsurance intermediary
37 license if, in the judgment of the commissioner; (1) The applicant, any
38 one named on the application, or any member, principal, officer or director
39 of the applicant, is not trustworthy; ~~or~~; (2) any controlling person of such
40 applicant is not trustworthy to act as a reinsurance intermediary; or (3)
41 any of the foregoing has given cause for revocation or suspension of such
42 license; or has failed to comply with any prerequisite for the issuance of
43 such license.

1 (f) Licensed attorneys at law in this state when acting in their
2 professional capacity as such shall be exempt from this section.

3 Sec. 24. K.S.A. 2024 Supp. 40-4903 is hereby amended to read as
4 follows: 40-4903. (a) Unless denied licensure pursuant to K.S.A. 40-4909,
5 and amendments thereto, any person who meets the requirements of
6 K.S.A. 40-4905, and amendments thereto, shall be issued an insurance
7 agent license. An insurance agent may receive qualifications for a license
8 in one or more of the following lines of authority:

9 (1) Life: Insurance coverage on human lives including benefits of
10 endowment and annuities, and may include benefits in the event of death
11 or dismemberment by accident and benefits for disability income.

12 (2) Accident and health or sickness: Insurance coverage for sickness,
13 bodily injury or accidental death, and may include benefits for disability
14 income.

15 (3) Property: Insurance coverage for the direct or consequential loss
16 or damage to property of every kind.

17 (4) Casualty: Insurance coverage against legal liability, including that
18 for death, injury or disability or damage to real or personal property.

19 (5) Variable life and variable annuity products: Insurance coverage
20 provided under variable life insurance contracts, variable annuities or any
21 other life insurance or annuity product that reflects the investment
22 experience of a separate account.

23 (6) Personal lines: Property and casualty insurance coverage sold
24 primarily to an individual or family for noncommercial purposes.

25 (7) Credit: Limited line credit insurance.

26 (8) Crop insurance: Limited line insurance for damage to crops from
27 unfavorable weather conditions, fire, lightning, flood, hail, insect
28 infestation, disease or other yield-reducing conditions or any other peril
29 subsidized by the federal crop insurance corporation, including multi-peril
30 crop insurance.

31 (9) Title insurance: Limited line insurance that insures titles to
32 property against loss by reason of defective titles or encumbrances.

33 (10) (A) Travel insurance: Limited line insurance for personal risks
34 incidental to planned travel, including, but not limited to:

35 (i) Interruption or cancellation of trip or event;

36 (ii) loss of baggage or personal effects;

37 (iii) damages to accommodations or rental vehicles;

38 (iv) sickness, accident, disability or death occurring during travel;;

39 (v) emergency evacuation;

40 (vi) repatriation of remains; or

41 (vii) any other contractual obligations to indemnify or pay a specified
42 amount to the traveler upon determinable contingencies related to travel as
43 approved by the commissioner.

1 (B) Travel insurance does not include major medical plans that
2 provide comprehensive medical protection for travelers with trips lasting
3 six months or longer, for example, persons working overseas, including
4 military personnel deployed overseas.

5 (11) Pre-need funeral insurance: Limited line insurance that allows
6 for the purchase of a life insurance or annuity contract by or on behalf of
7 the insured solely to fund a pre-need contract or arrangement with a
8 funeral home for specific services.

9 (12) Bail bond insurance: Limited line insurance that provides surety
10 for a monetary guarantee that an individual released from jail will be
11 present in court at an appointed time.

12 (13) Self-service storage unit insurance: Limited line insurance
13 relating to the rental of self-service storage units, including:

14 (A) Personal effects insurance that provides coverage to renters of
15 storage units at the same facility for the loss of, or damage to, personal
16 effects that occurs at the same facility during the rental period; and

17 (B) any other coverage that the commissioner may approve as
18 meaningful and appropriate in connection with the rental of storage units.
19 Such insurance may only be issued in accordance with K.S.A. 40-241, and
20 amendments thereto.

21 (14) Any other line of insurance permitted under the provisions of
22 chapter 40 of the Kansas Statutes Annotated, and amendments thereto, and
23 any rules and regulations promulgated thereunder.

24 (b) Unless suspended, revoked or refused renewal pursuant to K.S.A.
25 40-4909, and amendments thereto, an insurance agent license shall remain
26 in effect as long as:

27 (1) Education requirements for resident individual agents are met by
28 such insurance agent's biennial due date;

29 (2) such insurance agent submits an application for renewal on a form
30 prescribed by the commissioner; and

31 (3) such insurance agent pays a biennial renewal application fee ~~of~~
32 *not to exceed* \$4.

33 (c) Except as provided in paragraphs (1) through (4), each licensed
34 insurance agent shall biennially obtain a minimum of 18 C.E.C.s that
35 include at least three hours of instruction in insurance ethics that also may
36 include regulatory compliance.

37 (1) Each licensed insurance agent who is an individual and holds only
38 a crop qualification shall biennially obtain a minimum of two C.E.C.s in
39 courses certified as crop C.E.C.s under the property and casualty category.

40 (2) Each licensed insurance agent who is an individual and is licensed
41 only for title insurance shall biennially obtain a minimum of four C.E.C.s
42 in courses certified by the board of abstract examiners as title C.E.C.s
43 under the property and casualty category.

1 (3) Each licensed insurance agent who is an individual and holds a
2 life insurance license solely for the purpose of selling pre-need funeral
3 insurance or annuity products shall file a report on or before such agent's
4 biennial due date affirming that such agent transacted no other insurance
5 business during the period covered by the report and shall provide
6 certification from an officer of each insurance company that has appointed
7 such agent that the agent transacted no other insurance business during the
8 period covered by the report. Agents who have offered to sell or sold only
9 pre-need funeral insurance are exempt from the requirement to obtain
10 C.E.C.s.

11 (4) Each licensed insurance agent who is an individual and holds only
12 a bail bond, self-service storage unit or travel insurance qualification is
13 exempt from the requirement to obtain C.E.C.s.

14 (5) (A) A licensed insurance agent who is a member of the national
15 guard or any reserve component of the armed services of the United States
16 who serves on active duty for at least 90 consecutive days shall be exempt
17 from the requirement to obtain C.E.C.s during the time that such insurance
18 agent is on active duty.

19 (B) The commissioner shall grant an extension to any licensed
20 insurance agent described in subparagraph (A) until the biennial due date
21 that occurs in the year next succeeding the year in which such active duty
22 ceases.

23 (d) An instructor of an approved subject shall be entitled to the same
24 C.E.C. as a student completing the study.

25 (e) (1) An individual insurance agent who has been licensed for more
26 than one year, on or before such insurance agent's biennial due date, shall
27 file a report with the commissioner certifying that such insurance agent has
28 met the continuing education requirements for the previous biennium
29 ending on such insurance agent's biennial due date. Each individual
30 insurance agent shall maintain a record of all courses attended together
31 with a certificate of attendance for the remainder of the biennium in which
32 the courses were attended and the entire next succeeding biennium.

33 (2) If the required report showing proof of continuing education
34 completion is not received by the commissioner by the individual
35 insurance agent's biennial due date, such individual insurance agent's
36 qualification and each and every corresponding license shall be suspended
37 automatically for a period of 90 calendar days or until such time as the
38 producer satisfactorily demonstrates completion of the continuing
39 education requirement, whichever is sooner. In addition, the commissioner
40 shall assess a penalty of \$100 for each license suspended. If such insurance
41 agent fails to furnish to the commissioner the required proof of continuing
42 education completion and the monetary penalty within 90 calendar days of
43 such insurance agent's biennial due date, such individual insurance agent's

1 qualification and each and every corresponding license shall expire on
2 such insurance agent's biennial due date. If after more than three but less
3 than 12 months from the date the license expired, the insurance agent
4 wants to reinstate such insurance agent's license, such individual shall
5 provide the required proof of continuing education completion and pay a
6 reinstatement fee in the amount of \$100 for each license suspended. If
7 after more than 12 months from the date an insurance agent's license has
8 expired, such insurance agent wants to reinstate such insurance agent's
9 license, such individual shall apply for an insurance agent's license,
10 provide the required proof of continuing education completion and pay a
11 reinstatement fee in the amount of \$100 for each license suspended. Upon
12 receipt of a written application from such insurance agent claiming
13 extreme hardship, the commissioner may waive any penalty imposed
14 under this subsection.

15 (3) On and after the effective date of this act, any applicant for an
16 individual insurance agent's license who previously held a license that
17 expires on or after June 30, 2001, because of failure to meet continuing
18 education requirements and who seeks to be relicensed shall provide
19 evidence that appropriate C.E.C.s have been completed for the prior
20 biennium.

21 (4) Upon receipt of a written application from an individual insurance
22 agent, the commissioner, in cases involving medical hardship or military
23 service, may extend the time within which to fulfill the minimum
24 continuing educational requirements for a period of not to exceed 180
25 days.

26 (5) This section shall not apply to any inactive insurance agent during
27 the period of such inactivity. For the purposes of this paragraph, "inactive
28 period" or "period of inactivity" means a continuous period of time of not
29 more than four years starting from the date inactive status is granted by the
30 commissioner. Before returning to active status, such inactive insurance
31 agent shall:

32 (A) File a report with the commissioner certifying that such agent has
33 met the continuing education requirement; and

34 (B) pay the renewal fee. If the required proof of continuing education
35 completion and the renewal fee is not furnished at the end of the inactive
36 period, such individual insurance agent's qualification and each and every
37 corresponding license shall expire at the end of the period of inactivity. For
38 issuance of a new license, the individual shall apply for a license and pass
39 the required examination.

40 (6) Any individual who allows such individual's insurance agent
41 license in this state and *in* all other states ~~in which~~ *where* such individual is
42 licensed as an insurance agent to expire for a period of four or more
43 consecutive years; shall apply for a new insurance agent license and pass

1 the required examination.

2 (f) (1) Each course, program of study, or subject shall be submitted to
3 and certified by the commissioner in order to qualify for purposes of
4 continuing education.

5 (2) Each request for certification of any course, program of study or
6 subject shall contain the following information:

7 (A) The name of the provider or provider organization;

8 (B) the title of such course, program of study or subject;

9 (C) the date the course, program of study or subject will be offered;

10 (D) the location where the course, program of study or subject will be
11 offered;

12 (E) an outline of each course, program of study or subject, including
13 a schedule of times when such material will be presented;

14 (F) the names and qualifications of instructors;

15 (G) the number of C.E.C.s requested;

16 (H) a nonrefundable C.E.C. qualification fee ~~in the amount of~~ *not to*
17 *exceed* \$50 per course, program of study or subject or *not to exceed* \$250
18 per year for all courses, programs of study or subjects submitted by a
19 specific provider or provider organization; and

20 (I) a nonrefundable annual provider fee ~~of~~ *not to exceed* \$100.

21 (3) Upon receipt of such information, the commissioner shall grant or
22 deny certification of any submitted course, program of study or subject as
23 an approved subject, program of study or course and indicate the number
24 of C.E.C.s that will be recognized for each approved course, program of
25 study or subject. Each approved course, program of study or subject shall
26 be assigned by the commissioner to one or both of the following classes:

27 (A) Property and casualty; or

28 (B) life insurance, including annuity and variable contracts, and
29 accident and health insurance.

30 (4) Each course, program of study or subject shall have a value of at
31 least one C.E.C.

32 (5) (A) Each provider seeking approval of a course, program of study
33 or subject for continuing education credit shall issue or cause to be issued
34 to each person who attends a course, program of study or subject offered
35 by such provider a certificate of attendance. The certificate shall be signed
36 by either the instructor who presents the course, program of study or
37 course or such provider's authorized representative. Each provider shall
38 maintain a list of all individuals who attend courses offered by such
39 provider for continuing education credit for the remainder of the biennium
40 in which the courses are offered and the entire next succeeding biennium.

41 (B) The commissioner shall accept, without substantive review, any
42 course, program of study or subject submitted by a provider that has been
43 approved by the insurance supervisory authority of any other state or

1 territory accredited by the NAIC. The commissioner may disapprove any
2 individual instructor or provider who has been the subject of disciplinary
3 proceedings or who has otherwise failed to comply with any other state's
4 or territory's laws or regulations.

5 (6) The commissioner may grant or approve any specific course,
6 program of study or course that has appropriate merit, such as any course,
7 programs of study or course with broad national or regional recognition,
8 without receiving any request for certification. The fee prescribed by
9 subsection (f)(2) shall not apply to any approval granted pursuant to this
10 provision.

11 (7) The C.E.C. value assigned to any course, program of study or
12 subject, other than a correspondence course, computer based training,
13 interactive internet study training or other course pursued by independent
14 study, shall in no way be contingent upon passage or satisfactory
15 completion of any examination given in connection with such course,
16 program of study or subject. The commissioner shall establish, by rules
17 and regulations, *the* criteria for determining acceptability of any method
18 used for verification of the completion of each stage of any computer
19 based or interactive internet study training. Completion of any computer
20 based training or interactive internet study training shall be verified in
21 accordance with a method approved by the commissioner.

22 (g) Upon request, the commissioner shall provide a list of all
23 approved continuing education courses currently available to the public.

24 (h) An individual insurance agent who independently studies an
25 insurance course, program of study or subject that is not an agent's
26 examination approved by the commissioner shall receive credit for the
27 C.E.C.s assigned by the commissioner as recognition for the approved
28 subject. No other credit shall be given for independent study.

29 (i) Any licensed individual insurance agent who is unable to comply
30 with license renewal procedures due to military service or some other
31 extenuating circumstances may request a waiver of those procedures from
32 the commissioner. Such agent may also request from the commissioner a
33 waiver of any examination requirement or any other fine or sanction
34 imposed for failure to comply with renewal procedures.

35 (j) *Not later than December 1 of each year, the commissioner shall*
36 *set and cause to be published in the Kansas register the fees required*
37 *pursuant to this section for the next calendar year.*

38 Sec. 25. K.S.A. 40-5003 is hereby amended to read as follows: 40-
39 5003. (a) No person shall operate as a viatical settlement provider or
40 viatical settlement broker without first obtaining a license from the
41 commissioner or the insurance regulatory official of the state of residence
42 of the viator. If there is more than one viator on a single policy and the
43 viators are residents of different states, the viatical settlement shall be

1 governed by the law of the state in which the viator having the largest
2 percentage ownership resides or, if the viators hold equal ownership, the
3 state of residence of one viator agreed upon in writing by all viators.

4 (b) Application for a viatical settlement provider license shall be
5 made to the commissioner by the applicant on a form prescribed by the
6 commissioner, and these applications shall be accompanied by a
7 nonrefundable fee ~~of~~ *not to exceed* \$1,000.

8 (c) Licenses for viatical settlement providers may be renewed from
9 year to year on the anniversary date upon payment of the annual renewal
10 fee ~~of~~ *not to exceed* \$500. Failure to pay the fees by the renewal date
11 results in expiration of the license.

12 (d) Application for a viatical settlement broker license shall be made
13 to the commissioner by the applicant on a form prescribed by the
14 commissioner. Each application shall be accompanied by a nonrefundable
15 application fee ~~of~~ *not to exceed* \$100.

16 (e) Licenses for a viatical settlement broker license may be renewed
17 from year to year on the anniversary date upon payment of the annual
18 renewal fee ~~of~~ *not to exceed* \$50. Failure to pay the fees by the renewal
19 date results in expiration of such license.

20 (f) The applicant shall provide information on forms required by the
21 commissioner. The commissioner shall have authority, at any time, to
22 require the applicant to fully disclose the identity of all stockholders,
23 partners, officers, members and employees, and the commissioner, in the
24 exercise of the commissioner's discretion, may refuse to issue a license in
25 the name of a legal entity if not satisfied that any officer, employee,
26 stockholder, partner or member thereof who may materially influence the
27 applicant's conduct meets the standards of this act.

28 (g) A license issued to a legal entity authorizes all partners, officers,
29 members and designated employees to act as viatical settlement providers
30 or viatical settlement brokers, as applicable, under the license, and all
31 those persons shall be named in the application and any supplements to the
32 application.

33 (h) Upon the filing of an application and the payment of the license
34 fee, the commissioner shall make an investigation of each applicant and
35 issue a license if the commissioner finds that the applicant:

36 (1) If a viatical settlement provider, has provided a detailed plan of
37 operation;

38 (2) is competent and trustworthy and intends to act in good faith in
39 the capacity involved by the license applied for;

40 (3) has a good business reputation and has had experience, training or
41 education so as to be qualified in the business for which the license is
42 applied for;

43 (4) if a legal entity, provides a certificate of good standing from the

1 state of its domicile; and

2 (5) if a viatical settlement provider or viatical settlement broker, has
3 provided an anti-fraud plan that meets the requirements of ~~paragraph (g)~~ of
4 K.S.A. 40-5012(g), and amendments thereto.

5 (i) The commissioner shall not issue a license to a nonresident
6 applicant, unless a written designation of an agent for service of process is
7 filed and maintained with the commissioner or the applicant has filed with
8 the commissioner, the applicant's written irrevocable consent that any
9 action against the applicant may be commenced against the applicant by
10 service of process on the commissioner.

11 (j) A viatical settlement provider or viatical settlement broker shall
12 provide to the commissioner new or revised information about officers,
13 10% or more stockholders, partners, directors, members or designated
14 employees within 30 days of the change.

15 (k) *Not later than December 1 of each year, the commissioner shall*
16 *set and cause to be published in the Kansas register the fees required*
17 *pursuant to this section for the next calendar year.*

18 Sec. 26. K.S.A. 40-5509 is hereby amended to read as follows: 40-
19 5509. (a) (1) An individual who has met the requirements for licensure
20 under this act shall be issued a public adjuster license. A public adjuster
21 license shall remain in effect, unless revoked, terminated or suspended, as
22 long as the request for renewal is timely submitted and a license renewal
23 fee ~~of~~ *not to exceed* \$100 is paid and any other requirements for license
24 renewal are met by the due date. The licensee shall inform the
25 commissioner by any means acceptable to the commissioner of a change
26 of address, change of legal name or change of information submitted on
27 the application within 30 days of the change.

28 (2) *Not later than December 1 of each year, the commissioner shall*
29 *set and cause to be published in the Kansas register the fees required*
30 *pursuant to this subsection for the next calendar year.*

31 (b) A public adjuster shall be subject to the provisions ~~of subsection~~
32 ~~(9)~~ of K.S.A. 40-2404(9), and amendments thereto.

33 (c) A public adjuster who allows such person's license to lapse may,
34 within 12 months from the due date of the renewal, be issued a new public
35 adjuster license upon the commissioner's receipt of proof that the licensee
36 has satisfactorily completed the renewal process and the licensee's
37 payment of a reinstatement fee of \$100. The new public adjuster license
38 shall be effective *on* the date *that* the commissioner receives such proof
39 and the reinstatement fee.

40 (d) A licensed public adjuster that is unable to comply with license
41 renewal procedures due to military service, a long-term medical disability
42 or some other extenuating circumstance, may request an extension of time
43 to comply with those procedures.

1 (e) The public adjuster license shall contain the licensee's name, city
2 and state of business address, personal identification number, the date of
3 issuance, the expiration date and any other information the commissioner
4 deems necessary.

5 (f) In order to assist in the performance of the commissioner's duties,
6 the commissioner may contract with non-governmental entities, including
7 the NAIC, to perform any ministerial functions, including the collection of
8 fees and data related to licensing that the commissioner may deem
9 appropriate.

10 Sec. 27. K.S.A. 40-205a, 40-218, 40-252, 40-2,133, 40-504, 40-956,
11 40-22a04, 40-2604, 40-2702, 40-3213, 40-3217, 40-3304, 40-3812, 40-
12 3813, 40-3814, 40-4103, 40-4116, 40-4323, 40-4334, 40-4503, 40-5003
13 and 40-5509 and K.S.A. 2024 Supp. 40-3823, 40-3824, 40-4209, 40-4302
14 and 40-4903 are hereby repealed.

15 Sec. 28. This act shall take effect and be in force from and after its
16 publication in the statute book.