

## Insurance Regulation

### Consequences of Not Funding this Program

Without company examination the chances of insurance company insolvencies would increase. Without monitoring rates and forms, insurance may not be affordable or accessible. Without licensure of individuals, corporations and associations, insurance policies could be written by unqualified or suspect individuals. Without regulation of the firefighter relief associations FRA funds may be misappropriated. Without regulation of the workers compensation program eligible workers compensation claims would not be paid.

Statutory Basis	Mandatory vs. Discretionary	MOE/Match Rqt.	Priority Level
General K.S.A. 40-101 et seq K.S.A. 40-1701 et seq	Mandatory	No	1
Specific K.S.A 44-581 through 592 K.S.A 12-2617 K.S.A. 44-501 through 580	Mandatory	No	

### Program Goals

- A. Protect the insurance consumers of Kansas through supervision, control and regulation of persons and organizations transacting the business of insurance in the state.
- B. To administer the Firefighter Relief Act.
- C. To administer the portion of the Workers Compensation Act for claims involving employers who are uninsured and unable to pay claims.

### Program History

The Kansas Insurance Department was established by the Kansas Legislature in 1871. Chapter 40 of the Kansas Statutes Annotated bestow many complex duties and responsibilities upon the Commissioner of Insurance by granting the Commissioner sole supervision, control and regulation of the various individuals and entities authorized to transact the business of insurance in this state, including supervision over many of their business transactions. Insurance is not regulated at the federal level, so the Department has exclusive jurisdiction over the \$22.2 billion business of insurance in Kansas.

### Performance Measures

Outcome Measures	Goal	FY 2019	FY 2020	FY 2021	3- yr. Avg.	FY 2022	FY 2023
1. Amount of money recovered for Kansas consumers	A	\$ 4,250,114	\$ 1,883,718	\$ 2,657,248	\$ 2,930,360	\$ 3,000,000	\$ 3,000,000
2. No. of insurance fraud investigations submitted to AG for criminal disposition	A	14	14	9	12	14	14
3. Average cost per company examination	A	Didn't Track	Didn't Track	117,829	117,829	120,000	125,000
<b>Output Measures</b>							
4. No. of financial exams performed each year	A	13	8	11	11	13	12
5. No. of company license applications approved each year	A	25	10	23	19	25	25
6. No. of active licensed producers, adjusters and agencies each year	A	158,948	168,294	186,998	171,413	205,000	205,000
7. No. of consumer complaint & inquiry files closed each year	A	3,435	3,589	2,938	3,321	3,500	3,500
8. No. of FRAs receiving a distribution each year	B	563	561	555	560	555	555
9. No. of open work comp cases each year	C	1,948	1,837	1,638	1,808	1,650	1,500

### Funding

Funding Source	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-SGF State Funds	27,205,715	26,457,401	28,430,793	27,452,228	32,290,731	32,268,102
Federal Funds	-	-	21,295	62,244	337,793	337,793
<b>Total</b>	<b>\$ 27,205,715</b>	<b>\$ 26,457,401</b>	<b>\$ 28,452,088</b>	<b>\$ 27,514,473</b>	<b>\$ 32,628,524</b>	<b>\$ 32,605,895</b>

## Securities Regulation

### Consequences of Not Funding this Program

Without funding to regulate capital formation and investment activity for the benefit of Kansas investors and businesses, extensive securities fraud and illegal or unethical conduct with significant financial damages would likely occur. Investor abuse and investment losses due to ignorance of best practice knowledge on investing and awareness of fraudulent schemes would likely increase and have significant financial impacts. Also, lack of funding could hamper support of prosecutions by the Attorney General and County and District Attorneys.

Statutory Basis	Mandatory vs. Discretionary	MOE/Match Rgt.	Priority Level
General      K.S.A. 17-12a101 et. seq.	Mandatory	No	1

### Program Goals

A. To administer and enforce the registration and examination provisions of the Kansas Uniform Securities Act.  
 B. To develop and implement investor education and protection initiatives to inform the public about investing in securities and protect the public from violations of the Kansas Uniform Securities Act.

### Program History

Kansas was the first state to regulate the sale of securities for protection of its investor citizens and capital markets when the original version of the Kansas Securities Act was passed in 1911. Securities regulation began in Kansas because, according to J. N. Dolley, Kansas Bank Commissioner at that time who was the driving force behind passage of the new law, it was intended to prevent the sale of securities by promoters who promised rain but delivered only "blue sky". During the next few years, several other states passed similar laws, and now all states have securities laws that are referred to as "Blue Sky" laws. The Kansas and other states' securities laws were enacted many years before the first federal Securities Act of 1933. The Kansas Securities Act (KSA 17-1252 et seq.) was supplemented and refined many times since 1911 until enactment of the Kansas Uniform Securities Act (KUSA) in 2004 which became effective on July 1, 2005 (KSA 17-12a101 et seq.). The Securities Commissioner and staff also administer and enforce the Kansas Loan Broker's Act (KLBA, KSA 50-1001 et seq.) to regulate the services of loan brokers in Kansas who are not otherwise regulated or exempt.

### Performance Measures

<i>Outcome Measures</i>	<i>Goal</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>3-yr. Avg.</i>	<i>FY 2022</i>	<i>FY 2023</i>
1. Court ordered restitution	A	\$ 150,000	\$ 230,814	\$ 751,296	\$ 377,370	\$ 500,000	\$ 500,000
2. No. of individual suspects referred to criminal prosecution each year	A	8	7	-	5	6	5
3. Cost of advertising per hit on the website each year	B	N/A	N/A	8k hits/\$200k \$25.00/hit	\$ 25	25k hits/\$430k \$17.20/hit	20k hits/\$446k \$22.30
<i>Output Measures</i>							
4. BD registrations & renewal filings each year	A	1,474	1,463	1,452	1,463	1,447	1,436
5. IA registrations/IA notice filings & renewals each year	A	1,461	1,491	1,517	1,490	1,545	1,573
6. BD Agent/IA Rep/Agent of issuer registrations & renewals each year	A	154,800	156,443	161,517	157,587	163,275	164,875
7. Issuer registrations and renewals each year	A	66	67	71	68	73	75
8. No. of compliance examinations performed each year	A	18	57	50	42	59	59
9. No. of complaints investigated each year	A	28	12	33	24	25	25
10. No. of enforcement investigations initiated each year	A	31	16	21	23	20	20

### Funding

<i>Funding Source</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-SGF State Funds	2,546,611	2,615,665	3,280,255	3,283,962	4,913,021	4,497,752
Federal Funds	-	-	1,252	17,756	-	-
<b>Total</b>	<b>\$ 2,546,611</b>	<b>\$ 2,615,665</b>	<b>\$ 3,281,507</b>	<b>\$ 3,301,718</b>	<b>\$ 4,913,021</b>	<b>\$ 4,497,752</b>