

As Amended by Senate Committee

Session of 2015

SENATE BILL No. 55

By Committee on Financial Institutions and Insurance

1-22

1 AN ACT concerning insurance; relating to certain financial examinations;
2 pertaining to consulting fees; examination period; amending K.S.A. 40-
3 2127 and K.S.A. 2014 Supp. 40-223 and repealing the existing
4 sections.

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

7 Section 1. K.S.A. 2014 Supp. 40-223 is hereby amended to read as
8 follows: 40-223. (a) (1) Except as provided in K.S.A. 40-110 and 40-253,
9 and amendments thereto, any person who makes any examination under
10 the provisions of this act may receive, as full compensation for such
11 person's services, on a per diem basis an amount fixed by the
12 commissioner, which shall not exceed the amount recommended by the
13 national association of insurance commissioners, for such time necessarily
14 and actually occupied in going to and returning from the place of such
15 examination and for such time the examiner is necessarily and actually
16 engaged in making such examination including any day within the regular
17 workweek when the examiner would have been so engaged had the
18 company or society been open for business, together with such necessary
19 and actual expenses for traveling and subsistence as the examiner shall
20 incur because of the performance of such services.

21 (2) For the purposes of this act, "necessary and actual expenses" shall
22 be limited, whether for travel within the state or travel outside the state, to
23 those limitations expressed in K.S.A. 75-3207, and amendments thereto,
24 which pertain to official travel outside the state. The daily charge shall be
25 calculated by dividing the amount the examiner is authorized by the
26 commissioner of insurance to charge per week by the number of days in
27 the regular workweek of the company or society being examined.

28 (b) (1) All of such compensation, expenses, the employer's share of
29 the federal insurance contributions act taxes, the employer's contribution to
30 the Kansas public employees retirement system as provided in K.S.A. 74-
31 4920, and amendments thereto, the self-insurance assessment for the
32 ~~workmen's~~ workers compensation act as provided in K.S.A. 44-576, and
33 amendments thereto, the employer's cost of the state health care benefits
34 program under K.S.A. 75-6507, and amendments thereto, a pro rata
35 amount determined by the commissioner to provide vacation and sick
36 leave for the examiner not to exceed the number of days allowed state

1 officers and employees in the classified service pursuant to regulations
2 promulgated in accordance with the Kansas civil service act, all outside
3 consulting and data processing fees necessary to perform any examination,
4 and a pro rata amount determined by the commissioner not to exceed an
5 annual aggregate of \$18,000 to fund the purchase, maintenance and
6 enhancement of examination equipment and computer software shall be
7 paid to the commissioner of insurance by the insurance company or
8 society so examined, on demand of the commissioner.

9 (2) The amount paid for all outside consulting and data processing
10 fees necessary to perform any financial examination at any one company
11 or society, including examination of such company's or society's
12 subsidiaries or any combination thereof, and the pro rata amount to fund
13 the purchase of examination equipment and computer software shall not
14 collectively total more than:

15 (A) \$50,000 for any insurance company or society which has less
16 than \$200,000,000 in gross premiums, both direct and assumed, in the
17 preceding calendar year; or

18 (B) ~~\$100,000~~\$500,000 for any insurance company or society which
19 has \$200,000,000 or more in gross premiums, both direct and assumed, in
20 the preceding calendar year.

21 (3) The amount paid for all outside consulting and data processing
22 fees necessary to perform any market regulation examination at any one
23 company or society, including examination of such company's or society's
24 subsidiaries, or any combination thereof, and the pro rata amount to fund
25 the purchase of examination equipment and computer software shall not
26 collectively total more than \$25,000.

27 (c) Such demand shall be accompanied by the sworn statement of the
28 person making such examination, setting forth in separate items the
29 number of days necessarily and actually occupied in going to and returning
30 from the place of such examination, the number of days the examiners
31 were necessarily and actually engaged in making such examination
32 including those days within the regular workweek while the examination
33 was in progress and the company or society had closed for business, and
34 the necessary and actual expenses for traveling and subsistence, incurred
35 in and on account of such services.

36 (d) A duplicate of every such sworn statement shall be kept on file in
37 the office of the commissioner of insurance. All moneys so paid to the
38 commissioner of insurance shall be remitted to the state treasurer in
39 accordance with the provisions of K.S.A. 75-4215, and amendments
40 thereto. Upon receipt of each such remittance, the state treasurer shall
41 deposit the entire amount in the state treasury to the credit of the insurance
42 company examination fund. The state treasurer shall issue duplicate
43 receipts therefor, one to be delivered to the commissioner of insurance and

1 the other to be filed with the director of accounts and reports.

2 Sec. 2. K.S.A. 40-2127 is hereby amended to read as follows: 40-
3 2127. (a) Not later than July 1, 1993, and July 1 of each succeeding year,
4 the board shall submit an audited financial report for the plan for the
5 preceding calendar year to the commissioner in a form provided or
6 prescribed by the commissioner.

7 (b) The financial status of the plan shall be subject to examination by
8 the commissioner or the commissioner's designee. Such examination shall
9 be conducted at least once every ~~three~~ *five* years ~~beginning January 1,~~
10 ~~1995~~. The commissioner shall transmit a copy of the results of such
11 examination to the legislature by February 1 of the year following the year
12 in which the examination is conducted.

13 Sec. 3. K.S.A. 40-2127 and K.S.A. 2014 Supp. 40-223 are hereby
14 repealed.

15 Sec. 4. This act shall take effect and be in force from and after its
16 publication in the statute book.