

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
4 the 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

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

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

1 Sec. 3. K.S.A. 40-252 is hereby amended to read as follows: 40-252.
2 *Not later than December 1 of each year, the commissioner shall set and*
3 *cause to be published in the Kansas register the fees required pursuant to*
4 *this section for the next calendar year.*

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

9 A

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

- 11 1. Capital stock insurance companies and mutual legal reserve life
 - 12 insurance companies:
 - 13 Filing application for sale of stock or certificates of indebtedness.....\$25
 - 14 Admission fees:
 - 15 Examination of charter and other documents.....500
 - 16 Filing annual statement.....100
 - 17 Certificate of authority.....10 - 18 Annual fees:
 - 19 Filing annual statement.....100
 - 20 Continuation of certificate of authority.....10 - 21 2. Mutual life, accident and health associations:
 - 22 Admission fees:
 - 23 Examination of charter and other documents.....\$500
 - 24 Filing annual statement.....100
 - 25 Certificate of authority.....10 - 26 Annual fees:
 - 27 Filing annual statement.....100
 - 28 Continuation of certificate of authority.....10 - 29 3. Mutual fire, hail, casualty and multiple line insurers and reciprocal or
 - 30 interinsurance exchanges:
 - 31 Admission fees:
 - 32 Examination of charter and other documents.....\$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 and as a condition precedent to the
39 continuation of the certificate of authority provided in this code, all such
40 companies shall pay ~~a fee of \$2 for each agent newly certified by the~~
41 ~~company and until such time that either the company or the agent~~
42 ~~terminates such appointment~~ *one-time fee of \$2 for each newly*
43 *certified agent. Such fee shall be non-recurrent and constitute the only*

1 ***appointment fee charged for the duration of such newly certified agent's***
 2 ***employment with the appointing company. Such companies*** shall also
 3 pay a tax annually upon all premiums received on risk located in this state
 4 at the rate of ~~1% for tax year 1997, and 2% for all tax years thereafter~~ per
 5 annum less ~~(1) for tax years prior to 1984, any taxes paid on business in~~
 6 ~~this state pursuant to the provisions of K.S.A. 40-1701 to 40-1707,~~
 7 ~~inclusive, and 75-1508, and amendments thereto, and (2) for tax years~~
 8 ~~1984 and thereafter, any taxes paid on business in this state pursuant to the~~
 9 ~~provisions of K.S.A. 75-1508, and amendments thereto, and the amount of~~
 10 ~~the firefighters relief tax credit determined by the commissioner of~~
 11 ~~insurance. The amount of the firefighters relief tax credit for a company~~
 12 ~~for the current tax year shall be determined by the commissioner of~~
 13 ~~insurance by dividing: (A) The total amount of credits against the tax~~
 14 ~~imposed by this section for taxes paid by all such companies on business~~
 15 ~~in this state under K.S.A. 40-1701 to through 40-1707, inclusive, and~~
 16 ~~amendments thereto, for tax year 1983, by (B) the total amount of taxes~~
 17 ~~paid by all such companies on business in this state under K.S.A. 40-1703,~~
 18 ~~and amendments thereto, for the tax year immediately preceding the~~
 19 ~~current tax year, and by multiplying the result so obtained by (C) the~~
 20 ~~amount of taxes paid by the company on business in this state under~~
 21 ~~K.S.A. 40-1703, and amendments thereto, for the current tax year.~~

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

36 B

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

38 Admission fees:

39 Examination of charter and other documents.....	\$500
40 Filing annual statement.....	100
41 Certificate of authority.....	10
42 Annual fees:	
43 Filing annual statement.....	100

1	Continuation of certificate of authority.....	10
2	C	
3	<i>Mutual nonprofit hospital service corporations, nonprofit medical service</i>	
4	<i>corporations, nonprofit dental service corporations, nonprofit optometric</i>	
5	<i>service corporations and nonprofit pharmacy service corporations</i>	
6	<i>organized under the laws of this state:</i>	
7	1. Mutual nonprofit hospital service corporations:	
8	Admission fees:	
9	Examination of charter and other documents.....	\$500
10	Filing annual statement.....	100
11	Certificate of authority.....	10
12	Annual fees:	
13	Filing annual statement.....	100
14	Continuation of certificate of authority.....	10
15	2. Nonprofit medical service corporations:	
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	3. Nonprofit dental service corporations:	
24	Admission fees:	
25	Examination of charter and other documents.....	\$500
26	Filing annual statement.....	100
27	Certificate of authority.....	10
28	Annual fees:	
29	Filing annual statement.....	100
30	Continuation of certificate of authority.....	10
31	4. Nonprofit optometric service corporations:	
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	5. Nonprofit pharmacy service corporations:	
40	Admission fees:	
41	Examination of charter and other documents.....	\$500
42	Filing annual statement.....	100
43	Certificate of authority.....	10

1 Annual fees:
 2 Filing annual statement.....100
 3 Continuation of certificate of authority.....10
 4 In addition to the above fees and as a condition precedent to the
 5 continuation of the certificate of authority, provided in this code, every
 6 corporation or association shall pay annually to the commissioner of
 7 insurance a tax in an amount equal to ~~1% for tax year 1997, and 2% for all~~
 8 ~~tax years thereafter~~ per annum of the total of all premiums, subscription
 9 charges, or any other term ~~which~~ *that* may be used to describe the charges
 10 made by such corporation or association to subscribers for hospital,
 11 medical or other health services or indemnity received during the
 12 preceding year. In such computations all such corporations or associations
 13 shall be entitled to deduct any premiums or subscription charges returned
 14 on account of cancellations and dividends returned to members or
 15 subscribers.

16 D

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

- 19 1. Capital stock insurance companies and mutual reserve life
 20 insurance companies:
 21 Filing application for sale of stock or certificates of indebtedness.....\$25
 22 Admission fees:
 23 Examination of charter and other documents.....500
 24 Filing annual statement.....100
 25 Certificate of authority.....10

26 Annual fees:
 27 Filing annual statement.....100
 28 Continuation of certificate of authority.....10
 29 In addition to the above fees, all such companies shall pay ~~\$5 for each~~
 30 ~~agent newly certified by the company~~ ***a one-time fee of \$5 for each newly***
 31 ***certified agent. Such fee shall be non-recurrent and constitute the only***
 32 ***appointment fee charged for the duration of such newly certified agent's***
 33 ***employment with the appointing company,*** except as otherwise provided
 34 by law.

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

40 In the computation of the gross premiums all such companies shall be
 41 entitled to deduct any premiums returned on account of cancellations,
 42 including funds accepted before January 1, 1997, and declared and taxed
 43 as annuity premiums ~~which~~ *that*, on or after January 1, 1997, are

1 withdrawn before application to the purchase of annuities, dividends
 2 returned to policyholders and all premiums received for reinsurance from
 3 any other company authorized to do business in this state and premiums
 4 received in connection with the funding of a pension, deferred
 5 compensation, annuity or profit-sharing plan qualified or exempt under
 6 sections 401, 403, 404, 408, 457 or 501 of the United States internal
 7 revenue code of 1986. Funds received by life insurers for the purchase of
 8 annuity contracts and funds applied by life insurers to the purchase of
 9 annuities shall not be deemed taxable premiums or be subject to tax under
 10 this section for tax years commencing on or after January 1, 1997.

11 2. Mutual life, accident and health associations:

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, every such company organized under the
 20 laws of any other state of the United States shall pay ~~\$5 for each agent~~
 21 ~~newly certified by the company, and shall a one-time fee of \$5 for each~~
 22 ***newly certified agent. Such fee shall be non-recurrent and constitute the***
 23 ***only appointment fee charged for the duration of such newly certified***
 24 ***agent's employment with the appointing company. Such companies shall***
 25 pay a tax annually upon all premiums received at the rate of 2% per
 26 annum.

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

41 3. Mutual fire, casualty and multiple line insurers and reciprocal or
 42 interinsurance exchanges:

43 Admission fees:

1 Examination of charter and other documents and issuance of certificate
 2 of authority.....\$500
 3 Filing annual statement..... 100
 4 Certificate of authority..... 10

5 Annual fees:
 6 Filing annual statement..... 100
 7 Continuation of certificate of authority..... 10

8 In addition to the above fees, every such company or association
 9 organized under the laws of any other state of the United States shall pay a
 10 ~~fee of \$5 for each agent newly certified by the company and~~ **one-time fee**
 11 **of \$5 for each newly certified agent. Such fee shall be non-recurrent and**
 12 **constitute the only appointment fee charged for the duration of such**
 13 **newly certified agent's employment with the appointing company. Such**
 14 **companies** shall also pay a tax annually upon all premiums received at the
 15 rate of 2% per annum.

16 For tax years 1998 and thereafter, the annual tax shall be reduced by the
 17 "applicable percentage" of: (1) Any taxes paid on business in this state
 18 pursuant to the provisions of K.S.A. 75-1508, and amendments thereto;
 19 and (2) the amount of the firefighters relief tax credit determined by the
 20 commissioner of insurance. The amount of the firefighters relief tax credit
 21 for a company taxable under this subsection for the current tax year shall
 22 be determined by the commissioner of insurance by dividing (A) the total
 23 amount of taxes paid by all such companies on business in this state under
 24 K.S.A. 40-1701 to 40-1707, and amendments thereto, for tax year 1983 as
 25 then in effect, by (B) the total amount of taxes paid by all such companies
 26 on business in this state under K.S.A. 40-1703, and amendments thereto,
 27 for the tax year immediately preceding the current tax year, and by
 28 multiplying the result so obtained by (C) the amount of taxes paid by the
 29 company on business in this state under K.S.A. 40-1703, and amendments
 30 thereto, for the current tax year. The "applicable percentage" shall be as
 31 follows:

32 Tax Year	Applicable Percentage
33 1998	10%
34 1999	20%
35 2000	40%
36 2002	50%
37 2003	60%
38 2004	70%
39 2005	80%
40 2006	90%
41 2007 and thereafter	100%

42 In the computation of the gross premiums all such companies shall be
 43 entitled to deduct any premiums returned on account of cancellations, all

1 premiums received for reinsurance from any other company authorized to
2 do business in this state, and dividends returned to policyholders.

3 E

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

6 Admission fees:

7	Examination of charter and other documents.....	\$500
8	Filing annual statement.....	100
9	Certificate of authority.....	10

10 Annual fees:

11	Filing annual statement.....	100
12	Continuation of certificate of authority.....	10

13 F

14 *Mutual nonprofit hospital service corporations, nonprofit medical service*
15 *corporations, nonprofit dental service corporations, nonprofit optometric*
16 *service corporations and nonprofit pharmacy service corporations*
17 *organized under the laws of any other state, territory or country:*

18 1. Mutual nonprofit hospital service corporations:

19 Admission fees:

20	Examination of charter and other documents.....	\$500
21	Filing annual statement.....	100
22	Certificate of authority.....	10

23 Annual fees:

24	Filing annual statement.....	100
25	Continuation of certificate of authority.....	10

26 2. Nonprofit medical service corporations, nonprofit dental service
27 corporations, nonprofit optometric service corporations and nonprofit
28 pharmacy service corporations:

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, every
38 corporation or association shall pay annually to the commissioner of
39 insurance a tax in an amount equal to 2% per annum of the total of all
40 premiums, subscription charges, or any other term ~~which~~ that may be used
41 to describe the charges made by such corporation or association to
42 subscribers in this state for hospital, medical or other health services or
43 indemnity received during the preceding year. In such computations all

1 such corporations or associations shall be entitled to deduct any premiums
2 or subscription charges returned on account of cancellations and dividends
3 returned to members or subscribers.

4 G

5 *Payment of Taxes.*

6 For the purpose of insuring the collection of the tax upon premiums,
7 assessments and charges as set out in subsection A, C, D or F, every
8 insurance company, corporation or association shall at the time it files its
9 annual statement, as required by the provisions of K.S.A. 40-225, and
10 amendments thereto, make a return, generated by or at the direction of its
11 president and secretary or other chief officers, under penalty of K.S.A. 21-
12 5824, and amendments thereto, to the commissioner of insurance, stating
13 the amount of all premiums, assessments and charges received by the
14 companies or corporations in this state, whether in cash or notes, during
15 the year ending on the December 31 next preceding.

16 Commencing in 1985 and annually thereafter the estimated taxes shall
17 be paid as follows: On or before June 15 and December 15 of such year an
18 amount equal to 50% of the full amount of the prior year's taxes as
19 reported by the company shall be remitted to the commissioner of
20 insurance. As used in this paragraph, "prior year's taxes" includes: (1)
21 Taxes assessed pursuant to this section for the prior calendar year;; (2) fees
22 and taxes assessed pursuant to K.S.A. 40-253, and amendments thereto,
23 for the prior calendar year;; and (3) taxes paid for maintenance of the
24 department of the state fire marshal pursuant to K.S.A. 75-1508, and
25 amendments thereto, for the prior calendar year.

26 Upon the receipt of such returns the commissioner of insurance shall
27 verify the same and assess the taxes upon such companies, corporations or
28 associations on the basis and at the rate provided herein and the balance of
29 such taxes shall thereupon become due and payable giving credit for
30 amounts paid pursuant to the preceding paragraph, or the commissioner
31 shall make a refund if the taxes paid in the prior June and December are in
32 excess of the taxes assessed.

33 H

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

37 Sec. 4. K.S.A. 40-2,133 is hereby amended to read as follows: 40-
38 2,133. (a) No insurer may utilize or continue to utilize the services of an
39 MGA on and after the effective date of this act unless such utilization is in
40 compliance with this act.

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

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

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

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

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

16 ~~(+)(A)~~ A statement of duties ~~which~~ *that* the applicant is expected to
17 perform on behalf of the insurer;

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

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

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

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

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

39 Sec. 5. K.S.A. 40-504 is hereby amended to read as follows: 40-504.
40 Any corporation heretofore organized and existing pursuant to law for the
41 purpose of making insurance on the lives of individuals, may take
42 advantage and have the benefit of this act by filing in the office of the
43 commissioner of insurance a declaration of the company, signed by the

1 president and secretary, giving the name of the corporation, a copy of the
2 bylaws, the form of application adopted by them, and a copy of the policy
3 contract proposed to be issued to individuals, together with a fee ~~of one~~
4 ~~hundred dollars~~ *not to exceed \$100*. The commissioner of insurance shall
5 submit all documents to the attorney general for ~~his~~ examination, and if
6 found by ~~him~~ *the attorney general* to be in accordance with the law ~~he, the~~
7 *attorney general* shall certify to and deliver ~~the same~~ *such documents* to
8 the commissioner of insurance, who shall retain such documents on file;
9 ~~and~~. Upon compliance by ~~said~~ *such* company with the provisions of this
10 code, the commissioner of insurance shall issue ~~his~~ *a* certificate
11 authorizing ~~said~~ *such* company to do business in this state under the
12 provisions of this code. *Not later than December 1 of each year, the*
13 *commissioner shall set and cause to be published in the Kansas register*
14 *the fee required pursuant to this section for the next calendar year.*

15 Sec. 6. K.S.A. 40-956 is hereby amended to read as follows: 40-956.
16 (a) (1) Any corporation, association, partnership or individual whether
17 located in or out of the state, may apply for license as a rating organization
18 for such kinds of insurance or subdivisions thereof as are specified in its
19 application and shall file ~~therewith~~:

20 (1)(A) A copy of its constitution, articles of agreement or association
21 or certificate of incorporation, and its bylaws and rules governing the
22 conduct of its business;

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

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

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

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

31 (3) If the commissioner finds the applicant is qualified, the
32 commissioner shall issue a license specifying the kinds of insurance or
33 subdivisions thereof for which the applicant is authorized to act as a rating
34 organization. Every such application shall be granted or denied in whole or
35 in part by the commissioner within 60 days of the date of its filing.
36 Licenses issued pursuant to this section shall continue in force until May 1
37 next after their date unless suspended or revoked by the commissioner. The
38 fee for such license shall ~~be not exceed~~ \$25 annually. *Not later than*
39 *December 1 of each year, the commissioner of insurance shall set and*
40 *cause to be published in the Kansas register the fee required pursuant to*
41 *this paragraph for the next calendar year.* Licenses issued pursuant to this
42 section may be suspended or revoked by the commissioner, after hearing
43 upon notice, in the event the rating organization ceases to meet the

1 requirements of this section.

2 (b) Every rating organization shall furnish its rating services without
3 discrimination to its members and subscribers. Subject to rules ~~which~~ *that*
4 have been approved by the commissioner as reasonable, each rating
5 organization shall permit any insurer or group pool, not a member, to be a
6 subscriber to its rating service for any kind of insurance or subdivision
7 thereof for which it is authorized to act as a rating organization. The
8 reasonableness of any rule in its application to subscribers, or the refusal
9 of any rating organization to admit an insurer or group pool as a
10 subscriber, at the request of any subscriber, pool or any insurer shall be
11 reviewed by the commissioner at a hearing.

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

16 (d) The commissioner, at least once in five years, shall make or cause
17 to be made an examination of each rating organization licensed in this
18 state. The reasonable costs of such examination shall be paid by the rating
19 organization examined, upon presentation to it of a detailed account of
20 such cost. The officers, managers, agents and employees of such rating
21 organization may be examined under oath and shall exhibit all books,
22 records, accounts, documents or agreements governing its method of
23 operation. The commissioner may waive such examination upon proof
24 such rating organization has, within a reasonably recent period, been
25 examined by the insurance supervisory official of another state, and upon
26 filing with the commissioner a copy of the report of such examination.

27 (e) Cooperation among rating organizations or among rating
28 organizations and insurers in rate making or in other matters within the
29 scope of this act is hereby authorized, ~~provided~~ *except that* the filings
30 resulting from such cooperation are subject to all the provisions of this act
31 ~~which~~ *that* are applicable to filings generally. The commissioner may
32 review such cooperative activities and practices and if, after a hearing, the
33 commissioner finds any such activity or practice is unfair, unreasonable or
34 otherwise inconsistent with this act or other provision of the insurance
35 laws of this state, the commissioner may issue a written order requiring
36 discontinuance of such activities or practices.

37 (f) Any rating organization may provide for the examination of
38 policies, daily reports, binders and other transaction with its members or
39 subscribers, ~~providing~~ *if* it makes reasonable rules governing those
40 activities, ~~which~~ *Such* rules shall be approved by the commissioner. ~~Such~~
41 ~~rules~~ *and* shall contain a provision that in the event any insurer does not
42 within 60 days furnish satisfactory evidence to the rating organization of
43 the correction of any error or omissions previously called to its attention

1 by the rating organization, it shall be the duty of the rating organization to
2 notify the commissioner thereof. All information submitted for
3 examination shall be confidential.

4 (g) Any rating organization may subscribe for or purchase actuarial,
5 technical or other services, and such services shall be available to all
6 members and subscribers without discrimination. Any rating organization
7 may collect, compile and distribute past and current premiums of
8 individual insurers.

9 Sec. 7. K.S.A. 40-22a04 is hereby amended to read as follows: 40-
10 22a04. (a) The commissioner shall adopt rules and regulations establishing
11 standards governing the conduct of utilization review activities performed
12 in this state or affecting residents or healthcare providers of this state by
13 utilization review organizations. Unless granted an exemption under
14 K.S.A. 40-22a06, and amendments thereto, no utilization review
15 organization may conduct utilization review services in this state or
16 affecting residents of this state without first obtaining a certificate from the
17 commissioner.

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

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

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

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

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

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

34 (6) provides such other information or documentation as the
35 commissioner requires.

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

39 (d) The commissioner may suspend or revoke the certificate or any
40 exemption from certification requirements upon determination that the
41 interests of Kansas insureds are not being properly served under such
42 certificate or exemption. Any such action shall be taken only after a
43 hearing conducted in accordance with the provisions of the Kansas

1 administrative procedure act.

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

5 Sec. 8. K.S.A. 40-2604 is hereby amended to read as follows: 40-
6 2604. *(a) No person shall engage in the business of financing insurance*
7 *premiums under this act in this state without first having obtained a license*
8 *as a premium finance company from the commissioner of insurance. Every*
9 *violation of any of the provisions of this act shall subject the person*
10 *violating*~~the same~~ *such provisions to a penalty not to exceed \$500 for each*
11 *violation or by imprisonment not to exceed six months in jail or both.*

12 *(b) (1) (A) The license continuation fee shall*~~be not exceed~~ *\$100. The*
13 *fee for such continuation shall be paid to the commissioner to be deposited*
14 *in the state general fund.*

15 *(B) Licenses may be continued from year to year as of May 1 of each*
16 *year upon payment of the continuation fee. Every licensee shall, on or*
17 *before the first day of April, pay to the commissioner*~~the sum of an~~ *an*
18 *amount not to exceed \$100 as a continuation fee for the succeeding year.*
19 *Failure to pay the continuation fee within the time prescribed shall*
20 *automatically revoke the license.*

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

24 *(c) The applicant for such license shall file with the commissioner*
25 *written application and shall make sworn answers to such interrogatories*
26 *as the commissioner may require on forms prepared by the commissioner.*
27 *The commissioner shall have authority, at any time, to require the*
28 *applicant fully to disclose the identity of all stockholders, partners, officers*
29 *and employees, and the commissioner may, in the exercise of discretion,*
30 *refuse to issue or renew a license in the name of any firm, partnership, or*
31 *corporation if not satisfied that any officer, employee, stockholder, or*
32 *partner thereof who may materially influence the applicant's conduct meets*
33 *the standards of this act.*

34 Sec. 9. K.S.A. 40-2702 is hereby amended to read as follows: 40-
35 2702. *(a) As used in this act, unless the context otherwise requires, the*
36 *term "insurer" means and includes all corporations, companies,*
37 *associations, societies, fraternal benefit societies, mutual nonprofit hospital*
38 *service and nonprofit medical service companies, partnerships and persons*
39 *engaged as principals in the business of insurance of the kinds enumerated*
40 *in articles 4, 5, 6, 7, 11, 18, 19, 19a, 19b, 19c, 22, 32 and 38 of chapter 40*
41 *of the Kansas Statutes Annotated, and*~~any~~ *amendments thereto, insofar as*
42 *the business of insurance of the kinds enumerated in such articles relate to*
43 *life and accident or sickness. Whenever in this section there is reference to*

1 an act effected or committed by mail, the venue of such act shall be at the
2 point where the matter transmitted by mail is delivered and takes effect.

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

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

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

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

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

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

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

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

34 (8) any life insurance company organized and operated, without profit
35 to any private shareholder or individual, exclusively for the purpose of
36 aiding and strengthening educational institutions, organized and operated
37 without profit to any private shareholder or individual, by issuing
38 insurance and annuity contracts directly from the home office of the
39 company, without insurance agents or insurance representatives in this
40 state, only to or for the benefit of such institutions and individuals engaged
41 in the services of such institutions, but this exemption shall be conditioned
42 upon any such company complying with the following requirements:

43 (i)(A) Payment of an annual registration fee ~~of not to exceed~~ \$500;

1 *Not later than December 1 of each year, the commissioner shall set and*
 2 *cause to be published in the Kansas register such fee for the next calendar*
 3 *year;*

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

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

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

16 (b) Any of the following acts in this state effected by mail or
 17 otherwise by or on behalf of an unauthorized insurer ~~is~~ *shall be* deemed to
 18 constitute the transaction of an insurance business in this state:

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

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

22 (3) the receiving or collection of any premium, commission,
 23 membership fees, assessments, dues or other consideration for any
 24 insurance or any part thereof;

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

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

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

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

34 (iii) forwarding of applications or delivery of policies or contracts ~~or~~
 35 ;

36 (iv) investigation or adjustment of claims or losses or in the
 37 transaction of matters subsequent to effectuation of the contract and rising
 38 out of it; or

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

42 (B) Nothing ~~herein~~ *in this paragraph* shall be construed to prohibit
 43 full-time salaried employees of a corporate insured from acting in the

1 capacity of an insurance manager or buyer in placing insurance—~~in~~ on
2 behalf of such employer;

3 (6) the transaction of any kind of insurance business specifically
4 recognized as transacting an insurance business within the meaning of the
5 statutes relating to insurance; or

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

9 (c) (1) The failure of an insurer transacting insurance business in this
10 state to obtain a certificate of authority from the commissioner of
11 insurance shall not impair the validity of any act or contract of such insurer
12 and shall not prevent such insurer from defending any action at law or suit
13 in equity in any court of this state, but no insurer transacting insurance
14 business in this state without a certificate of authority shall be permitted to
15 maintain an action in any court of this state to enforce any right, claim or
16 demand arising out of the transaction of such business until such insurer
17 shall have obtained a certificate of authority.

18 (2) In the event of failure of any such unauthorized insurer to pay any
19 claim or loss within the provisions of such insurance contract, any person
20 who assisted or in any manner aided, directly or indirectly, in the
21 procurement of such insurance contract shall be liable to the insured for
22 the full amount of the claim or loss in the manner provided by the
23 provisions of such insurance contract.

24 Sec. 10. K.S.A. 40-3213 is hereby amended to read as follows: 40-
25 3213. (a) (1) Every health maintenance organization and medicare
26 provider organization subject to this act shall pay to the commissioner the
27 following fees:

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

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

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

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

37 (b) Every health maintenance organization subject to this act shall
38 pay annually to the commissioner at the time such organization files its
39 annual report, a privilege fee in an amount equal to the following
40 percentages of the total of all premiums, subscription charges or any other
41 term that may be used to describe the charges made by such organization
42 to enrollees: 3.31% during the reporting period beginning January 1, 2015,
43 and ending December 31, 2017; and 5.77% on and after January 1, 2018.

1 In such computations all such organizations shall be entitled to deduct
2 therefrom any premiums or subscription charges returned on account of
3 cancellations and dividends returned to enrollees. If the commissioner
4 shall determine at any time that the application of the privilege fee, or a
5 change in the rate of the privilege fee, would cause a denial of, reduction
6 in or elimination of federal financial assistance to the state or to any health
7 maintenance organization subject to this act, the commissioner is hereby
8 authorized to terminate the operation of such privilege fee or the change in
9 such privilege fee.

10 (c) For the purpose of insuring the collection of the privilege fee
11 provided for by subsection (b), every health maintenance organization
12 subject to this act and required by subsection (b) to pay such privilege fee
13 shall at the time it files its annual report, as required by K.S.A. 40-3220,
14 and amendments thereto, make a return, generated by or at the direction of
15 its chief officer or principal managing director, under penalty of K.S.A.
16 21-5824, and amendments thereto, to the commissioner, stating the amount
17 of all premiums, assessments and charges received by the health
18 maintenance organization, whether in cash or notes, during the year ending
19 on the last day of the preceding calendar year. Upon the receipt of such
20 returns the commissioner of insurance shall verify such returns and
21 reconcile the fees pursuant to subsection (f) upon such organization on the
22 basis and at the rate provided in this section.

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

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

33 (f) (1) ~~On and after January 1, 2018,~~ In addition to any other filing or
34 return required by this section, each health maintenance organization shall
35 submit a report to the commissioner on or before March 31 and September
36 30 of each year containing an estimate of the total amount of all premiums,
37 subscription charges or any other term that may be used to describe the
38 charges made by such organization to enrollees that the organization
39 expects to collect during the current calendar year. Upon filing each March
40 31 report, the organization shall submit payment equal to $\frac{1}{2}$ of the
41 privilege fee that would be assessed by the commissioner for the current
42 calendar year based upon the organization's reported estimate. Upon filing
43 each September 30 report, the organization shall submit payment equal to

1 the balance of the privilege fee that would be assessed by the
2 commissioner for the current calendar year based upon the organization's
3 reported estimates.

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

8 (3) Any amount of estimated privilege fees paid by a health
9 maintenance organization during any calendar year in excess of privilege
10 fees actually owed shall be reconciled when the commissioner assesses
11 privilege fees in the ensuing calendar year. The commissioner shall credit
12 such excess amount against future privilege fee assessments. Any such
13 excess amount paid by a health maintenance organization that is no longer
14 doing business in Kansas and that no longer has a duty to pay the privilege
15 fee shall be refunded by the commissioner from funds appropriated by the
16 legislature for such purpose.

17 Sec. 11. K.S.A. 40-3304 is hereby amended to read as follows: 40-
18 3304. (a) (1) No person other than the issuer shall make a tender offer for
19 or a request or invitation for tenders of, or enter into any agreement to
20 exchange securities or, seek to acquire, or acquire, in the open market or
21 otherwise, any voting security of a domestic insurer if, after the
22 consummation thereof, such person would, directly or indirectly, or by
23 conversion or by exercise of any right to acquire, be in control of such
24 insurer, and no person shall enter into an agreement to merge with or
25 otherwise to acquire control of a domestic insurer or any person
26 controlling a domestic insurer unless, at the time any such offer, request, or
27 invitation is made or any such agreement is entered into, or prior to the
28 acquisition of such securities if no offer or agreement is involved, such
29 person has filed with the commissioner of insurance and has sent to such
30 insurer, a statement containing the information required by this section and
31 such offer, request, invitation, agreement or acquisition has been approved
32 by the commissioner of insurance in the manner hereinafter prescribed.
33 The requirements of this section shall not apply to the merger or
34 consolidation of those companies subject to the requirements of K.S.A. 40-
35 507 and 40-1216 through 40-1225, and amendments thereto.

36 (2) For purposes of this section, any controlling person of a domestic
37 insurer seeking to divest its controlling interest in the domestic insurer, in
38 any manner, shall file with the commissioner, with a copy to the insurer,
39 confidential notice of its proposed divestiture at least 30 days prior to the
40 cessation of control. The commissioner shall determine those instances in
41 which each party seeking to divest or to acquire a controlling interest in an
42 insurer shall be required to file for and obtain approval of the transaction.
43 The information shall remain confidential until the conclusion of the

1 transaction unless the commissioner, in the commissioner's discretion,
2 determines that confidential treatment will interfere with enforcement of
3 this section. If the statement referred to in paragraph (1) is otherwise filed,
4 this paragraph shall not apply.

5 (3) With respect to a transaction subject to this section, the acquiring
6 person shall also be required to file a preacquisition notification with the
7 commissioner, and such preacquisition notification shall contain the
8 information in the form and manner prescribed by the commissioner
9 through rules and regulations.

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

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

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

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

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

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

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

39 ~~(2)(B)~~ (B) the source, nature and amount of the consideration used or to
40 be used in effecting the merger or other acquisition of control, a
41 description of any transaction wherein funds were or are to be obtained for
42 any such purpose including any pledge of the insurer's stock, or the stock
43 of any of its subsidiaries or controlling affiliates, and the identity of

1 persons furnishing such consideration, except that where a source of such
2 consideration is a loan made in the lender's ordinary course of business,
3 the identity of the lender shall remain confidential, if the person filing such
4 statement so requests;

5 ~~(3)~~(C) fully audited financial information as to the earnings and
6 financial condition of each acquiring party for the preceding five fiscal
7 years of each such acquiring party or for such lesser period as such
8 acquiring party and any predecessors thereof shall have been in existence
9 and similar unaudited information as of a date not earlier than 90 days
10 prior to the filing of the statement;

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

15 ~~(5)~~(E) the number of shares of any security referred to in subsection
16 (a) that each acquiring party proposes to acquire and the terms of the offer,
17 request, invitation, agreement or acquisition referred to in subsection (a)
18 and a statement regarding the method utilized to determine the fairness of
19 the proposal;

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

23 ~~(7)~~(G) a full description of any contracts, arrangements or
24 understandings with respect to any security referred to in subsection (a) in
25 which any acquiring party is involved, including, but not limited to,
26 transfer of any of the securities, joint ventures, loan or option
27 arrangements, puts or calls, guarantees of loans, guarantees against loss or
28 guarantees of profits, division of losses or profits, or the giving or
29 withholding of proxies. Such description shall identify the persons with
30 whom such contracts, arrangements or understandings have been entered
31 into;

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

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

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

1 ~~(H)~~(K) the terms of any agreement, contract or understanding made
2 with or proposed to be made with any broker-dealer as to solicitation of
3 securities referred to in subsection (a) for tender and the amount of any
4 fees, commissions or other compensation to be paid to broker-dealers with
5 regard thereto;

6 ~~(I)~~(L) an agreement by the person required to file the statement
7 referred to in subsection (a) that such person ~~will~~ *shall* provide the annual
8 report, *as* specified in K.S.A. 40-3305(I), and amendments thereto, for so
9 long as control exists;

10 ~~(J)~~(M) an acknowledgment by the person required to file the
11 statement referred to in subsection (a) that the person and all subsidiaries
12 within its control in the insurance holding company system will provide to
13 the commissioner of insurance upon request such information as the
14 commissioner of insurance deems necessary to evaluate enterprise risk to
15 the insurer; and

16 ~~(K)~~(N) such additional information as the commissioner of insurance
17 may by rule or regulation prescribe as necessary or appropriate for the
18 protection of policyholders of the insurer or in the public interest.

19 (2) If the person required to file the statement referred to in
20 subsection (a) is a partnership, limited partnership, syndicate or other
21 group, the commissioner of insurance may require that the information
22 ~~called for by paragraphs required pursuant to subparagraphs~~ ~~(I) (A)~~
23 ~~through~~ ~~(K) (N)~~ shall be ~~given~~ *provided* with respect to each partner of
24 such partnership or limited partnership, each member of such syndicate or
25 group and each person who controls such partner or member. If any such
26 partner, member or person is a corporation or the person required to file
27 the statement referred to in subsection (a) is a corporation, the
28 commissioner of insurance may require that the information ~~called for by~~
29 ~~paragraphs required pursuant to subparagraphs~~ ~~(I) (A)~~ through ~~(K) (N)~~
30 shall be ~~given~~ *provided* with respect to such corporation, each officer and
31 director of such corporation and each person who is directly or indirectly
32 the beneficial owner of more than 10% of the outstanding voting securities
33 of such corporation.

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

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

43 (c) If any offer, request, invitation, agreement or acquisition referred

1 to in subsection (a) is proposed to be made by means of a registration
2 statement under the securities act of 1933 or in circumstances requiring the
3 disclosure of similar information under the securities exchange act of
4 1934, or under a state law requiring similar registration or disclosure, the
5 person required to file the statement referred to in subsection (a) may
6 utilize such documents in furnishing the information called for by that
7 statement.

8 (d) (1) The commissioner of insurance shall approve any merger or
9 other acquisition of control referred to in subsection (a) unless, after a
10 public hearing thereon conducted in accordance with the provisions of the
11 Kansas administrative procedure act, the commissioner of insurance finds
12 that:

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

17 (B) the financial condition of any acquiring party is such as might
18 jeopardize the financial stability of the insurer or prejudice the interest of
19 its policyholders;

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

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

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

31 (2) The public hearing referred to in subsection (d)(1) shall be held as
32 soon as ~~practical~~ *practicable* after the statement required by this
33 subsection (a) is filed, and at least 20 days' notice thereof shall be given by
34 the commissioner of insurance to the person filing the statement. Not less
35 than seven days' notice of such public hearing shall be given by the person
36 filing the statement to the insurer and to such other persons as may be
37 designated by the commissioner of insurance. At such hearing, the person
38 filing the statement, the insurer, any person to whom notice of hearing was
39 sent and any other person whose interests may be affected thereby shall
40 have the right to present evidence, examine and cross-examine witnesses
41 and offer oral and written arguments in accordance with the Kansas
42 administrative procedure act. In the absence of intervention, such insurer
43 or person shall have the right to present oral or written statements in

1 accordance with K.S.A. 77-523(c), and amendments thereto.

2 (3) If the proposed acquisition of control will require the approval of
3 more than one commissioner of insurance, the public hearing referred to in
4 paragraph (2) may be held on a consolidated basis upon request of the
5 person filing the statement referred to in subsection (a). Such person shall
6 file the statement referred to in subsection (a) with the national association
7 of insurance commissioners within five days of making the request for a
8 public hearing. A commissioner of insurance may opt out of a consolidated
9 hearing and shall provide notice to the applicant of the opt-out within 10
10 days of the receipt of the statement referred to in subsection (a). A hearing
11 conducted on a consolidated basis shall be public and shall be held within
12 the United States before the commissioners of insurance of the states in
13 which the insurers are domiciled. Such commissioners of insurance shall
14 hear and receive evidence. A commissioner of insurance may attend such
15 hearing in person or by telecommunication.

16 (4) As a condition of a change of control of a domestic insurer, any
17 determination by the commissioner of insurance that the person acquiring
18 control of the insurer shall be required to maintain or restore the capital of
19 the insurer to the level required by the laws and regulations of this state
20 shall be made not later than 60 days after the date of notification of the
21 change in control submitted pursuant to subsection (a).

22 (5) The commissioner of insurance may retain at the acquiring
23 person's expense any attorneys, actuaries, accountants and other experts
24 not otherwise a part of the staff of the commissioner of insurance as the
25 commissioner of insurance deems to be reasonably necessary to assist the
26 commissioner of insurance in reviewing the proposed acquisition of
27 control.

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

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

34 (2) as otherwise not comprehended within the purposes of this
35 section.

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

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

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

42 (g) The courts of this state are hereby vested with jurisdiction over
43 every securityholder of a domestic insurer and every person not resident,

1 domiciled or authorized to do business in this state who files a statement
2 with the commissioner of insurance under this section and over all actions
3 involving such person arising out of violations of this section. Each such
4 person shall be deemed to have performed acts equivalent to and
5 constituting an appointment by such a person of the commissioner of
6 insurance to be such person's true and lawful attorney upon whom may be
7 served all lawful process in any action, suit or proceeding arising out of
8 violations of this section. Copies of all such lawful process shall be served
9 on the commissioner of insurance and transmitted by registered or certified
10 mail by the commissioner of insurance to such person at such person's last
11 known address.

12 Sec. 12. K.S.A. 40-3812 is hereby amended to read as follows: 40-
13 3812. (a) A person shall apply to be an administrator in its home state and
14 shall receive a license from the regulatory authority of its home state prior
15 to performing any function of an administrator in this state.

16 (b) A person applying to Kansas as its home state shall apply for
17 licensure by submitting to the commissioner an application in the form
18 prescribed by the commissioner that shall include or be accompanied by
19 the following information and documents:

20 (1) All basic organizational documents of the applicant, including any
21 articles of incorporation, articles of association, partnership agreement,
22 trade name certificate, trust agreement, shareholder agreement, certificate
23 of existence from the Kansas secretary of state and other applicable
24 documents and all amendments to such documents;

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

27 (3) NAIC biographical affidavits for the individuals who are directly
28 or indirectly responsible for the conduct of affairs of the applicant,
29 including all members of the board of directors, board of trustees,
30 executive committee or other governing board or committee, the principal
31 officers in the case of a corporation or the partners or members in the case
32 of a partnership, association or limited liability company, any shareholders
33 or members holding directly or indirectly 10% or more of the voting stock,
34 voting securities or voting interest of the applicant and any other person
35 who directly or indirectly exercises control or influence over the affairs of
36 the applicant;

37 (4) audited annual financial statements or reports for the two most
38 recent fiscal years that demonstrate that the applicant has a positive net
39 worth. If the applicant has been in existence for less than two fiscal years,
40 the uniform application shall include financial statements or reports,
41 certified by at least two officers, owners or directors of the applicant and
42 prepared in accordance with GAAP, for any completed fiscal years and for
43 any month during the current fiscal year for which such financial

1 statements or reports have been completed. An audited annual financial
2 report prepared on a consolidated basis shall include a columnar
3 consolidating or combining worksheet that shall be filed with the report
4 and include the following:

5 (A) Amounts shown on the consolidated audited financial report
6 shown on the worksheet;

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

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

9 The applicant shall also include such other information as the
10 commissioner may require in order to review the current financial
11 condition of the applicant;

12 (5) in lieu of submitting audited financial statements, and upon
13 written application by an applicant and good cause shown, the
14 commissioner may grant a hardship exemption from filing audited
15 financial statements and allow the submission of unaudited financial
16 statements. Acceptable formats for unaudited financial statements, that
17 shall include notes, are:

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

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

21 (ii) If unaudited financial statements are submitted, the applicant ~~must~~
22 *shall* also secure and maintain a surety bond in a form prescribed by the
23 commissioner for the use and benefit of the commissioner to be held in
24 trust for the benefit and protection of covered persons and any payor or
25 self-funded plan against loss by reason of acts of fraud or dishonesty, for
26 the greater of 10% of funds handled for the benefit of Kansas residents or
27 \$20,000. Administrators of self-funded plans in Kansas ~~are~~ *shall be* subject
28 to the mandatory surety bond requirement ~~found~~ *described* in subsection
29 (h), regardless of whether they file audited or unaudited financial reports;

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

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

36 (8) such other pertinent information as may be required by the
37 commissioner.

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

42 (d) An administrator licensed or applying for licensure under the
43 provisions of this section shall produce its accounts, records and files for

1 examination, and makes its officers available to give information with
2 respect to its affairs, as often as reasonably required by the commissioner.

3 (e) The commissioner may refuse to issue a license if the
4 commissioner determines that the applicant or any individual responsible
5 for the conduct of affairs of the applicant is not competent, trustworthy,
6 financially responsible or of good personal and business reputation, or has
7 had an insurance or an administrator certificate of authority or license
8 denied or revoked for cause by any jurisdiction, or if the commissioner
9 determines that any of the grounds set forth in K.S.A. 40-3810, and
10 amendments thereto, exist with respect to the applicant.

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

15 (g) An administrator licensed or applying for licensure under the
16 provisions of this section shall immediately notify the commissioner of
17 any material change in its ownership, control or other fact or circumstance
18 affecting its qualification for a license in this state.

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

26 (1) \$100,000; or

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

31 (i) *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 section for the next calendar year.*

34 Sec. 13. K.S.A. 40-3813 is hereby amended to read as follows: 40-
35 3813. (a) Unless an administrator has obtained a home state license in this
36 state, any administrator who performs duties as an administrator in this
37 state shall obtain a nonresident administrator license in accordance with
38 the provisions of this section by filing with the commissioner the uniform
39 application, accompanied by a letter of certification. In lieu of requiring an
40 administrator to file a letter of certification with the uniform application,
41 the commissioner may verify the nonresident administrator's home state
42 certificate of authority or license status through an electronic database
43 maintained by the NAIC, its affiliates or subsidiaries.

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

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

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

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

17 (f) An administrator licensed or applying for licensure under the
18 provisions of this section shall produce its accounts, records and files for
19 examination, and make its officers available to give information with
20 respect to its affairs, as often as reasonably required by the commissioner.

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

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

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

29 (h) The commissioner may refuse to issue a nonresident administrator
30 license, or delay the issuance of a nonresident administrator license, if the
31 commissioner determines that, due to events or information obtained
32 subsequent to the home state's licensure of the administrator, the
33 nonresident administrator cannot satisfy the requirements of this act or that
34 grounds exist for the home state's revocation or suspension of the
35 administrator's home state certificate of authority or license.

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

39 Sec. 14. K.S.A. 40-3814 is hereby amended to read as follows: 40-
40 3814. (a) Each administrator licensed under the provisions of this act shall
41 file an annual report for the preceding calendar year with the
42 commissioner on or before July 1 of each year, or within such extension of
43 time as the commissioner may grant for good cause, accompanied by an

1 annual report fee ~~in the amount of~~ *not to exceed \$100. Not later than*
2 *December 1 of each year, the commissioner shall set and cause to be*
3 *published in the Kansas register such fee for the next calendar year.*

4 (b) The annual report shall include:

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

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

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

14 ~~(A)(i)~~ Amounts shown on the consolidated audited financial report
15 shown on the worksheet;

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

17 ~~(C)(iii)~~ explanations of consolidating and eliminating entries
18 included.

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

25 ~~(A)(i)~~ Reports compiled or reviewed by a certified public accountant;
26 or

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

29 (C) If unaudited financial statements are submitted, the administrator
30 ~~must~~ *shall* secure and maintain a surety bond in a form prescribed by the
31 commissioner for the use and benefit of the commissioner to be held in
32 trust for the benefit and protection of covered persons and any payor or
33 self-funded plan against loss by reason of acts of fraud or dishonesty, for
34 the greater of 10% of funds handled for the benefit of Kansas residents or
35 \$20,000.

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

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

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

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

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

11 (2) the name, address, official position and professional qualifications
12 of each individual who is responsible for the conduct of the affairs of the
13 pharmacy benefits manager, including all members of the board of
14 directors, board of trustees, executive committee, other governing board or
15 committee, the principal officers in the case of a corporation, the partners
16 or members in the case of a partnership or association;

17 (3) the name and address of the applicant's agent for service of
18 process in the state;

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

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

24 (6) a template contract, ~~which shall include~~ including a dispute
25 resolution process, that ultimately involves an independent fact finder
26 between:

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

28 (B) the pharmacy benefits manager and the pharmacy or a pharmacy's
29 contracting agent; and

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

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

35 (d) The licensee shall inform the commissioner, by any means
36 acceptable to the commissioner, of any material change in the information
37 required by this subsection within 90 days of such change. Failure to
38 timely inform the commissioner of a material change may result in a
39 penalty against the licensee in the amount of \$500.

40 (e) Within 90 days after receipt of a completed application, the
41 network adequacy report and the applicable license fee, the commissioner
42 shall review the application and issue a license if the applicant is deemed
43 qualified under this section. If the commissioner determines that the

1 applicant is not qualified, the commissioner shall notify the applicant and
2 shall specify the reason for the denial.

3 (f) (1) All documents, materials or other information and copies
4 thereof in the possession or control of the department or any other
5 governmental entity that are obtained by or disclosed to the commissioner
6 or any other person in the course of an application, examination or
7 investigation made pursuant to this act shall be confidential by law and
8 privileged, shall not be subject to any open records, freedom of
9 information, sunshine or other public record disclosure laws; and shall not
10 be subject to subpoena or discovery.

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

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

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

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

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

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

37 Sec. 17. K.S.A. 40-4103 is hereby amended to read as follows: 40-
38 4103. Risk retention groups chartered in states other than this state seeking
39 to do business as a risk retention group in this state shall observe and abide
40 by the laws of this state as follows:

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

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

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

12 (A) ~~Was~~ Defined in the product liability risk retention act of 1981
13 before October 27, 1986; and

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

16 (3) a statement of registration that designates the commissioner as its
17 agent for the purpose of receiving service of legal documents or process;
18 and

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

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

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

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

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

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

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

42 (2) To the extent agents or brokers are utilized, they shall report and
43 pay the taxes for the premiums for risks that they have placed with or on

1 behalf of a risk retention group not chartered in this state.

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

6 (d) *Compliance with unfair claims settlement practices law.* Any risk
7 retention group, its agents and representatives, shall comply with K.S.A.
8 40-2404(9), and amendments thereto.

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

14 (f) *Examination regarding financial condition.* Any risk retention
15 group shall submit to an examination in accordance with K.S.A. 40-222
16 and 40-223, and amendments thereto, by the commissioner to determine
17 its financial condition if the commissioner of the jurisdiction in which the
18 group is chartered has not initiated an examination or does not initiate an
19 examination within 60 days after a request by the commissioner of this
20 state.

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

24 NOTICE

25 This policy is issued by your risk retention group. Your risk retention
26 group may not be subject to all of the insurance laws and regulations of
27 your state. State insurance insolvency guaranty funds are not available for
28 your risk retention group.

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

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

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

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

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

43 (k) *Delinquency proceedings.* A risk retention group not chartered in

1 this state and doing business in this state must comply with a lawful order
2 issued in a voluntary dissolution proceeding or in a delinquency
3 proceeding commenced by a state insurance commissioner if there has
4 been a finding of financial impairment after an examination under
5 subsection (f).

6 Sec. 18. K.S.A. 40-4116 is hereby amended to read as follows: 40-
7 4116. (a) ~~(1)~~ A purchasing group ~~which~~ *that* intends to do business in this
8 state shall furnish notice to the commissioner ~~which shall~~:

9 ~~(1)(A)~~ ~~Identify~~ *Identifying* the state in which the group is domiciled;

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

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

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

16 ~~(5)(E)~~ ~~provide~~ *providing* such other information as may be required by
17 the commissioner to verify that the purchasing group is qualified under
18 ~~subsection (j)~~ of K.S.A. 40-4101(j), and amendments thereto.

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

21 (b) The purchasing group shall file with the insurance department its
22 written consent, irrevocable, that any action or garnishment proceeding
23 may be commenced against such group in the proper court of any county
24 in this state in which the cause of action shall arise or in which the plaintiff
25 may reside by the service of process on the commissioner of insurance of
26 this state and stipulating and agreeing that such service shall be taken and
27 held in all courts to be as valid and binding as if due service had been
28 made upon the president or chief officer of such corporation. Such consent
29 shall be executed by the president of the company and shall be
30 accompanied by a certified copy of the order or resolution of the board of
31 directors, trustees or managers authorizing the president to execute the
32 same. The summons, accompanied by a fee ~~of~~ *not to exceed* \$25, shall be
33 directed to the commissioner of insurance and shall require the defendant
34 to answer not less than 40 days from its date. Such summons, and a
35 certified copy of the petition shall be ~~forthwith~~ *immediately* forwarded by
36 the clerk of the court to the commissioner of insurance, who shall
37 immediately forward a copy of the summons and the certified copy of the
38 petition, to the president of the group sued, and thereupon the
39 commissioner of insurance shall make return of the summons to the court
40 from which it issued, showing the date of the receipt by the commissioner,
41 the date of forwarding of such copies and the name and address of the
42 person to whom the commissioner forwarded the copy. Such return shall
43 be made under the commissioner's hand and seal of office; and ~~shall~~ have

1 the same force and effect as a due and sufficient return made by the sheriff
2 on process directed to the sheriff. The foregoing shall not apply in the case
3 of a purchasing group ~~which~~ that:

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

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

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

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

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

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

15 (c) *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. 19. K.S.A. 2024 Supp. 40-4209 is hereby amended to read as
19 follows: 40-4209. (a) (1) No person shall act as or hold such person out to
20 be a prepaid service plan in this state unless such person holds a certificate
21 of registration as a prepaid service plan issued by the commissioner of
22 insurance. An application for such certificate may be made to the
23 commissioner of insurance on forms prescribed by the commissioner and
24 shall include:

25 (A) The completed application form;

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

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

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

35 (b) The certificate of registration shall be issued to or continued for a
36 prepaid service plan by the commissioner of insurance unless the
37 commissioner of insurance, after due notice and hearing, determines that
38 the prepaid service plan is not competent, trustworthy, financially
39 responsible or of good personal and business reputation; or has had a
40 previous application for a certificate of registration denied for cause since
41 January 1, 1988, or within five years of the date of application, whichever
42 is later.

43 (c) *Not later than December 1 of each year, the commissioner shall*

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

3 Sec. 20. K.S.A. 2024 Supp. 40-4302 is hereby amended to read as
4 follows: 40-4302. (a) Any captive insurance company, when permitted by
5 its organizational documents, may apply to the commissioner for a
6 certificate of authority to do any and all insurance comprised in K.S.A. 40-
7 901 et seq., 40-1102(1)(a); and (1)(c) through (1)(n), and amendments
8 thereto, and to issue life, accident and health insurance policies provided
9 that:

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

14 (2) no association captive insurance company shall insure any risks
15 other than those of its association and those of the member organizations
16 of its association. No association captive insurance company shall expose
17 itself to loss on any one risk or hazard in an amount exceeding 10% of its
18 paid-up capital and surplus;

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

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

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

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

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

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

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

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

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

43 (4) it authorizes the commissioner to accept service of process on its

1 behalf in accordance with K.S.A. 40-218, and amendments thereto.

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

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

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

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

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

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

15 (D) an analysis of the adequacy of the applicant captive insurance
16 company's proposed premiums, assets and capital and surplus levels
17 relative to the risks to be insured or reinsured by the captive insurance
18 company;

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

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

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

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

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

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

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

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

43 (d) Each captive insurance company not in existence on January 1,

1 2018, shall pay to the commissioner a nonrefundable fee ~~of not to exceed~~
2 \$10,000 for examining, investigating and processing its application for a
3 certificate of authority. The commissioner is authorized to retain legal,
4 financial, actuarial, analysis and examination services from outside the
5 department, the reasonable costs of which shall be charged against the
6 applicant. In addition, it shall pay a renewal fee for each year thereafter ~~of~~
7 *not to exceed* \$10,000. *Not later than December 1 of each year, the*
8 *commissioner shall set and cause to be published in the Kansas register*
9 *the fee required by this subsection for the next calendar year.*

10 (e) ~~Each captive insurance company already in existence on January~~
11 ~~1, 2018, shall pay an annual renewal fee of \$110 until January 1, 2028,~~
12 ~~after which date the provisions of subsection (d) shall apply.~~

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

17 (1) Captive insurance company other than a technology-enabled
18 fiduciary financial institution to do insurance business in this state until
19 March 1 thereafter, which certificate of authority may be renewed; and

20 (2) technology-enabled fiduciary financial institution insurance
21 company to do insurance business in this state until the later of March 1
22 thereafter or the maturity date of the last payment-in-kind asset held by
23 such technology-enabled fiduciary financial institution insurance company
24 pursuant to this act.

25 (g) Information submitted under this section shall be and remain
26 confidential, and shall not be made public by the commissioner or any
27 employee or agent of the commissioner without the written consent of the
28 company, except that:

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

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

35 (B) the information sought is unavailable from other non-confidential
36 sources;

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

39 (D) the privacy of a qualified policyholder shall be protected in any
40 court proceeding concerning such qualified policyholder if the technology-
41 enabled fiduciary financial institution insurance company so petitions the
42 court. Upon the filing of such petition, any information, including, but not
43 limited to, an instrument, inventory, statement or verified report produced

1 by the technology-enabled fiduciary financial institution insurance
2 company regarding a policy issued to a qualified policyholder or payment-
3 in-kind assets held by the technology-enabled fiduciary financial
4 institution insurance company to satisfy claims of such qualified
5 policyholder, all payment-in-kind policies, all petitions relevant to such
6 information and all court orders thereon, shall be sealed upon filing and
7 shall not be made a part of the public record of the proceeding, except that
8 such petition shall be available to the court, the commissioner, the
9 technology-enabled fiduciary financial institution insurance company, their
10 attorneys and to such other interested persons as the court may order upon
11 a showing of good cause;

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

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

17 (B) the laws of the state in which such public official serves requires
18 such information to be and to remain confidential;

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

25 (4) the privacy of those who have established an affiliated fidfin trust
26 or alternative asset custody account shall be protected in any court
27 proceeding concerning such trust or custody account if the acting trustee,
28 custodian, trustor or any beneficiary so petition the court. Upon the filing
29 of such a petition, the instrument, inventory, statement filed by any trustee
30 or custodian, annual verified report of the trustee or custodian and all
31 petitions relevant to trust administration and all court orders thereon shall
32 be sealed upon filing and shall not be made a part of the public record of
33 the proceeding, except that such petition shall be available to the court, the
34 trustor, the trustee, the custodian, any beneficiary, their attorneys and to
35 such other interested persons as the court may order upon a showing of
36 good cause.

37 Sec. 21. K.S.A. 40-4323 is hereby amended to read as follows: 40-
38 4323. (a) As used in this section, unless the context requires otherwise,
39 "dormant captive insurance company" means a captive insurance company
40 that has:

41 (1) Ceased transacting the business of insurance, including the
42 issuance of insurance policies; and

43 (2) no remaining liabilities associated with insurance business

1 transactions or insurance policies issued prior to the filing of its
2 application for a certificate of dormancy under this section.

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

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

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

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

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

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

22 (e) A dormant captive insurance company shall apply to the
23 commissioner for approval to surrender its certificate of dormancy and
24 resume conducting the business of insurance prior to issuing any insurance
25 policies.

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

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

30 Sec. 22. K.S.A. 40-4334 is hereby amended to read as follows: 40-
31 4334. (a) To transact business in Kansas, a special purpose insurance
32 captive shall:

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

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

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

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

40 (5) maintain unimpaired paid-in capital and surplus of not less than
41 \$5,000,000;

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

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

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

4 (1) An authorized special purpose insurance captive may only
5 reinsure the risks of its ceding company. A special purpose insurance
6 captive may reinsure risks of more than one ceding company, ~~provided if~~
7 all ceding companies from which a special purpose insurance captive
8 assumes risks ~~shall be~~ *are* affiliated with one another.

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

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

15 (c) To obtain a certificate of authority to transact business as a special
16 purpose insurance captive in Kansas, the special purpose insurance captive
17 shall:

18 (1) File an application, ~~which~~ *that* shall include the following:

19 (A) Certified copies of its organizational documents;

20 (B) a statement under oath from any of the applicant's officers as to
21 the financial condition of the applicant as of the time the application is
22 filed;

23 (C) evidence of the applicant's assets as of the time of the application;

24 (D) complete biographical sketches for each officer and director on
25 forms created by the NAIC;

26 (E) a plan of operation as described in K.S.A. 40-4335, and
27 amendments thereto;

28 (F) an affidavit signed by the applicant that the special purpose
29 insurance captive will operate only in accordance with the provisions of
30 this section and its plan of operation;

31 (G) a description of the investment strategy the special purpose
32 insurance captive will follow; and

33 (H) a description of the source and form of the initial minimum
34 capital proposed in the plan of operation; and

35 (2) have deposited with the commissioner of insurance pursuant to
36 K.S.A. 40-229a, and amendments thereto, securities authorized by K.S.A.
37 40-2a01 et seq., and amendments thereto, in an amount equal to not less
38 than the minimum capital stock required of such company for the
39 protection of its policyholders or creditors, or both;

40 (3) demonstrate that the minimum surplus required is established and
41 held in Kansas; and

42 (4) provide copies of any filings made by the ceding company with
43 the ceding company's domiciliary insurance regulator to obtain approval

1 for the ceding company to enter into the special purpose insurance captive
2 contract and copies of any filings made by any affiliate of the special
3 purpose insurance captive to obtain regulatory approval to contribute
4 capital to the special purpose insurance captive or to acquire direct or
5 indirect ownership of the special purpose insurance captive. The special
6 purpose insurance captive shall provide copies of any letters of approval or
7 disapproval received from the insurance regulator responding to such
8 filing.

9 (d) The commissioner may require the special purpose insurance
10 captive to revise its plan of operation under K.S.A. 40-4335, and
11 amendments thereto, and meet all requirements imposed by a revised plan
12 of operation as approved by the commissioner thereunder.

13 (e) The department shall act upon a complete application within 30
14 days of its filing. Upon good cause shown, the commissioner may extend
15 the time to act on the application by 30 days.

16 (f) In the event *that* the ceding company is not required to make
17 filings with its domiciliary insurance regulator as described in subsection
18 (c)(4), no such filing shall be required under subsection (c)(4) in Kansas;
19 ~~provided if~~ the applicant provides the commissioner with a certification
20 signed by one of its officers attesting that no such filing is required with
21 the ceding company's domiciliary regulator.

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

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

36 Sec. 23. K.S.A. 40-4503 is hereby amended to read as follows: 40-
37 4503. (a) No person, firm, association or corporation shall act as a
38 reinsurance broker in this state if the reinsurance broker maintains an
39 office either directly or as a member or employee of a firm or association,
40 or as an officer, director or employee of a corporation:

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

43 (2) in another state, unless such reinsurance broker is a licensed

1 producer in this state or another state having a law substantially similar to
2 this act or such reinsurance broker is licensed in this state as a nonresident
3 reinsurance intermediary.

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

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

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

12 (3) in another state for a nondomestic insurer, unless such reinsurance
13 manager is a licensed producer in this state or another state having a law
14 substantially similar to this act or such person is licensed in this state as a
15 nonresident reinsurance intermediary.

16 (c) The commissioner may require a reinsurance manager subject to
17 subsection (b) to file a bond in an amount from an insurer acceptable to the
18 commissioner for the protection of each reinsurer represented.

19 (d) (1) The commissioner may issue a reinsurance intermediary
20 license to any person, firm, association or corporation who has complied
21 with the requirements of this act. Before any such license may be issued,
22 the applicant shall submit proper application therefor on a form prescribed
23 by the commissioner ~~which~~ *that* shall be accompanied by an initial fee ~~of~~
24 *not to exceed* \$150. Any license so issued shall remain in effect until
25 suspended, revoked, voluntarily surrendered or otherwise terminated by
26 the commissioner or licensee subject to payment of an annual continuation
27 fee ~~of~~ *not to exceed* \$100 on or before May 1 of each year. Any such
28 license issued to a firm or association will authorize all the members of
29 such firm or association and any designated employees to act as
30 reinsurance intermediaries under the license, and all such persons shall be
31 named in the application and any supplements thereto. Any such license
32 issued to a corporation shall authorize all of the officers; and any
33 designated employees and directors thereof; to act as reinsurance
34 intermediaries on behalf of such corporation, and all such persons shall be
35 named in the application and any supplements thereto.

36 (2) If the applicant for a reinsurance intermediary license is a
37 nonresident, such applicant, as a condition precedent to receiving or
38 holding a license, shall designate the commissioner as agent for service of
39 process in the manner, and with the same legal effect, as is provided for by
40 this act for designation of service of process upon insurers holding a
41 Kansas certificate of authority. Such applicant shall furnish the
42 commissioner with the name and address of a resident of this state upon
43 whom notices or orders of the commissioner or process affecting such

1 nonresident reinsurance intermediary may be served. Such licensee shall
2 promptly notify the commissioner in writing of every change in its
3 designated agent for service of process, and such change shall not become
4 effective until acknowledged by the commissioner.

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

8 (e) The commissioner may, after a hearing conducted in accordance
9 with the provisions of the Kansas administrative procedure act, *and held*
10 ~~on~~ not less than 20 days' notice, refuse to issue a reinsurance intermediary
11 license if, in the judgment of the commissioner: (1) The applicant, any
12 one named on the application, or any member, principal, officer or director
13 of the applicant, is not trustworthy; ~~or~~; (2) any controlling person of such
14 applicant is not trustworthy to act as a reinsurance intermediary; ~~;~~ or (3)
15 any of the foregoing has given cause for revocation or suspension of such
16 license; or has failed to comply with any prerequisite for the issuance of
17 such license.

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

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

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

29 (2) Accident and health or sickness: Insurance coverage for sickness,
30 bodily injury or accidental death, and may include benefits for disability
31 income.

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

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

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

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

42 (7) Credit: Limited line credit insurance.

43 (8) Crop insurance: Limited line insurance for damage to crops from

1 unfavorable weather conditions, fire, lightning, flood, hail, insect
2 infestation, disease or other yield-reducing conditions or any other peril
3 subsidized by the federal crop insurance corporation, including multi-peril
4 crop insurance.

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

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

- 9 (i) Interruption or cancellation of trip or event;
10 (ii) loss of baggage or personal effects;
11 (iii) damages to accommodations or rental vehicles;
12 (iv) sickness, accident, disability or death occurring during travel-;
13 (v) emergency evacuation;
14 (vi) repatriation of remains; or
15 (vii) any other contractual obligations to indemnify or pay a specified
16 amount to the traveler upon determinable contingencies related to travel as
17 approved by the commissioner.

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

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

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

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

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

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

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

41 (b) Unless suspended, revoked or refused renewal pursuant to K.S.A.
42 40-4909, and amendments thereto, an insurance agent license shall remain
43 in effect as long as:

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

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

5 (3) such insurance agent pays a biennial renewal application fee—of
6 *not to exceed* \$4.

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

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

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

18 (3) Each licensed insurance agent who is an individual and holds a
19 life insurance license solely for the purpose of selling pre-need funeral
20 insurance or annuity products shall file a report on or before such agent's
21 biennial due date affirming that such agent transacted no other insurance
22 business during the period covered by the report and shall provide
23 certification from an officer of each insurance company that has appointed
24 such agent that the agent transacted no other insurance business during the
25 period covered by the report. Agents who have offered to sell or sold only
26 pre-need funeral insurance are exempt from the requirement to obtain
27 C.E.C.s.

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

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

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

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

42 (e) (1) An individual insurance agent who has been licensed for more
43 than one year, on or before such insurance agent's biennial due date, shall

1 file a report with the commissioner certifying that such insurance agent has
2 met the continuing education requirements for the previous biennium
3 ending on such insurance agent's biennial due date. Each individual
4 insurance agent shall maintain a record of all courses attended together
5 with a certificate of attendance for the remainder of the biennium in which
6 the courses were attended and the entire next succeeding biennium.

7 (2) If the required report showing proof of continuing education
8 completion is not received by the commissioner by the individual
9 insurance agent's biennial due date, such individual insurance agent's
10 qualification and each and every corresponding license shall be suspended
11 automatically for a period of 90 calendar days or until such time as the
12 producer satisfactorily demonstrates completion of the continuing
13 education requirement, whichever is sooner. In addition, the commissioner
14 shall assess a penalty of \$100 for each license suspended. If such insurance
15 agent fails to furnish to the commissioner the required proof of continuing
16 education completion and the monetary penalty within 90 calendar days of
17 such insurance agent's biennial due date, such individual insurance agent's
18 qualification and each and every corresponding license shall expire on
19 such insurance agent's biennial due date. If after more than three but less
20 than 12 months from the date the license expired, the insurance agent
21 wants to reinstate such insurance agent's license, such individual shall
22 provide the required proof of continuing education completion and pay a
23 reinstatement fee in the amount of \$100 for each license suspended. If
24 after more than 12 months from the date an insurance agent's license has
25 expired, such insurance agent wants to reinstate such insurance agent's
26 license, such individual shall apply for an insurance agent's license,
27 provide the required proof of continuing education completion and pay a
28 reinstatement fee in the amount of \$100 for each license suspended. Upon
29 receipt of a written application from such insurance agent claiming
30 extreme hardship, the commissioner may waive any penalty imposed
31 under this subsection.

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

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

43 (5) This section shall not apply to any inactive insurance agent during

1 the period of such inactivity. For the purposes of this paragraph, "inactive
2 period" or "period of inactivity" means a continuous period of time of not
3 more than four years starting from the date inactive status is granted by the
4 commissioner. Before returning to active status, such inactive insurance
5 agent shall:

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

8 (B) pay the renewal fee. If the required proof of continuing education
9 completion and the renewal fee is not furnished at the end of the inactive
10 period, such individual insurance agent's qualification and each and every
11 corresponding license shall expire at the end of the period of inactivity. For
12 issuance of a new license, the individual shall apply for a license and pass
13 the required examination.

14 (6) Any individual who allows such individual's insurance agent
15 license in this state and *in all other states in which where* such individual is
16 licensed as an insurance agent to expire for a period of four or more
17 consecutive years; shall apply for a new insurance agent license and pass
18 the required examination.

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

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

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

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

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

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

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

31 (F) the names and qualifications of instructors;

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

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

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

38 (3) Upon receipt of such information, the commissioner shall grant or
39 deny certification of any submitted course, program of study or subject as
40 an approved subject, program of study or course and indicate the number
41 of C.E.C.s that will be recognized for each approved course, program of
42 study or subject. Each approved course, program of study or subject shall
43 be assigned by the commissioner to one or both of the following classes:

1 (A) Property and casualty; or
2 (B) life insurance, including annuity and variable contracts, and
3 accident and health insurance.

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

6 (5) (A) Each provider seeking approval of a course, program of study
7 or subject for continuing education credit shall issue or cause to be issued
8 to each person who attends a course, program of study or subject offered
9 by such provider a certificate of attendance. The certificate shall be signed
10 by either the instructor who presents the course, program of study or
11 course or such provider's authorized representative. Each provider shall
12 maintain a list of all individuals who attend courses offered by such
13 provider for continuing education credit for the remainder of the biennium
14 in which the courses are offered and the entire next succeeding biennium.

15 (B) The commissioner shall accept, without substantive review, any
16 course, program of study or subject submitted by a provider that has been
17 approved by the insurance supervisory authority of any other state or
18 territory accredited by the NAIC. The commissioner may disapprove any
19 individual instructor or provider who has been the subject of disciplinary
20 proceedings or who has otherwise failed to comply with any other state's
21 or territory's laws or regulations.

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

28 (7) The C.E.C. value assigned to any course, program of study or
29 subject, other than a correspondence course, computer based training,
30 interactive internet study training or other course pursued by independent
31 study, shall in no way be contingent upon passage or satisfactory
32 completion of any examination given in connection with such course,
33 program of study or subject. The commissioner shall establish, by rules
34 and regulations, *the* criteria for determining acceptability of any method
35 used for verification of the completion of each stage of any computer
36 based or interactive internet study training. Completion of any computer
37 based training or interactive internet study training shall be verified in
38 accordance with a method approved by the commissioner.

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

41 (h) An individual insurance agent who independently studies an
42 insurance course, program of study or subject that is not an agent's
43 examination approved by the commissioner shall receive credit for the

1 C.E.C.s assigned by the commissioner as recognition for the approved
2 subject. No other credit shall be given for independent study.

3 (i) Any licensed individual insurance agent who is unable to comply
4 with license renewal procedures due to military service or some other
5 extenuating circumstances may request a waiver of those procedures from
6 the commissioner. Such agent may also request from the commissioner a
7 waiver of any examination requirement or any other fine or sanction
8 imposed for failure to comply with renewal procedures.

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

12 Sec. 25. K.S.A. 40-5003 is hereby amended to read as follows: 40-
13 5003. (a) No person shall operate as a viatical settlement provider or
14 viatical settlement broker without first obtaining a license from the
15 commissioner or the insurance regulatory official of the state of residence
16 of the viator. If there is more than one viator on a single policy and the
17 viators are residents of different states, the viatical settlement shall be
18 governed by the law of the state in which the viator having the largest
19 percentage ownership resides or, if the viators hold equal ownership, the
20 state of residence of one viator agreed upon in writing by all viators.

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

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

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

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

37 (f) The applicant shall provide information on forms required by the
38 commissioner. The commissioner shall have authority, at any time, to
39 require the applicant to fully disclose the identity of all stockholders,
40 partners, officers, members and employees, and the commissioner, in the
41 exercise of the commissioner's discretion, may refuse to issue a license in
42 the name of a legal entity if not satisfied that any officer, employee,
43 stockholder, partner or member thereof who may materially influence the

1 applicant's conduct meets the standards of this act.

2 (g) A license issued to a legal entity authorizes all partners, officers,
3 members and designated employees to act as viatical settlement providers
4 or viatical settlement brokers, as applicable, under the license, and all
5 those persons shall be named in the application and any supplements to the
6 application.

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

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

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

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

17 (4) if a legal entity, provides a certificate of good standing from the
18 state of its domicile; and

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

22 (i) The commissioner shall not issue a license to a nonresident
23 applicant, unless a written designation of an agent for service of process is
24 filed and maintained with the commissioner or the applicant has filed with
25 the commissioner, the applicant's written irrevocable consent that any
26 action against the applicant may be commenced against the applicant by
27 service of process on the commissioner.

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

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

35 Sec. 26. K.S.A. 40-5509 is hereby amended to read as follows: 40-
36 5509. (a) (1) An individual who has met the requirements for licensure
37 under this act shall be issued a public adjuster license. A public adjuster
38 license shall remain in effect, unless revoked, terminated or suspended, as
39 long as the request for renewal is timely submitted and a license renewal
40 fee ~~of~~ *not to exceed* \$100 is paid and any other requirements for license
41 renewal are met by the due date. The licensee shall inform the
42 commissioner by any means acceptable to the commissioner of a change
43 of address, change of legal name or change of information submitted on

1 the application within 30 days of the change.

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

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

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

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

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

22 (f) In order to assist in the performance of the commissioner's duties,
23 the commissioner may contract with non-governmental entities, including
24 the NAIC, to perform any ministerial functions, including the collection of
25 fees and data related to licensing that the commissioner may deem
26 appropriate.

27 Sec. 27. K.S.A. 40-205a, 40-218, 40-252, 40-2,133, 40-504, 40-956,
28 40-22a04, 40-2604, 40-2702, 40-3213, 40-3217, 40-3304, 40-3812, 40-
29 3813, 40-3814, 40-4103, 40-4116, 40-4323, 40-4334, 40-4503, 40-5003
30 and 40-5509 and K.S.A. 2024 Supp. 40-3823, 40-3824, 40-4209, 40-4302
31 and 40-4903 are hereby repealed.

32 Sec. 28. This act shall take effect and be in force from and after its
33 publication in the ~~statute book~~ ***Kansas register***.