

SENATE BILL No. 32

By Committee on Assessment and Taxation

1-16

1 AN ACT concerning insurance; relating to taxation; reducing insurance
2 company premium tax rates; discontinuing remittance and crediting of
3 a portion of the premium tax to the insurance department service
4 regulation fund; amending K.S.A. 40-112 and 40-252 and repealing the
5 existing sections.
6

7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. 40-112 is hereby amended to read as follows: 40-
9 112. (a) For the purpose of maintaining the insurance department and the
10 payment of expenses incident thereto, there is hereby established the
11 insurance department service regulation fund in the state treasury, which
12 shall be administered by the commissioner of insurance. All expenditures
13 from the insurance department service regulation fund shall be made in
14 accordance with appropriation acts upon warrants of the director of
15 accounts and reports issued pursuant to vouchers approved by the
16 commissioner of insurance or by a person or persons designated by the
17 commissioner.

18 (b) On and after the effective date of this act *January 1, 2026*, all fees
19 received by the commissioner of insurance pursuant to any statute and 1%
20 of taxes received pursuant to K.S.A. 40-252, and amendments thereto,
21 shall be remitted to the state treasurer in accordance with the provisions of
22 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
23 remittance, the state treasurer shall deposit the entire amount in the state
24 treasury to the credit of the insurance department service regulation fund.

25 (c) Except as otherwise provided by this section, the commissioner of
26 insurance shall make an annual assessment on each group of affiliated
27 insurers whose certificates of authority to do business in this state are in
28 good standing at the time of the assessment. The total amount of all such
29 assessments for a fiscal year shall be equal to the amount sufficient
30 ~~which~~*that*, when combined with the total amount to be credited to the
31 insurance department service regulation fund pursuant to subsection (b) is
32 equal to the amount approved by the legislature to fund the insurance
33 company regulation program. With respect to each group of affiliated
34 insurers, such assessment shall be in proportion to the amount of total
35 assets of the group of affiliated insurers as reported to the commissioner of
36 insurance pursuant to K.S.A. 40-225, and amendments thereto, for the

1 immediately preceding calendar year, shall not be less than \$500 and shall
2 not be more than the amount equal to .0000015 of the amount of total
3 assets of the group of affiliated insurers or \$25,000, whichever is less. The
4 total assessment for any fiscal year shall not increase by any amount
5 greater than 15% of the total budget approved by the legislature to fund the
6 insurance company regulation program for the fiscal year immediately
7 preceding the fiscal year for which the assessment is made. In the event
8 the total amount of the assessment would be less than the aggregate
9 amount resulting by assessing the \$500 minimum on each insurer, the
10 commissioner may establish a lower minimum to be assessed equally on
11 each insurer.

12 (d) If, by the laws of any state other than Kansas or by the retaliatory
13 laws of any state other than Kansas, any insurer domiciled in Kansas shall
14 be required to pay any fee or tax in such other state of licensure, and the
15 fee or tax is due and payable either because the insurance department
16 service regulation fee imposed by this section on insurers licensed in
17 Kansas and organized or domiciled in such other state is greater than the
18 comparable fee or tax assessed in such other state, or such other state has
19 no comparable fee or tax but requires payment on a retaliatory basis, then
20 to the extent such fee or tax amounts are legally due and are paid in such
21 other state, any insurer domiciled in Kansas may claim a dollar-for-dollar
22 credit for such fees paid against insurer's annual premium taxes due the
23 state of Kansas under K.S.A. 40-252, and amendments thereto, or privilege
24 fee due the state of Kansas under K.S.A. 40-3213, and amendments
25 thereto, but such credit shall only be calculated on the amount ~~which~~ *that*
26 would not have been required to be paid in such other state of licensure in
27 the absence of the existence of the insurance department service regulation
28 fee imposed by this section, and in no event shall the credit permitted by
29 this section exceed 90% of the insurer's annual premium tax or privilege
30 fee due the state of Kansas. The insurance commissioner shall prescribe
31 the forms for reporting such credits.

32 (e) Assessments payable under this section shall be past due if not
33 paid to the insurance department within 45 days of the billing date of such
34 assessment. A penalty equal to 10% of the amount assessed shall be
35 imposed upon any past due payment and the total amount of the
36 assessment and penalty shall bear interest at the rate of 1.5% per month or
37 any portion thereof.

38 (f) When there exists in the insurance department service regulation
39 fund a deficiency ~~which~~ *that* would render such fund temporarily
40 insufficient during any fiscal year to meet the insurance department's
41 funding requirements, the commissioner of insurance shall certify the
42 amount of the insufficiency. Upon receipt of any such certification, the
43 director of accounts and reports shall transfer an amount of moneys equal

1 to the amount so certified from the state general fund to the insurance
2 department service regulation fund. On June 30 of any fiscal year during
3 which an amount or amounts are certified and transferred under this
4 subsection, the director of accounts and reports shall provide for the
5 repayment of the amounts so transferred and shall transfer the amount
6 equal to the total of all such amounts transferred during the fiscal year
7 from the insurance department service regulation fund to the state general
8 fund.

9 (g) Any unexpended balance in the insurance department service
10 regulation fund at the close of a fiscal year shall remain credited to the
11 insurance department service regulation fund for use in the succeeding
12 fiscal year and shall be used to reduce future assessments or to
13 accommodate cash flow demands on the fund.

14 (h) The commissioner of insurance shall exempt the assessment of
15 any insurer ~~which~~ *that*, as of December 31 of the calendar year preceding
16 the assessment, has a surplus of less than two times the minimum amount
17 of surplus required for a certificate of authority on and after May 1, 1994,
18 and ~~which~~ is subject to the premium tax or privilege fee liability imposed
19 on insurers organized under the laws of this state. The commissioner of
20 insurance may also exempt or defer, in whole or in part, the assessment of
21 any other insurer if, in the opinion of the commissioner of insurance,
22 immediate payment of the total assessment would be detrimental to the
23 solvency of the insurer.

24 (i) As used in this section:

25 (1) "Affiliates" or "affiliated" has the meaning ascribed by K.S.A. 40-
26 3302, and amendments thereto;

27 (2) "group" or "group of affiliated insurers" means the affiliated
28 insurers of a group and also includes an individual, unaffiliated insurer;
29 and

30 (3) "insurer" means any insurance company, as defined by K.S.A. 40-
31 201, and amendments thereto, any fraternal benefit society, as defined by
32 K.S.A. 40-738, and amendments thereto, any reciprocal or interinsurance
33 exchange under K.S.A. 40-1601 through 40-1614, and amendments
34 thereto, any mutual insurance company organized to provide health care
35 provider liability insurance under K.S.A. 40-12a01 through 40-12a09, and
36 amendments thereto, any nonprofit dental service corporation under
37 K.S.A. 40-19a01 through 40-19a14, and amendments thereto, any
38 nonprofit medical and hospital service corporation under K.S.A. 40-19c01
39 through 40-19c11, and amendments thereto, any health maintenance
40 organization, as defined by K.S.A. 40-3202, and amendments thereto, or
41 any captive insurance company, as defined by K.S.A. 40-4301, and
42 amendments thereto, ~~which~~ *that* is authorized to do business in Kansas.

43 Sec. 2. K.S.A. 40-252 is hereby amended to read as follows: 40-252.

1 Every insurance company or fraternal benefit society organized under the
 2 laws of this state or doing business in this state shall pay to the
 3 commissioner of insurance fees and taxes specified in the following
 4 schedule:

5 A

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

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

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

10 Admission fees:

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

12 Filing annual statement.....100

13 Certificate of authority.....10

14 Annual fees:

15 Filing annual statement.....100

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

17 2. Mutual life, accident and health associations:

18 Admission fees:

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

20 Filing annual statement.....100

21 Certificate of authority.....10

22 Annual fees:

23 Filing annual statement.....100

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

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

27 Admission fees:

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

29 Filing annual statement.....100

30 Certificate of authority.....10

31 Annual fees:

32 Filing annual statement.....100

33 Continuation of certificate of authority.....10

34 In addition to the above fees and as a condition precedent to the
 35 continuation of the certificate of authority provided in this code, all such
 36 companies shall pay a fee of \$2 for each agent certified by the company
 37 and shall also pay a tax annually upon all premiums received on risk
 38 located in this state at the rate of ~~1% for tax year 1997, and 2% for tax~~
 39 ~~year 2025 and 1.98% for tax year 2026, and all tax years thereafter, per~~
 40 ~~annum less (1) for tax years prior to 1984, any taxes paid on business in~~
 41 ~~this state pursuant to the provisions of K.S.A. 40-1701 to 40-1707,~~
 42 ~~inclusive, and 75-1508, and amendments thereto, and (2) for tax years~~
 43 ~~1984 and thereafter, any taxes paid on business in this state pursuant to the~~

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

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

28 B

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

30 Admission fees:

31 Examination of charter and other documents.....\$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 C

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

42 1. Mutual nonprofit hospital service corporations:

43 Admission fees:

1	Examination of charter and other documents.....	\$500
2	Filing annual statement.....	100
3	Certificate of authority.....	10
4	Annual fees:	
5	Filing annual statement.....	100
6	Continuation of certificate of authority.....	10
7	2. Nonprofit medical service corporations:	
8	Admission fees:	
9	Examination of charter and other documents.....	\$500
10	Filing annual statement.....	100
11	Certificate of authority.....	10
12	Annual fees:	
13	Filing annual statement.....	100
14	Continuation of certificate of authority.....	10
15	3. Nonprofit dental service corporations:	
16	Admission fees:	
17	Examination of charter and other documents.....	\$500
18	Filing annual statement.....	100
19	Certificate of authority.....	10
20	Annual fees:	
21	Filing annual statement.....	100
22	Continuation of certificate of authority.....	10
23	4. Nonprofit optometric service corporations:	
24	Admission fees:	
25	Examination of charter and other documents.....	\$500
26	Filing annual statement.....	100
27	Certificate of authority.....	10
28	Annual fees:	
29	Filing annual statement.....	100
30	Continuation of certificate of authority.....	10
31	5. Nonprofit pharmacy service corporations:	
32	Admission fees:	
33	Examination of charter and other documents.....	\$500
34	Filing annual statement.....	100
35	Certificate of authority.....	10
36	Annual fees:	
37	Filing annual statement.....	100
38	Continuation of certificate of authority.....	10
39	In addition to the above fees and as a condition precedent to the	
40	continuation of the certificate of authority, provided in this code, every	
41	corporation or association shall pay annually to the commissioner of	
42	insurance a tax in an amount equal to 1% for tax year 1997, and 2% for	
43	<i>tax year 2025 and 1.98% for tax year 2026, and all tax years thereafter,</i>	

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

8 D

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

11 1. Capital stock insurance companies and mutual legal reserve life
 12 insurance companies:

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

14 Admission fees:

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

16 Filing annual statement.....100

17 Certificate of authority.....10

18 Annual fees:

19 Filing annual statement.....100

20 Continuation of certificate of authority.....10

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

23 As a condition precedent to the continuation of the certificate of
 24 authority, provided in this code, every company organized under the laws
 25 of any other state of the United States or of any foreign country shall pay a
 26 tax upon all premiums received during the preceding year at the rate of 2%
 27 *for tax year 2025 and 1.98% for tax year 2026, and all tax years*
 28 *thereafter*, per annum.

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

43 2. Mutual life, accident and health associations:

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 In addition to the above fees, every such company organized under the
 9 laws of any other state of the United States shall pay \$5 for each agent
 10 certified by the company, and shall pay a tax annually upon all premiums
 11 received at the rate of 2% *for tax year 2025 and 1.98% for tax year 2026,*
 12 *and all tax years thereafter;* 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 certified by the company and shall also pay a tax
 40 annually upon all premiums received at the rate of 2% *for tax year 2025*
 41 *and 1.98% for tax year 2026, and all tax years thereafter;* per annum.

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

1 pursuant to the provisions of K.S.A. 75-1508, and amendments thereto;
 2 and (2) the amount of the firefighters relief tax credit determined by the
 3 commissioner of insurance. The amount of the firefighters relief tax credit
 4 for a company taxable under this subsection for the current tax year shall
 5 be determined by the commissioner of insurance by dividing (A) the total
 6 amount of taxes paid by all such companies on business in this state under
 7 K.S.A. 40-1701 to 40-1707, and amendments thereto, for tax year 1983 as
 8 then in effect, by (B) the total amount of taxes paid by all such companies
 9 on business in this state under K.S.A. 40-1703, and amendments thereto,
 10 for the tax year immediately preceding the current tax year, and by
 11 multiplying the result so obtained by (C) the amount of taxes paid by the
 12 company on business in this state under K.S.A. 40-1703, and amendments
 13 thereto, for the current tax year. The "applicable percentage" shall be as
 14 follows: 100%.

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

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

29 E

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

32 Admission fees:

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

36 Annual fees:

Filing annual statement.....	100
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 *service corporations and nonprofit pharmacy service corporations*
2 *organized under the laws of any other state, territory or country:*
3 1. Mutual nonprofit hospital service corporations:
4 Admission fees:
5 Examination of charter and other documents.....\$500
6 Filing annual statement.....100
7 Certificate of authority.....10
8 Annual fees:
9 Filing annual statement.....100
10 Continuation of certificate of authority.....10
11 2. Nonprofit medical service corporations, nonprofit dental service
12 corporations, nonprofit optometric service corporations and nonprofit
13 pharmacy service corporations:
14 Admission fees:
15 Examination of charter and other documents.....\$500
16 Filing annual statement.....100
17 Certificate of authority.....10
18 Annual fees:
19 Filing annual statement.....100
20 Continuation of certificate of authority.....10

21 In addition to the above fees and as a condition precedent to the
22 continuation of the certificate of authority, provided in this code, every
23 corporation or association shall pay annually to the commissioner of
24 insurance a tax in an amount equal to 2% for tax year 2025 and 1.98% for
25 tax year 2026, and all tax years thereafter, per annum of the total of all
26 premiums, subscription charges, or any other term ~~which~~ that may be used
27 to describe the charges made by such corporation or association to
28 subscribers in this state for hospital, medical or other health services or
29 indemnity received during the preceding year. In such computations all
30 such corporations or associations shall be entitled to deduct any premiums
31 or subscription charges returned on account of cancellations and dividends
32 returned to members or subscribers.

33 G

34 *Payment of Taxes.*

35 For the purpose of insuring the collection of the tax upon premiums,
36 assessments and charges as set out in subsection A, C, D or F, every
37 insurance company, corporation or association shall at the time it files its
38 annual statement, as required by the provisions of K.S.A. 40-225, and
39 amendments thereto, make a return, generated by or at the direction of its
40 president and secretary or other chief officers, under penalty of K.S.A. 21-
41 5824, and amendments thereto, to the commissioner of insurance, stating
42 the amount of all premiums, assessments and charges received by the
43 companies or corporations in this state, whether in cash or notes, during

1 the year ending on the December 31 next preceding.

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

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

19 *All reports and returns required by this act and rules and regulations*
20 *adopted pursuant thereto shall be preserved for three years and thereafter*
21 *until the commissioner orders them to be destroyed.*

22 H

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

26 Sec. 3. K.S.A. 40-112 and 40-252 are hereby repealed.

27 Sec. 4. This act shall take effect and be in force from and after
28 January 1, 2026, and its publication in the statute book.