

HOUSE BILL No. 2142

By Committee on Insurance

1-27

1 AN ACT concerning insurance; relating to *required provisions*; certain
2 definitions; amending *K.S.A. 40-2203 and* K.S.A. 2014 Supp. 40-2,118
3 and 40-22a13 and repealing the existing sections.
4

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

6 Section 1. K.S.A. 2014 Supp. 40-2,118 is hereby amended to read as
7 follows: 40-2,118. (a) For purposes of this act a "fraudulent insurance act"
8 means an act committed by any person who, knowingly and with intent to
9 defraud, presents, causes to be presented or prepares with knowledge or
10 belief that it will be presented to or by an insurer, purported insurer, broker
11 or any agent thereof, any written, *electronic, electronic impulse, facsimile,*
12 *magnetic, oral, or telephonic communication or* statement as part of, or in
13 support of, an application for the issuance of, or the rating of an insurance
14 policy for personal or commercial insurance, or a claim for payment or
15 other benefit pursuant to an insurance policy for commercial or personal
16 insurance which such person knows to contain materially false information
17 concerning any fact material thereto; or conceals, for the purpose of
18 misleading, information concerning any fact material thereto.

19 (b) An insurer that has knowledge or a good faith belief that a
20 fraudulent insurance act is being or has been committed shall provide to
21 the commissioner, on a form prescribed by the commissioner, any and all
22 information and such additional information relating to such fraudulent
23 insurance act as the commissioner may require.

24 (c) Any other person that has knowledge or a good faith belief that a
25 fraudulent insurance act is being or has been committed may provide to
26 the commissioner, on a form prescribed by the commissioner, any and all
27 information and such additional information relating to such fraudulent
28 insurance act as the commissioner may request.

29 (d) (1) Each insurer shall have antifraud initiatives reasonably
30 calculated to detect fraudulent insurance acts. Antifraud initiatives may
31 include: fraud investigators, who may be insurer employees or
32 independent contractors; ~~or~~ *and* an antifraud plan submitted to the
33 commissioner no later than July 1, 2007. Each insurer that submits an
34 antifraud plan shall notify the commissioner of any material change in the
35 information contained in the antifraud plan within 30 days after such
36 change occurs. Such insurer shall submit to the commissioner in writing

1 the amended antifraud plan.

2 The requirement for submitting any antifraud plan, or any amendment
3 thereof, to the commissioner shall expire on the date specified in
4 ~~paragraph (2) of this subsection~~ (d)(2) unless the legislature reviews and
5 reenacts the provisions of paragraph (2) pursuant to K.S.A. 45-229, and
6 amendments thereto.

7 (2) Any antifraud plan, or any amendment thereof, submitted to the
8 commissioner for informational purposes only shall be confidential and
9 not be a public record and shall not be subject to discovery or subpoena in
10 a civil action unless following an in camera review, the court determines
11 that the antifraud plan is relevant and otherwise admissible under the rules
12 of evidence set forth in article 4 of chapter 60 of the Kansas Statutes
13 Annotated, and amendments thereto. The provisions of this paragraph shall
14 expire on July 1, 2016, unless the legislature reviews and reenacts this
15 provision pursuant to K.S.A. 45-229, and amendments thereto, prior to
16 July 1, 2016.

17 (e) Except as otherwise specifically provided in ~~subsection (a) of~~
18 K.S.A. 2014 Supp. 21-5812(a), and amendments thereto, and K.S.A. 44-
19 5,125, and amendments thereto, a fraudulent insurance act shall constitute
20 a severity level 6, nonperson felony if the amount involved is \$25,000 or
21 more; a severity level 7, nonperson felony if the amount is at least \$5,000
22 but less than \$25,000; a severity level 8, nonperson felony if the amount is
23 at least \$1,000 but less than \$5,000; and a class C nonperson misdemeanor
24 if the amount is less than \$1,000. Any combination of fraudulent acts as
25 defined in subsection (a) which occur in a period of six consecutive
26 months which involves \$25,000 or more shall have a presumptive sentence
27 of imprisonment regardless of its location on the sentencing grid block.

28 (f) In addition to any other penalty, a person who violates this statute
29 shall be ordered to make restitution to the insurer or any other person or
30 entity for any financial loss sustained as a result of such violation. An
31 insurer shall not be required to provide coverage or pay any claim
32 involving a fraudulent insurance act.

33 (g) This act shall apply to all insurance applications, ratings, claims
34 and other benefits made pursuant to any insurance policy.

35 Sec. 2. K.S.A. 2014 Supp. 40-22a13 is hereby amended to read as
36 follows: 40-22a13. On and after July 1, 2011, for the purposes of K.S.A.
37 40-22a13 through 40-22a16, and amendments thereto:

38 (a) "Adverse decision" means a utilization review determination by a
39 third-party administrator, a health insurance plan, an insurer or a health
40 care provider acting on behalf of an insured that a proposed or delivered
41 health care service which would otherwise be covered under an insured's
42 contract is not or was not medically necessary or the health care treatment
43 has been determined to be experimental or investigational and:

1 (1) If the requested service is provided in a manner that leaves the
2 insured with a financial obligation to the provider or providers of such
3 services; or

4 (2) the adverse decision is the reason for the insured not receiving the
5 requested services.

6 (b) "Emergency medical condition" means:

7 (1) The sudden, and at the time, unexpected onset of a health
8 condition that requires immediate medical attention, where failure to
9 provide medical attention would result in a serious impairment to bodily
10 functions, serious dysfunction of a bodily organ or part or would place a
11 person's health in serious jeopardy;

12 (2) a medical condition where the time frame for completion of a
13 standard external review would seriously jeopardize the life or health of
14 the insured or would jeopardize the insured's ability to regain maximum
15 function; or

16 (3) a medical condition for which coverage has been denied based on
17 a determination that the recommended or requested health care service or
18 treatment is experimental or investigational, if the insured's treating
19 physician certifies, in writing, that the recommended or requested health
20 care service or treatment for the medical condition would be significantly
21 less effective if not promptly initiated.

22 (c) "External review organization" means an entity that conducts
23 independent external reviews of adverse decisions pursuant to a contract
24 with the commissioner. Such entity shall ~~have experience serving as the~~
25 ~~external quality review organization in health programs administered by~~
26 ~~the state of Kansas,~~ or be a nationally accredited external review
27 organization which utilizes health care providers actively engaged in the
28 practice of their profession in the state of Kansas who are qualified and
29 credentialed with respect to the health care service review. In the event *the*
30 *entity has* no Kansas providers *available who* are qualified and
31 credentialed with respect to the review of any case, the external review
32 organization shall have the discretion to employ health care providers who
33 actively engage in such health care provider's practice outside the state of
34 Kansas.

35 (d) "Health insurance plan" means any hospital or medical expense
36 policy, health, hospital or medical service corporation contract, and a plan
37 provided by a municipal group-funded pool, or a health maintenance
38 organization contract offered by an employer or any certificate issued
39 under any such policies, contracts or plans.

40 (e) "Insured" means the beneficiary of any health insurance company,
41 fraternal benefit society, health maintenance organization, nonprofit
42 hospital and medical service corporation, municipal group-funded pool,
43 and the self-funded coverage established by the state of Kansas, or any

1 hospital or medical expense, health, hospital or medical service
2 corporation contract or a plan provided by a municipal group-funded pool.

3 (f) "Insurer" means any health insurance company, fraternal benefit
4 society, health maintenance organization, nonprofit hospital and medical
5 service corporation, provider sponsored organizations, municipal group-
6 funded pool and the self-funded coverage established by the state of
7 Kansas for its employees.

8 *Sec. 3. K.S.A. 40-2203 is hereby amended to read as follows: 40-*
9 *2203. (A) Required provisions. Except as provided in paragraph (C) of*
10 *this section every such policy delivered or issued for delivery to any*
11 *person in this state shall contain the provisions specified in this*
12 *subsection in the words in which the same appear in this section, but the*
13 *insurer, at its option, may substitute for one or more of such provisions*
14 *corresponding provisions of different wording approved by the*
15 *commissioner of insurance which are in each instance not less favorable*
16 *in any respect to the insured or the beneficiary. Such provisions shall be*
17 *preceded individually by the caption appearing in this subsection or at*
18 *the option of the insurer, by such appropriate individual or group*
19 *captions or subcaptions as the commissioner of insurance may approve.*

20 (1) *A provision as follows: "Entire contract; changes: This policy,*
21 *including the endorsement and the attached papers, if any, constitutes*
22 *the entire contract of insurance. No change in this policy shall be valid*
23 *until approved by an executive officer of the insurer and unless such*
24 *approval be endorsed hereon or attached hereto. No agent has authority*
25 *to change this policy or to waive any of its provisions."*

26 (2) *A provision as follows: "Time limit on certain defenses: (a)*
27 *After two years from the date of issue of this policy no misstatements,*
28 *except fraudulent misstatement, made by the applicant in the application*
29 *for such policy shall be used to void the policy or to deny a claim for loss*
30 *incurred or disability (as defined in the policy) commencing after the*
31 *expiration of such two-year period."*

32 *The foregoing policy provision shall not be so construed as to affect*
33 *any legal requirement for avoidance of a policy or denial of a claim*
34 *during such initial two year period, nor to limit the application of*
35 *subsections (B) (1), (2), (3), (4) and (5) in the event of misstatement with*
36 *respect to age or occupation or other insurance.*

37 *A policy which the insured has the right to continue in force subject*
38 *to its terms by the timely payment of premium (1) until at least age 50, or*
39 *(2) in the case of a policy issued after age 44, for at least five years from*
40 *its date of issue, may contain in lieu of the foregoing the following*
41 *provision (from which the clause in parentheses may be omitted at the*
42 *insurer's option) under the caption "Incontestable": "After this policy*
43 *has been in force for a period of two years during the lifetime of the*

1 *insured (excluding any period during which the insured is disabled), it*
2 *shall become incontestable as to the statements contained in the*
3 *application.*

4 *(b) "No claim for loss incurred or disability (as defined in the*
5 *policy) commencing after two years from the date of issue of this policy*
6 *shall be reduced or denied on the ground that a disease or physical*
7 *condition not excluded from coverage by name or specific description*
8 *effective on the date of loss has existed prior to the effective date of*
9 *coverage of this policy."*

10 *(3) A provision as follows: "Grace period: A grace period of*
11 *_____ " (insert a number not less than "7" for weekly premium*
12 *policies, "10" for monthly premium policies and "31" for all other*
13 *policies) "days will be granted for the payment of each premium falling*
14 *due after the first premium, during which grace period the policy shall*
15 *continue in force." A policy which contains a cancellation provision may*
16 *add, at the end of the above provision, "subject to the right of the insurer*
17 *to cancel in accordance with the cancellation provision hereof." A policy*
18 *in which the insurer reserves the right to refuse any renewal shall have,*
19 *at the beginning of the above provision, "Unless not less than five days*
20 *prior to the premium due date the insurer has delivered to the insured or*
21 *has mailed to the last address as shown by the records of the insurer*
22 *written notice of its intention not to renew this policy beyond the period*
23 *for which the premium has been accepted."*

24 *(4) A provision as follows: "Reinstatement: If any renewal*
25 *premium be not paid within the time granted the insured for payment, a*
26 *subsequent acceptance of premium by the insurer or by any agent duly*
27 *authorized by the insurer to accept such premium without requiring in*
28 *connection therewith an application for reinstatement shall reinstate the*
29 *policy. If the insurer or such agent requires an application for*
30 *reinstatement and issues a conditional receipt for the premium tendered,*
31 *the policy will be reinstated upon approval of such application by the*
32 *insurer or, lacking such approval, upon the 45th day following the date*
33 *such conditional receipt unless the insurer has previously notified the*
34 *insured in writing of its disapproval of such application. The reinstated*
35 *policy shall cover only loss resulting from such accidental injury as may*
36 *be sustained after the date of reinstatement and loss due to such sickness*
37 *as may begin more than ten days after such date. In all other respects*
38 *the insured and insurer shall have the same rights thereunder as they*
39 *had under the policy immediately before the due date of the defaulted*
40 *premium, subject to any provisions endorsed hereon or attached hereto*
41 *in connection with the reinstatement. Any premium accepted in*
42 *connection with a reinstatement shall be applied to a period for which*
43 *premium has not been previously paid, but not to any period more than*

1 *60 days prior to the date of reinstatement." The last sentence of the*
2 *above provision may be omitted from any policy which the insured has*
3 *the right to continue in force subject to its terms by the timely payment*
4 *of premiums (1) until at least age 50 or, (2) in the case of a policy issued*
5 *after age 44, for at least five years from its date of issue.*

6 *(5) A provision as follows: "Notice of claim: Written notice of claim*
7 *must be given to the insurer within 20 days after the occurrence or*
8 *commencement of any loss covered by the policy, or as soon thereafter*
9 *as is reasonably possible. Notice given by or on behalf of the insured or*
10 *the beneficiary to the insurer at _____" (insert the location of*
11 *such office as the insurer may designate for the purpose), "or to any*
12 *authorized agent of the insurer, with information sufficient to identify*
13 *the insured, shall be deemed notice to the insurer." In a policy providing*
14 *a loss-of-time benefit which may be payable for at least two years, an*
15 *insurer may at its option insert the following between the first and*
16 *second sentences of the above provisions: "Subject to the qualification*
17 *set forth below, if the insured suffers loss of time on account of disability*
18 *for which indemnity may be payable for at least two years, he shall, at*
19 *least once in every six months after having given notice of claim, give to*
20 *the insurer notice of continuance of said disability, except in the event of*
21 *legal incapacity. The period of six months following any filing of proof*
22 *by the insured or any payment by the insurer on account of such claim*
23 *or any denial of liability in whole or in part by the insurer shall be*
24 *excluded in applying this provision. Delay in the giving of such notice*
25 *shall not impair the insured's right to any indemnity which would*
26 *otherwise have accrued during the period of six months preceding the*
27 *date on which such notice is actually given.*

28 *(6) A provision as follows: "Claim forms: The insurer, upon receipt*
29 *of a notice of claim, will furnish to the claimant such forms as are*
30 *usually furnished by it for filing proofs of loss. If such forms are not*
31 *furnished within 15 days after the giving of such notice the claimant*
32 *shall be deemed to have complied with the requirements of this policy as*
33 *to proof of loss upon submitting within the time fixed in the policy for*
34 *filing proofs of loss, written proof covering the occurrence, the character*
35 *and the extent of the loss for which claim is made."*

36 *(7) A provision as follows: "Proofs of loss: Written proof of loss*
37 *must be furnished to the insurer at its said office in case of claim for loss*
38 *for which this policy provides any periodic payment contingent upon*
39 *continuing loss within 90 days after the termination of the period for*
40 *which the insurer is liable and in case of claim for any other loss within*
41 *90 days after the date of such loss. Failure to furnish such proof within*
42 *the time required shall not invalidate nor reduce any claim if it was not*
43 *reasonably possible to give proof within such time, provided such proof*

1 *is furnished as soon as reasonably possible and in no event, except in*
2 *the absence of legal capacity, later than one year from the time proof is*
3 *otherwise required."*

4 (8) *A provision as follows: "Time of payment of claims:*
5 *Indemnities payable under this policy for any loss other than loss for*
6 *which this policy provides any periodic payment will be paid immediately*
7 *upon receipt of due written proof of such loss. Subject to due written*
8 *proof of loss, all accrued indemnities for loss for which this policy*
9 *provides periodic payment will be paid _____" (insert period for*
10 *payment which must not be less frequently than monthly) "and any*
11 *balance remaining unpaid upon the termination of liability will be paid*
12 *immediately upon receipt of due written proof."*

13 (9) *A provision as follows: "Payment of claims: Indemnity for loss*
14 *of life will be payable in accordance with the beneficiary designation*
15 *and the provisions respecting such payment which may be prescribed*
16 *herein and effective at the time of payment. If no such designation or*
17 *provision is then effective, such indemnity shall be payable to the estate*
18 *of the insured. Any other accrued indemnities unpaid at the insured's*
19 *death, at the option of the insurer, may be paid either to such beneficiary*
20 *or to such estate. All other indemnities will be payable to the insured."*
21 *The following provisions, or either of them, may be included with the*
22 *foregoing provision at the option of the insurer: "If any indemnity of*
23 *this policy shall be payable to the estate of the insured, or to an insured*
24 *or beneficiary who is a minor or otherwise not competent to give a valid*
25 *release, the insurer may pay such indemnity, up to an amount not*
26 *exceeding \$ _____" (insert an amount which shall not exceed \$1,000),*
27 *"to any relative by blood or connection by marriage of the insured or*
28 *beneficiary who is deemed by the insurer to be equitably entitled thereto.*
29 *Any payment made by the insurer in good faith pursuant to this*
30 *provision shall fully discharge the insurer to the extent of such payment.*
31 *Subject to any written direction of the insured in the application or*
32 *otherwise all or a portion of any indemnities provided by this policy on*
33 *account of hospital, nursing, medical, or surgical services may, at the*
34 *insurer's option and unless the insured requests otherwise in writing not*
35 *later than the time of filing proofs of such loss, be paid directly to the*
36 *hospital or person rendering such services; but it is not required that the*
37 *service be rendered by a particular hospital or person."*

38 (10) *A provision as follows: "Physical examinations and autopsy:*
39 *The insurer at its own expense shall have the right and opportunity to*
40 *examine the person of the insured when and as often as it may*
41 *reasonably require during the pendency of a claim hereunder and to*
42 *make an autopsy in case of death where it is not forbidden by law."*

43 (11) *A provision as follows: "Legal actions: No action at law or in*

1 *equity shall be brought to recover on this policy prior to the expiration of*
2 *60 days after written proof of loss has been furnished in accordance*
3 *with the requirements of this policy. No such action shall be brought*
4 *after the expiration of five years after the time written proof of loss is*
5 *required to be furnished."*

6 *(12) A provision as follows: "Change of beneficiary: Unless the*
7 *insured makes an irrevocable designation of beneficiary, the right to*
8 *change of beneficiary is reserved to the insured and the consent of the*
9 *beneficiary or beneficiaries shall not be requisite to surrender or*
10 *assignment of this policy or to any change of beneficiary or*
11 *beneficiaries, or to any other changes in this policy."*

12 *The first clause of this provision, relating to the irrevocable*
13 *designation of beneficiary, may be omitted at the insurer's option.*

14 *(13) A provision as follows: "Cancellation by insured: The insured*
15 *may cancel this policy at any time by written notice delivered or mailed*
16 *to the insurer, effective upon receipt of such notice or on such later date*
17 *as may be specified in such notice. In the event of cancellation or death*
18 *of the insured, the insurer will promptly return the unearned portion of*
19 *any premium paid. The earned premium shall be computed by the use of*
20 *the short-rate table last filed with the state official having supervision of*
21 *insurance in the state where the insured resided when the policy was*
22 *issued. Cancellation shall be without prejudice to any claim originating*
23 *prior to the effective date of cancellation." When approved by the*
24 *commissioner, the "cancellation" provision appearing in subsection (B)*
25 *(8) may be substituted for the above.*

26 *(B) Other provisions: Except as provided in paragraph (C) of this*
27 *section, no such policy delivered or issued for delivery to any person in*
28 *this state shall contain provisions respecting the matters set forth below*
29 *unless such provisions are in the words in which the same appear in this*
30 *section, but the insurer may, at its option, use in lieu of any such*
31 *provision a corresponding provision of different wording approved by*
32 *the commissioner of insurance which is not less favorable in any respect*
33 *to the insured or the beneficiary. Any such provision contained in the*
34 *policy shall be preceded individually by the appropriate caption*
35 *appearing in this subsection or, at the option of the insurer, by such*
36 *appropriate individual or group captions or subcaptions as the*
37 *commissioner of insurance may approve.*

38 *(1) A provision as follows: "Change of occupation: If the insured*
39 *be injured or contract sickness after having changed his occupation to*
40 *one classified by the insurer as more hazardous than that stated in this*
41 *policy or while doing for compensation anything pertaining to an*
42 *occupation so classified, the insurer will pay only such portion of the*
43 *indemnities provided in this policy as the premium paid would have*

1 *purchased at the rates and within the limits fixed by the insurer for such*
2 *more hazardous occupation. If the insured changes his occupation to*
3 *one classified by the insurer as less hazardous than that stated in this*
4 *policy, the insurer, upon receipt of proof of such change of occupation,*
5 *will reduce the premium rate accordingly, and will return the excess pro*
6 *rata unearned premium from the date of change of occupation or from*
7 *the policy anniversary date immediately preceding receipt of such proof,*
8 *whichever is the more recent. In applying this provision, the*
9 *classification of occupational risk and the premium rates shall be such*
10 *as have been last filed by the insurer prior to the occurrence of the loss*
11 *for which the insurer is liable or prior to date of proof of change in*
12 *occupation with the state official having supervision of insurance in the*
13 *state where the insured resided at the time this policy was issued; but if*
14 *such filing was not required, then the classification of occupational risk*
15 *and the premium rates shall be those last made effective by the insurer*
16 *in such state prior to the occurrence of the loss or prior to the date of*
17 *proof of change in occupation."*

18 (2) *A provision as follows: "Misstatement of age: If the age of the*
19 *insured has been misstated, all amounts payable under this policy shall*
20 *be such as the premium paid would have purchased at the correct age."*

21 (3) *A provision as follows: "Other insurance in this insurer: If an*
22 *accident or sickness or accident and sickness policy or policies*
23 *previously issued by the insurer to the insured be in force concurrently*
24 *herewith, making the aggregate indemnity for _____" (insert type*
25 *of coverage or coverages) "in excess of _____" (insert maximum limit*
26 *of indemnity or indemnities) "the excess insurance shall be void and all*
27 *premiums paid for such excess shall be returned to the insured or to his*
28 *estate"; or, in lieu thereof: "Insurance effective at any one time on the*
29 *insured under a like policy or policies in this insurer is limited to one*
30 *such policy elected by the insured, his beneficiary or his estate, as the*
31 *case may be, and the insurer will return all premiums paid for all other*
32 *such policies."*

33 (4) *A provision as follows: "Insurance with other insurers: If there*
34 *be other valid coverage, not with this insurer, providing benefits for the*
35 *same loss on a provision of service basis or on an expense incurred basis*
36 *and of which this insurer has not been given written notice prior to the*
37 *occurrence or commencement of loss, the only liability under any*
38 *expense incurred coverage of this policy shall be for such proportion of*
39 *the loss as the amount which would otherwise have been payable*
40 *hereunder plus the total of the like amounts under all such other valid*
41 *coverages for the same loss of which this insurer had notice bears to the*
42 *total like amounts under all valid coverages for such loss, and for the*
43 *return of such portion of the premiums paid as shall exceed the pro rata*

1 *portion for the amount so determined. For the purpose of applying this*
2 *provision when other coverage is on a provision of service basis, the 'like*
3 *amount' of such other coverage shall be taken as the amount which the*
4 *services rendered would have cost in the absence of such coverage." If*
5 *the foregoing policy provision is included in a policy which also contains*
6 *the next following policy provision there shall be added to the caption of*
7 *the foregoing provision the phrase "_____ expense incurred*
8 *benefits." The insurer, at its option, may include in this provision a*
9 *definition of "other valid coverage," approved as to form by the*
10 *commissioner of insurance, which definition shall be limited in subject*
11 *matter to coverage provided by organizations subject to regulation by*
12 *insurance law or by insurance authorities of this or any other state of*
13 *the United States or any province of Canada, and by hospital or medical*
14 *service organizations, and to any other coverage the inclusion of which*
15 *may be approved by the commissioner of insurance. In the absence of*
16 *such definition such term shall not include group insurance, automobile*
17 *medical payments insurance, or coverage provided by hospital or*
18 *medical service organizations or by union welfare plans or employer or*
19 *employee benefit organizations. For the purpose of applying the*
20 *foregoing policy provision with respect to any insured, any amount of*
21 *benefit provided for such insured pursuant to any compulsory benefit*
22 *statute (including any workmen's compensation or employer's liability*
23 *statute) whether provided by a governmental agency or otherwise shall*
24 *in all cases be deemed to be "other valid coverage" of which the insurer*
25 *has had notice. In applying the foregoing policy provision no third party*
26 *liability coverage shall be included as "other valid coverage." The*
27 *provisions of this paragraph shall not apply to any individual policy of*
28 *accident and sickness insurance, as defined in K.S.A. 40-2201, and*
29 *amendments thereto.*

30 (5) *A provision as follows: "Insurance with other insurers: If there*
31 *be other valid coverage, not with this insurer, providing benefits for the*
32 *same loss on other than an expense incurred basis and of which this*
33 *insurer has not been given written notice prior to the occurrence or*
34 *commencement of loss, the only liability for such benefits under this*
35 *policy shall be for such proportion of the indemnities otherwise provided*
36 *hereunder for such loss as the like indemnities of which the insurer had*
37 *notice (including the indemnities under this policy) bear to the total*
38 *amount of all like indemnities for such loss, and the return of such*
39 *portion of the premium paid as shall exceed the pro rata portion for the*
40 *indemnities thus determined." If the foregoing policy provision is*
41 *included in a policy which also contains the next preceding policy*
42 *provision there shall be added to the caption of the foregoing provision*
43 *the phrase "_____ other benefits." The insurer, at its option, may*

1 *include in this provision a definition of "other valid coverage,"*
2 *approved as to form by the commissioner of insurance, which definition*
3 *shall be limited in subject matter to coverage provided by organizations*
4 *subject to regulation by insurance law or by insurance authorities of this*
5 *or any other state of the United States or any province of Canada, and to*
6 *any other coverage the inclusion of which may be approved by the*
7 *commissioner of insurance. In the absence of such definition such term*
8 *shall not include group insurance, or benefits provided by union welfare*
9 *plans or by employer or employee benefit organizations. For the purpose*
10 *of applying the foregoing policy provision with respect to any insured,*
11 *any amount of benefit provided for such insured pursuant to any*
12 *compulsory benefit statute (including any workers compensation or*
13 *employer's liability statute) whether provided by a governmental agency*
14 *or otherwise shall in all cases be deemed to be "other valid coverage" of*
15 *which the insurer has had notice. In applying the foregoing policy*
16 *provision no third-party liability coverage shall be included as "other*
17 *valid coverage." The provisions of this paragraph shall not apply to any*
18 *individual policy of accident and sickness insurance, as defined in K.S.A.*
19 *40-2201, and amendments thereto.*

20 *(6) A provision as follows: "Relation of earnings to insurance: If*
21 *the total monthly amount of loss of time benefits promised for the same*
22 *loss under all valid loss of time coverage upon the insured, whether*
23 *payable on a weekly or monthly basis, shall exceed the monthly earnings*
24 *of the insured at the time disability commenced or the average monthly*
25 *earnings for the period of two years immediately preceding a disability*
26 *for which claim is made, whichever is the greater, the insurer will be*
27 *liable only for such proportionate amount of such benefits under this*
28 *policy as the amount of such monthly earnings or such average monthly*
29 *earnings of the insured bears to the total amount of monthly benefits for*
30 *the same loss under all such coverage upon the insured at the time such*
31 *disability commences and for the return of such part of the premiums*
32 *paid during such two years as shall exceed the pro rata amount of the*
33 *premiums for the benefits actually paid hereunder; but this shall not*
34 *operate to reduce the total monthly amount of benefits payable under all*
35 *such coverage upon the insured below the sum of \$200 or the sum of the*
36 *monthly benefits specified in such coverages, whichever is the lesser, nor*
37 *shall it operate to reduce benefits other than those payable for loss of*
38 *time." The foregoing policy provision may be inserted only in a policy*
39 *which the insured has the right to continue in force subject to its terms*
40 *by the timely payment of premiums (1) until at least age 50, or (2) in the*
41 *case of a policy issued after age 44, for at least five years from its date of*
42 *issue. The insurer, at its option, may include in this provision a*
43 *definition of "valid loss of time coverage," approved as to form by the*

1 *commissioner of insurance, which definition shall be limited in subject*
2 *matter to coverage provided by governmental agencies or by*
3 *organizations subject to regulation by insurance law or by insurance*
4 *authorities of this or any other state of the United States or any province*
5 *of Canada, or to any other coverage the inclusion of which may be*
6 *approved by the commissioner of insurance or any combination of such*
7 *coverages. In the absence of such definition such term shall not include*
8 *any coverage provided for such insured pursuant to any compulsory*
9 *benefit statute (including any workers compensation or employer's*
10 *liability statute), or benefits provided by union welfare plans or by*
11 *employer or employee benefit organizations.*

12 (7) *A provision as follows: "Unpaid premium: Upon the payment of*
13 *a claim under this policy, any premium then due and unpaid or covered*
14 *by any note or written order may be deducted therefrom."*

15 (8) *A provision as follows: "Cancellation: The insurer may cancel*
16 *this policy at any time by written notice delivered to the insured, or*
17 *mailed to his last address as shown by the records of the insurer, stating*
18 *when, not less than five days thereafter, such cancellation shall be*
19 *effective; and after the policy has been continued beyond its original*
20 *term the insured may cancel this policy at any time by written notice*
21 *delivered or mailed to the insurer, effective upon receipt or on such later*
22 *date as may be specified in such notice. In the event of cancellation, the*
23 *insurer will return promptly the unearned portion of any premium paid.*
24 *If the insured cancels, the earned premium shall be computed by the use*
25 *of the short-rate table last filed with the state official having supervision*
26 *of insurance in the state where the insured resided when the policy was*
27 *issued. If the insurer cancels, the earned premium shall be computed*
28 *pro rata. Cancellation shall be without prejudice to any claim*
29 *originating prior to the effective date of cancellation."*

30 (9) *A provision as follows: "Conformity with state statutes: Any*
31 *provision of this policy which, on its effective date, is in conflict with the*
32 *statutes of the state in which the insured resides on such date is hereby*
33 *amended to conform to the minimum requirements of such statutes."*

34 (10) *A provision as follows: "Illegal occupation: The insurer shall*
35 *not be liable for any loss to which a contributing cause was the insured's*
36 *commission of or attempt to commit a felony or to which a contributing*
37 *cause was the insured's being engaged in an illegal occupation."*

38 (11) *A provision as follows: "Intoxicants and narcotics: The*
39 *insurer shall not be liable for any loss sustained or contracted in*
40 *consequence of the insured's being intoxicated or under the influence of*
41 *any narcotic unless administered on the advice of a physician."*

42 (C) *Inapplicable or inconsistent provisions: If any provision of this*
43 *section is in whole or in part inapplicable to or inconsistent with the*

1 *coverage provided by a particular form of policy the insurer, with the*
2 *approval of the commissioner of insurance, shall omit from such policy*
3 *any inapplicable provision or part of a provision, and shall modify any*
4 *inconsistent provision or part of the provision in such manner as to*
5 *make the provision as contained in the policy consistent with the*
6 *coverage provided by the policy.*

7 *(D) Order of certain policy provisions: The provisions which are*
8 *the subject of subsection (A) and (B) of this section, or any*
9 *corresponding provisions which are used in lieu thereof in accordance*
10 *with such subsections, shall be printed in the consecutive order of the*
11 *provisions in such subsections or, at the option of the insurer, any such*
12 *provision may appear as a unit in any part of the policy, with other*
13 *provisions to which it may be logically related, provided the resulting*
14 *policy, shall not be in whole or in part unintelligible, uncertain,*
15 *ambiguous, abstruse, or likely to mislead a person to whom the policy is*
16 *offered, delivered or issued.*

17 *(E) Third-party ownership: The word "insured," as used in this act,*
18 *shall not be construed as preventing a person other than the insured*
19 *with a proper insurable interest from making application for and owning*
20 *a policy covering the insured or from being entitled under such a policy*
21 *to any indemnities, benefits and rights provided therein.*

22 *(F) Requirements of other jurisdictions: (1) Any policy of a foreign*
23 *or alien insurer, when delivered or issued for delivery to any person in*
24 *this state, may contain any provision which is not less favorable to the*
25 *insured or the beneficiary than the provisions of this act and which is*
26 *prescribed or required by the law of the state under which the insurer is*
27 *organized.*

28 *(2) Any policy of a domestic insurer, when issued for delivery in*
29 *any other state or country, may contain any provision permitted or*
30 *required by the laws of such other state or country.*

31 *(G) Filing procedure: The commissioner of insurance may make*
32 *such reasonable rules and regulations concerning the procedure for the*
33 *filing or submission of policies subject to this act as are necessary,*
34 *proper or advisable to the administration of this act. This provision shall*
35 *not abridge any other authority granted the commissioner of insurance*
36 *by law.*

37 *(H) (1) No policy issued by an insurer to which this section applies*
38 *shall contain a provision which excludes, limits or otherwise restricts*
39 *coverage because medicaid benefits as permitted by title XIX of the*
40 *social security act of 1965 are or may be available for the same accident*
41 *or illness.*

42 *(2) Violation of this subsection shall be subject to the penalties*
43 *prescribed by K.S.A. 40-2407 and 40-2411, and amendments thereto.*

1 Sec.~~3~~ **4. *K.S.A. 40-2203 and*** K.S.A. 2014 Supp. 40-2,118 and 40-
2 22a13 are hereby repealed.

3 Sec.~~4~~ **5.** This act shall take effect and be in force from and after its
4 publication in the statute book.