

SENATE BILL No. 24

By Committee on Financial Institutions and Insurance

1-16

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
34 proceeding may be commenced against such company or fraternal benefit
35 society in the proper court of any county in this state in which the cause of
36 action shall arise or in which the plaintiff may reside by the service of

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

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

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

1 *this section for the next calendar year.*

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

6 A

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

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

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

11 Admission fees:

12 Examination of charter and other documents.....500

13 Filing annual statement.....100

14 Certificate of authority.....10

15 Annual fees:

16 Filing annual statement.....100

17 Continuation of certificate of authority.....10

18 2. Mutual life, accident and health associations:

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

28 Admission fees:

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

30 Filing annual statement.....100

31 Certificate of authority.....10

32 Annual fees:

33 Filing annual statement.....100

34 Continuation of certificate of authority.....10

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

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

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

29 B

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

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 C

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

- 43 1. Mutual nonprofit hospital service corporations:

1	Admission fees:	
2	Examination of charter and other documents.....	\$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	2. Nonprofit medical service corporations:	
9	Admission fees:	
10	Examination of charter and other documents.....	\$500
11	Filing annual statement.....	100
12	Certificate of authority.....	10
13	Annual fees:	
14	Filing annual statement.....	100
15	Continuation of certificate of authority.....	10
16	3. Nonprofit dental service corporations:	
17	Admission fees:	
18	Examination of charter and other documents.....	\$500
19	Filing annual statement.....	100
20	Certificate of authority.....	10
21	Annual fees:	
22	Filing annual statement.....	100
23	Continuation of certificate of authority.....	10
24	4. Nonprofit optometric service corporations:	
25	Admission fees:	
26	Examination of charter and other documents.....	\$500
27	Filing annual statement.....	100
28	Certificate of authority.....	10
29	Annual fees:	
30	Filing annual statement.....	100
31	Continuation of certificate of authority.....	10
32	5. Nonprofit pharmacy service corporations:	
33	Admission fees:	
34	Examination of charter and other documents.....	\$500
35	Filing annual statement.....	100
36	Certificate of authority.....	10
37	Annual fees:	
38	Filing annual statement.....	100
39	Continuation of certificate of authority.....	10
40	In addition to the above fees and as a condition precedent to the	
41	continuation of the certificate of authority, provided in this code, every	
42	corporation or association shall pay annually to the commissioner of	
43	insurance a tax in an amount equal to 1% for tax year 1997, and 2% for all	

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

9 D

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

- 12 1. Capital stock insurance companies and mutual legal reserve life
 13 insurance companies:
 14 Filing application for sale of stock or certificates of indebtedness.....\$25
 15 Admission fees:
 16 Examination of charter and other documents.....500
 17 Filing annual statement.....100
 18 Certificate of authority.....10
 19 Annual fees:
 20 Filing annual statement.....100
 21 Continuation of certificate of authority.....10

22 In addition to the above fees, all such companies shall pay \$5 for each
 23 agent *newly* certified by the company, except as otherwise provided by
 24 law.

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

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

1 2. Mutual life, accident and health associations:
 2 Admission fees:
 3 Examination of charter and other documents.....\$500
 4 Filing annual statement.....100
 5 Certificate of authority.....10
 6 Annual fees:
 7 Filing annual statement.....100
 8 Continuation of certificate of authority.....10
 9 In addition to the above fees, every such company organized under the
 10 laws of any other state of the United States shall pay \$5 for each agent
 11 *newly* certified by the company; and ~~shall~~ pay a tax annually upon all
 12 premiums received at the rate of 2% per annum.
 13 In the computation of the gross premiums all such companies shall be
 14 entitled to deduct any premiums returned on account of cancellations,
 15 including funds accepted before January 1, 1997, and declared and taxed
 16 as annuity premiums ~~which~~ *that*, on or after January 1, 1997, are
 17 withdrawn before application to the purchase of annuities, dividends
 18 returned to policyholders and all premiums received for reinsurance from
 19 any other company authorized to do business in this state and premiums
 20 received in connection with the funding of a pension, deferred
 21 compensation, annuity or profit-sharing plan qualified or exempt under
 22 sections 401, 403, 404, 408, 457 or 501 of the United States internal
 23 revenue code of 1986. Funds received by life insurers for the purchase of
 24 annuity contracts and funds applied by life insurers to the purchase of
 25 annuities shall not be deemed taxable premiums or be subject to tax under
 26 this section for tax years commencing on or after January 1, 1997.
 27 3. Mutual fire, casualty and multiple line insurers and reciprocal or
 28 interinsurance exchanges:
 29 Admission fees:
 30 Examination of charter and other documents and issuance of certificate
 31 of authority.....\$500
 32 Filing annual statement.....100
 33 Certificate of authority.....10
 34 Annual fees:
 35 Filing annual statement.....100
 36 Continuation of certificate of authority.....10
 37 In addition to the above fees, every such company or association
 38 organized under the laws of any other state of the United States shall pay a
 39 fee of \$5 for each agent *newly* certified by the company and shall also pay
 40 a tax annually upon all premiums received at the rate of 2% per annum.
 41 For tax years 1998 and thereafter, the annual tax shall be reduced by the
 42 "applicable percentage" of: (1) Any taxes paid on business in this state
 43 pursuant to the provisions of K.S.A. 75-1508, and amendments thereto;

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

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

24

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

29

E

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

32

Admission fees:

33

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

34

Filing annual statement.....100

35

Certificate of authority.....10

36

Annual fees:

37

Filing annual statement.....100

38

Continuation of certificate of authority.....10

39

F

40

*Mutual nonprofit hospital service corporations, nonprofit medical service
 41 corporations, nonprofit dental service corporations, nonprofit optometric*

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

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

18 H

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 Sec. 6. K.S.A. 40-956 is hereby amended to read as follows: 40-956.

1 (a) (1) Any corporation, association, partnership or individual whether
 2 located in or out of the state, may apply for license as a rating organization
 3 for such kinds of insurance or subdivisions thereof as are specified in its
 4 application and shall file ~~therewith~~:

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

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

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

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

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

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

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

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

1 (d) The commissioner, at least once in five years, shall make or cause
2 to be made an examination of each rating organization licensed in this
3 state. The reasonable costs of such examination shall be paid by the rating
4 organization examined, upon presentation to it of a detailed account of
5 such cost. The officers, managers, agents and employees of such rating
6 organization may be examined under oath and shall exhibit all books,
7 records, accounts, documents or agreements governing its method of
8 operation. The commissioner may waive such examination upon proof
9 such rating organization has, within a reasonably recent period, been
10 examined by the insurance supervisory official of another state, and upon
11 filing with the commissioner a copy of the report of such examination.

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

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

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

37 Sec. 7. K.S.A. 40-22a04 is hereby amended to read as follows: 40-
38 22a04. (a) The commissioner shall adopt rules and regulations establishing
39 standards governing the conduct of utilization review activities performed
40 in this state or affecting residents or healthcare providers of this state by
41 utilization review organizations. Unless granted an exemption under
42 K.S.A. 40-22a06, and amendments thereto, no utilization review
43 organization may conduct utilization review services in this state or

1 affecting residents of this state without first obtaining a certificate from the
2 commissioner.

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

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

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

11 (3) states the location of the office or offices of the utilization review
12 organization where utilization review affecting residents or ~~health care~~
13 *healthcare* providers of this state will be principally performed;

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

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

19 (6) provides such other information or documentation as the
20 commissioner requires.

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

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

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

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

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

43 (B) Licenses may be continued from year to year as of May 1 of each

1 year upon payment of the continuation fee. Every licensee shall, on or
2 before the first day of April, pay to the commissioner ~~the sum of an~~
3 *amount not to exceed* \$100 as a continuation fee for the succeeding year.
4 Failure to pay the continuation fee within the time prescribed shall
5 automatically revoke the license.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (iii) forwarding of applications or delivery of policies or contracts ~~or~~
20 ;

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

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

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

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

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

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

1 demand arising out of the transaction of such business until such insurer
2 shall have obtained a certificate of authority.

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

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

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

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

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

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

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

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

1 21-5824, and amendments thereto, to the commissioner, stating the amount
2 of all premiums, assessments and charges received by the health
3 maintenance organization, whether in cash or notes, during the year ending
4 on the last day of the preceding calendar year. Upon the receipt of such
5 returns the commissioner of insurance shall verify such returns and
6 reconcile the fees pursuant to subsection (f) upon such organization on the
7 basis and at the rate provided in this section.

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

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

18 (f) (1) ~~On and after January 1, 2018,~~ In addition to any other filing or
19 return required by this section, each health maintenance organization shall
20 submit a report to the commissioner on or before March 31 and September
21 30 of each year containing an estimate of the total amount of all premiums,
22 subscription charges or any other term that may be used to describe the
23 charges made by such organization to enrollees that the organization
24 expects to collect during the current calendar year. Upon filing each March
25 31 report, the organization shall submit payment equal to $\frac{1}{2}$ of the
26 privilege fee that would be assessed by the commissioner for the current
27 calendar year based upon the organization's reported estimate. Upon filing
28 each September 30 report, the organization shall submit payment equal to
29 the balance of the privilege fee that would be assessed by the
30 commissioner for the current calendar year based upon the organization's
31 reported estimates.

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

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

1 legislature for such purpose.

2 Sec. 11. K.S.A. 40-3304 is hereby amended to read as follows: 40-
3 3304. (a) (1) No person other than the issuer shall make a tender offer for
4 or a request or invitation for tenders of, or enter into any agreement to
5 exchange securities or, seek to acquire, or acquire, in the open market or
6 otherwise, any voting security of a domestic insurer if, after the
7 consummation thereof, such person would, directly or indirectly, or by
8 conversion or by exercise of any right to acquire, be in control of such
9 insurer, and no person shall enter into an agreement to merge with or
10 otherwise to acquire control of a domestic insurer or any person
11 controlling a domestic insurer unless, at the time any such offer, request, or
12 invitation is made or any such agreement is entered into, or prior to the
13 acquisition of such securities if no offer or agreement is involved, such
14 person has filed with the commissioner of insurance and has sent to such
15 insurer, a statement containing the information required by this section and
16 such offer, request, invitation, agreement or acquisition has been approved
17 by the commissioner of insurance in the manner hereinafter prescribed.
18 The requirements of this section shall not apply to the merger or
19 consolidation of those companies subject to the requirements of K.S.A. 40-
20 507 and 40-1216 through 40-1225, and amendments thereto.

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

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

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

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

43 (B) "Person" ~~shall~~ *does* not include any securities broker holding, in

1 the usual and customary broker's function, less than 20% of the voting
2 securities of the insurance company or of any person ~~which~~ *that* controls
3 the insurance company.

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

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

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

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

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

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

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

43 ~~(5)~~(E) the number of shares of any security referred to in subsection

1 (a) that each acquiring party proposes to acquire and the terms of the offer,
2 request, invitation, agreement or acquisition referred to in subsection (a)
3 and a statement regarding the method utilized to determine the fairness of
4 the proposal;

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

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

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

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

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

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

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

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

1 ~~(14)~~(N) such additional information as the commissioner of insurance
2 may by rule or regulation prescribe as necessary or appropriate for the
3 protection of policyholders of the insurer or in the public interest.

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

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

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

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

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

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

1 presently licensed;

2 (B) the financial condition of any acquiring party is such as might
3 jeopardize the financial stability of the insurer or prejudice the interest of
4 its policyholders;

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

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

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

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

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

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

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

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

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

19 (2) as otherwise not comprehended within the purposes of this
20 section.

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

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

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

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

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

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

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

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

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

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

33 (A) Amounts shown on the consolidated audited financial report
34 shown on the worksheet;

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

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

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

40 (5) in lieu of submitting audited financial statements, and upon
41 written application by an applicant and good cause shown, the
42 commissioner may grant a hardship exemption from filing audited
43 financial statements and allow the submission of unaudited financial

1 statements. Acceptable formats for unaudited financial statements, that
2 shall include notes, are:

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

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

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

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

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

21 (8) such other pertinent information as may be required by the
22 commissioner.

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

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

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

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

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

1 provisions of this section shall immediately notify the commissioner of
2 any material change in its ownership, control or other fact or circumstance
3 affecting its qualification for a license in this state.

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

11 (1) \$100,000; or

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

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

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

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

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

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

42 (e) At the time of filing the application for licensing required under
43 the provisions of this section, the nonresident administrator shall pay a

1 license application fee ~~in the amount of~~ *not to exceed* \$400.

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

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

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

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

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

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

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

32 (b) The annual report shall include:

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

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

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

42 ~~(A)~~(i) Amounts shown on the consolidated audited financial report
43 shown on the worksheet;

1 ~~(B)~~(ii) amounts for each entity stated separately; and
2 ~~(C)~~(iii) explanations of consolidating and eliminating entries
3 included.

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

10 ~~(A)~~(i) Reports compiled or reviewed by a certified public accountant;
11 or

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

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

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

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

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

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

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

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

- 1 or members in the case of a partnership or association-;
- 2 (3) the name and address of the applicant's agent for service of
3 process in the state-;
- 4 (4) the name, address, phone number, email address and official
5 position of the employee who will serve as the primary contact for the
6 department-;
- 7 (5) a copy of the pharmacy benefits manager's corporate charter,
8 articles of incorporation or other charter document-;
- 9 (6) a template contract,~~which shall include~~ *including* a dispute
10 resolution process, that ultimately involves an independent fact finder
11 between:
- 12 (A) The pharmacy benefits manager and the health insurer; or
13 (B) the pharmacy benefits manager and the pharmacy or a pharmacy's
14 contracting agent-; *and*
- 15 (7) a network adequacy report on a form prescribed by the
16 department through rules and regulations.
- 17 (c) A nonrefundable application fee ~~of not to exceed~~ \$2,500. *Not later*
18 *than December 1 of each year, the commissioner shall set and cause to be*
19 *published in the Kansas register such fee for the next calendar year.*
- 20 (d) The licensee shall inform the commissioner, by any means
21 acceptable to the commissioner, of any material change in the information
22 required by this subsection within 90 days of such change. Failure to
23 timely inform the commissioner of a material change may result in a
24 penalty against the licensee in the amount of \$500.
- 25 (e) Within 90 days after receipt of a completed application, the
26 network adequacy report and the applicable license fee, the commissioner
27 shall review the application and issue a license if the applicant is deemed
28 qualified under this section. If the commissioner determines that the
29 applicant is not qualified, the commissioner shall notify the applicant and
30 shall specify the reason for the denial.
- 31 (f) (1) All documents, materials or other information and copies
32 thereof in the possession or control of the department or any other
33 governmental entity that are obtained by or disclosed to the commissioner
34 or any other person in the course of an application, examination or
35 investigation made pursuant to this act shall be confidential by law and
36 privileged, shall not be subject to any open records, freedom of
37 information, sunshine or other public record disclosure laws; and shall not
38 be subject to subpoena or discovery.
- 39 (2) The provisions of paragraph (1) shall only apply to the disclosure
40 of the confidential documents described in paragraph (1) by the
41 department or any other governmental entity and shall not be construed to
42 create any privilege in favor of any other party.
- 43 (3) The provisions of this subsection shall expire on July 1, 2027,

1 unless the legislature reviews and reenacts this provision pursuant to
2 K.S.A. 45-229, and amendments thereto, prior to July 1, 2027.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (d) *Compliance with unfair claims settlement practices law.* Any risk
35 retention group, its agents and representatives, shall comply with K.S.A.
36 40-2404(9), and amendments thereto.

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

42 (f) *Examination regarding financial condition.* Any risk retention
43 group shall submit to an examination in accordance with K.S.A. 40-222

1 and 40-223, and amendments thereto, by the commissioner to determine
 2 its financial condition if the commissioner of the jurisdiction in which the
 3 group is chartered has not initiated an examination or does not initiate an
 4 examination within 60 days after a request by the commissioner of this
 5 state.

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

9 NOTICE

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

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

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

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

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

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

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

34 Sec. 18. K.S.A. 40-4116 is hereby amended to read as follows: 40-
 35 4116. (a) ~~(1) A purchasing group which that intends to do business in this~~
 36 ~~state shall furnish notice to the commissioner which shall:~~

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

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

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

42 ~~(4)(D) identify~~identifying the principal place of business of the group;
 43 and

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

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

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

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

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

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

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

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

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

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

10 (A) The completed application form;

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

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

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

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

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

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

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

42 (2) no association captive insurance company shall insure any risks
43 other than those of its association and those of the member organizations

1 of its association. No association captive insurance company shall expose
2 itself to loss on any one risk or hazard in an amount exceeding 10% of its
3 paid-up capital and surplus;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (D) an analysis of the adequacy of the applicant captive insurance

1 company's proposed premiums, assets and capital and surplus levels
2 relative to the risks to be insured or reinsured by the captive insurance
3 company;

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

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

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

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

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

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

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

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

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

38 ~~(e) Each captive insurance company already in existence on January~~
39 ~~1, 2018, shall pay an annual renewal fee of \$110 until January 1, 2028,~~
40 ~~after which date the provisions of subsection (d) shall apply.~~

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

1 authorizing a:

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

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

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

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

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

20 (B) the information sought is unavailable from other non-confidential
21 sources;

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

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

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

43 (A) Such public official shall agree in writing to maintain the

1 confidentiality of such information; and

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

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

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

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

26 (1) Ceased transacting the business of insurance, including the
27 issuance of insurance policies; and

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

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

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

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

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

42 (3) pay a license renewal fee ~~of~~ *not to exceed* \$500. *Not later than*
43 *December 1 of each year, the commissioner shall set and cause to be*

1 *published in the Kansas register such fee required pursuant to this*
2 *paragraph.*

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

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

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

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

15 Sec. 22. K.S.A. 40-4334 is hereby amended to read as follows: 40-
16 4334. (a) To transact business in Kansas, a special purpose insurance
17 captive shall:

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

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

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

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

25 (5) maintain unimpaired paid-in capital and surplus of not less than
26 \$5,000,000;

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

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

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

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

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

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

43 (c) To obtain a certificate of authority to transact business as a special

1 purpose insurance captive in Kansas, the special purpose insurance captive
2 shall:

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

4 (A) Certified copies of its organizational documents;

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

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

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

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

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

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

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

20 (2) have deposited with the commissioner of insurance pursuant to
21 K.S.A. 40-229a, and amendments thereto, securities authorized by K.S.A.
22 40-2a01 et seq., and amendments thereto, in an amount equal to not less
23 than the minimum capital stock required of such company for the
24 protection of its policyholders or creditors, or both;

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

27 (4) provide copies of any filings made by the ceding company with
28 the ceding company's domiciliary insurance regulator to obtain approval
29 for the ceding company to enter into the special purpose insurance captive
30 contract and copies of any filings made by any affiliate of the special
31 purpose insurance captive to obtain regulatory approval to contribute
32 capital to the special purpose insurance captive or to acquire direct or
33 indirect ownership of the special purpose insurance captive. The special
34 purpose insurance captive shall provide copies of any letters of approval or
35 disapproval received from the insurance regulator responding to such
36 filing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 license; or has failed to comply with any prerequisite for the issuance of
2 such license.

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

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

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

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

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

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

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

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

27 (7) Credit: Limited line credit insurance.

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

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

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

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

38 (ii) loss of baggage or personal effects;

39 (iii) damages to accommodations or rental vehicles;

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

41 (v) emergency evacuation;

42 (vi) repatriation of remains; or

43 (vii) any other contractual obligations to indemnify or pay a specified

1 amount to the traveler upon determinable contingencies related to travel as
2 approved by the commissioner.

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

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

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

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

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

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

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

26 (b) Unless suspended, revoked or refused renewal pursuant to K.S.A.
27 40-4909, and amendments thereto, an insurance agent license shall remain
28 in effect as long as:

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

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

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

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

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

42 (2) Each licensed insurance agent who is an individual and is licensed
43 only for title insurance shall biennially obtain a minimum of four C.E.C.s

1 in courses certified by the board of abstract examiners as title C.E.C.s
2 under the property and casualty category.

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

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

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

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

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

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

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

1 education completion and the monetary penalty within 90 calendar days of
2 such insurance agent's biennial due date, such individual insurance agent's
3 qualification and each and every corresponding license shall expire on
4 such insurance agent's biennial due date. If after more than three but less
5 than 12 months from the date the license expired, the insurance agent
6 wants to reinstate such insurance agent's license, such individual shall
7 provide the required proof of continuing education completion and pay a
8 reinstatement fee in the amount of \$100 for each license suspended. If
9 after more than 12 months from the date an insurance agent's license has
10 expired, such insurance agent wants to reinstate such insurance agent's
11 license, such individual shall apply for an insurance agent's license,
12 provide the required proof of continuing education completion and pay a
13 reinstatement fee in the amount of \$100 for each license suspended. Upon
14 receipt of a written application from such insurance agent claiming
15 extreme hardship, the commissioner may waive any penalty imposed
16 under this subsection.

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

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

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

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

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

42 (6) Any individual who allows such individual's insurance agent
43 license in this state and *in* all other states ~~in which~~ *where* such individual is

1 licensed as an insurance agent to expire for a period of four or more
2 consecutive years; shall apply for a new insurance agent license and pass
3 the required examination.

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

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

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

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

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

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

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

16 (F) the names and qualifications of instructors;

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

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

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

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

29 (A) Property and casualty; or

30 (B) life insurance, including annuity and variable contracts, and
31 accident and health insurance.

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

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

43 (B) The commissioner shall accept, without substantive review, any

1 course, program of study or subject submitted by a provider that has been
2 approved by the insurance supervisory authority of any other state or
3 territory accredited by the NAIC. The commissioner may disapprove any
4 individual instructor or provider who has been the subject of disciplinary
5 proceedings or who has otherwise failed to comply with any other state's
6 or territory's laws or regulations.

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

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

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

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

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

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

40 Sec. 25. K.S.A. 40-5003 is hereby amended to read as follows: 40-
41 5003. (a) No person shall operate as a viatical settlement provider or
42 viatical settlement broker without first obtaining a license from the
43 commissioner or the insurance regulatory official of the state of residence

1 of the viator. If there is more than one viator on a single policy and the
2 viators are residents of different states, the viatical settlement shall be
3 governed by the law of the state in which the viator having the largest
4 percentage ownership resides or, if the viators hold equal ownership, the
5 state of residence of one viator agreed upon in writing by all viators.

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

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

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

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

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

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

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

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

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

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

1 applied for;

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

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

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

13 (j) A viatical settlement provider or viatical settlement broker shall
14 provide to the commissioner new or revised information about officers,
15 10% or more stockholders, partners, directors, members or designated
16 employees within 30 days of the change.

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

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

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

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

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

42 (d) A licensed public adjuster that is unable to comply with license
43 renewal procedures due to military service, a long-term medical disability

1 or some other extenuating circumstance, may request an extension of time
2 to comply with those procedures.

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

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

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

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