

## HOUSE BILL No. 2373

By Committee on Federal and State Affairs

3-7

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1 AN ACT concerning life insurance; providing for certain additional riders  
2 on life insurance policies; amending K.S.A. 2010 Supp. 40-401 and  
3 repealing the existing section.  
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5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2010 Supp. 40-401 is hereby amended to read as  
7 follows: 40-401. Any 10 or more persons, a majority of whom are  
8 citizens of this state, may associate in accordance with the provisions of  
9 this code and form an incorporated company, upon either the stock or  
10 mutual plan, to make insurance upon the lives of persons and every  
11 insurance appertaining thereto or connected therewith and to grant,  
12 purchase or dispose of annuities, and to issue funding agreements,  
13 guaranteed investment contracts and synthetic guaranteed investment  
14 contracts. Such companies may incorporate: (a) In their policies  
15 provisions or conditions for the waiver of premiums or for the granting of  
16 an annuity to the insured, or for special surrender values or other benefits  
17 in the event the insured shall from any cause become unemployed or  
18 totally and permanently disabled; (b) in their policies provisions for  
19 acceleration of life or annuity benefits in advance of the time they would  
20 otherwise be payable subject to such reserve and other regulatory  
21 standards as the commissioner may prescribe by rules and regulations,  
22 except that any provision providing for acceleration of life or annuity  
23 benefits for persons diagnosed as having a medical condition usually  
24 requiring continuous confinement for the rest of the person's life in a  
25 nursing home or other eligible facility as defined in the policy, may also  
26 provide for acceleration of benefits upon diagnosis of such condition  
27 even if the person is not confined in a nursing home or similar facility; (c)  
28 in their policies and annuity contracts provisions or conditions for waiver  
29 of surrender charges upon terms and conditions as specified in the policy  
30 or contract, subject to rules and regulations adopted by the commissioner  
31 of insurance; ~~or~~ (d) in their policies provisions for the payment of a larger  
32 sum if death is caused by accident than if it results from any other causes;  
33 *or (e) in their policies which combine insurance on lives of persons with*  
34 *coverage for any of the following categories of coverage whenever all the*  
35 *prescribed minimum standards for each additional category of coverage*

1 *has been met: specified illness or disease, hospital indemnity or other*  
2 *fixed indemnity.*

3 Prior to the payment of any accelerated benefit, the insurer shall  
4 receive from any assignee or irrevocable beneficiary of the policy a  
5 signed acknowledgment of concurrence for the payment. For the  
6 purposes of this section, "totally and permanently disabled" means  
7 disabled continuously for a period, such period to be specified in any  
8 such provision, of not less than 60 days nor more than one year, except  
9 this provision shall not apply to and specifically excludes group life  
10 insurance. Such company may make insurance on the health of  
11 individuals, against accidental personal injury, disablement or death and  
12 against loss, liability or expense on account thereof. Such company so  
13 transacting such health and accident insurance business, or either kind,  
14 shall maintain statutory and separate reserves for such business, shall  
15 issue such contracts only in separate policies except as otherwise  
16 permitted herein and shall make separate reports to the commissioner of  
17 insurance of the premiums received and expenses and losses incurred in  
18 connection with such business, except that such reports will not be  
19 required for accelerated benefits incorporated in a life or annuity policy.  
20 Long-term care insurance meeting the applicable requirements of K.S.A.  
21 40-2227 and 40-2228, and amendments thereto, may be incorporated in  
22 life insurance policies and annuities if approved by the commissioner.

23 The business of life insurance in this state shall not be in any way  
24 conducted or transacted by any company which in this state makes  
25 insurance on marine, fire, inland or any other like risks, except that, life,  
26 health and accident insurance on the group or industrial plan may be  
27 combined in one policy, which shall show the premium charged for life  
28 insurance and the premium charged for health and accident insurance,  
29 and the insured, at the insured's option, may discontinue either and by  
30 payment of the stated premium continue the other. The amount of capital  
31 stock of a company organized on the stock plan shall be not less than  
32 \$600,000.

33 Companies organized on the mutual plan shall be required to have  
34 applications from at least 200 persons for insurance upon their lives,  
35 aggregating not less than \$400,000, upon which one full annual premium  
36 in cash shall have been paid. No such company shall transact any  
37 business of insurance until, if a stock company, all the capital stock  
38 named in its charter has been paid in cash including all contributions to  
39 surplus to be made by the original purchasers of such stock. The surplus  
40 shall be at least \$600,000, and at least \$400,000 in securities authorized  
41 by this code shall have been deposited with the commissioner of  
42 insurance pursuant to K.S.A. 40-229a, and amendments thereto, and if a  
43 mutual company, a guaranty fund of at least \$1,200,000, and at least

1 \$400,000 of which shall be in securities as authorized in this code and  
2 deposited with the commissioner of insurance pursuant to K.S.A. 40-  
3 229a, and amendments thereto. The guaranty fund may be returned to the  
4 contributors with interest at 6% per annum whenever the surplus shall  
5 equal the amount of such guaranty fund and interest, and no company  
6 shall transact any business of insurance unless it shall maintain the capital  
7 or surplus or both required of a company commencing to transact  
8 business, or, if a mutual company, the required number and amount of  
9 applications for insurance have been received and the annual premiums  
10 collected in cash. The securities deposited pursuant to this section shall be  
11 held by the commissioner of insurance in trust for the benefit and  
12 protection of the policyholders or creditors, or both, of the company  
13 depositing the same and may be withdrawn only upon order of the  
14 commissioner of insurance.

15 The commissioner of insurance may adopt rules and regulations to  
16 implement the provisions of this section.

17 Sec. 2. K.S.A. 2010 Supp. 40-401 is hereby repealed.

18 Sec. 3. This act shall take effect and be in force from and after its  
19 publication in the statute book.

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