

As Amended by Senate Committee

Session of 2024

HOUSE BILL No. 2715

By Committee on Insurance

Requested by Eric Turek on behalf of Kansas Insurance Department

2-6

1 AN ACT concerning insurance; relating to the powers, duties and
2 responsibilities of the commissioner of insurance; authorizing the
3 commissioner of insurance to set the amount of certain fees; requiring
4 the publication of such fees in the Kansas register; amending K.S.A.
5 40-205a, 40-218, 40-252, 40-2,133, 40-504, 40-956, 40-22a04, 40-
6 2604, 40-2702, 40-3213, 40-3304, 40-3812, 40-3813, 40-4103, 40-
7 4116, 40-4323, 40-4334, 40-4503, 40-5003 and 40-5509 and K.S.A.
8 2023 Supp. 40-3823, 40-3824, 40-4209, 40-4302 and 40-4903 and
9 repealing the existing sections; also repealing K.S.A. 40-3217.

10

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

12 Section 1. K.S.A. 40-205a is hereby amended to read as follows: 40-
13 205a. (a) No person shall do any act toward selling the stock of any
14 insurance company or health maintenance organization unless such person
15 first obtains from the commissioner of insurance written authority to
16 engage in the business of selling the stock of such company. Such
17 applicant shall first be appointed in writing by the president or secretary of
18 the company for which such applicant intends to sell stock. The applicant
19 for such license shall file with the commissioner of insurance the
20 applicant's written application for a license authorizing the applicant to
21 engage in the business of selling such stock. The applicant shall make
22 sworn answers to such interrogatories as the commissioner of insurance
23 shall require. The fee charged for the issuance of such license shall ~~be not~~
24 exceed \$100 and shall be paid to the commissioner of insurance by the
25 company requesting such license.

26 (b) *Not later than December 1 of each year, the commissioner shall*
27 *set and publish in the Kansas register the application fees required*
28 *pursuant to subsection (a) for the next succeeding calendar year.*

29 Sec. 2. K.S.A. 40-218 is hereby amended to read as follows: 40-218.
30 (a) Every insurance company, or fraternal benefit society, on applying for
31 authority to transact business in this state, and as a condition precedent to
32 obtaining such authority, shall file in the insurance department its written
33 consent, irrevocable, that any action or garnishment proceeding may be
34 commenced against such company or fraternal benefit society in the
35 proper court of any county in this state in which the cause of action shall

1 arise or in which the plaintiff may reside by the service of process on the
2 commissioner of insurance of this state; and stipulating and agreeing that
3 such service shall be taken and held in all courts to be as valid and binding
4 as if due service had been made upon the president or chief officer of such
5 corporation. Such consent shall be executed by the president and secretary
6 of the company and shall be accompanied by a duly certified copy of the
7 order or resolution of the board of directors, trustees or managers
8 authorizing the president and secretary to execute the same. The summons
9 or order of garnishment, accompanied by a fee ~~of~~ *not to exceed* \$25, shall
10 be directed to the commissioner of insurance; and shall require the
11 defendant or garnishee to answer or otherwise respond by a certain day,
12 not less than 40 days from the date the summons or order of garnishment
13 is served on the commissioner. *Not later than December 1 of each year,*
14 *the commissioner of insurance shall set and publish in the Kansas register*
15 *the fee pursuant to this section for the next calendar year.*

16 (b) Service on the commissioner of insurance of any process, notice
17 or demand against an insurance company or fraternal benefit society shall
18 be made by delivering to and leaving with the commissioner or the
19 commissioner's designee, the original of the process and two copies of the
20 process and the petition, notice of demand, or the clerk of the court may
21 send the original process and two copies of both the process and petition,
22 notice or demand directly to the commissioner by certified mail, return
23 receipt requested. In the event that any process, notice or demand is served
24 on the commissioner, the commissioner shall immediately cause a copy
25 thereof to be forwarded by certified mail, return receipt requested to the
26 insurance company or fraternal benefit society address to its general agent
27 if such agent resides in this state or to the secretary of the insurance
28 company or fraternal benefit society sued at its registered or principal
29 office in any state in which it is domesticated. The commissioner of
30 insurance shall make return of the summons to the court from whence it
31 issued, showing the date of its receipt, the date of forwarding such copies;
32 and the name and address of each person to whom a copy was forwarded.
33 Such return shall be under the hand and seal of office; and shall have the
34 same force and effect as a due and sufficient return made on process
35 directed to a sheriff. The commissioner of insurance shall keep a suitable
36 record in which shall be docketed every action commenced against an
37 insurance company, the time when commenced, the date and manner of
38 service; ~~also,~~ the date of the judgment, its amount and costs; and the date
39 of payment thereof, which shall be certified from time to time by the clerk
40 of the court.

41 Sec. 3. K.S.A. 40-252 is hereby amended to read as follows: 40-252.
42 *Not later than December 1 of each year, the commissioner shall set and*
43 *publish in the Kansas register the fees required pursuant to this section for*

1 *the next calendar year.* Every insurance company or fraternal benefit
 2 society organized under the laws of this state or doing business in this state
 3 shall pay to the commissioner of insurance fees and taxes *not to exceed the*
 4 *amounts* specified in the following 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
 10 indebtedness.....\$25
 11 Admission fees:
 12 Examination of charter and other documents.....500
 13 Filing annual statement.....100
 14 Certificate of authority.....10
 15 Annual fees:
 16 Filing annual statement.....100
 17 Continuation of certificate of authority.....10
 18 2. Mutual life, accident and health associations:
 19 Admission fees:
 20 Examination of charter and other documents.....\$500
 21 Filing annual statement.....100
 22 Certificate of authority.....10
 23 Annual fees:
 24 Filing annual statement.....100
 25 Continuation of certificate of authority.....10
 26 3. Mutual fire, hail, casualty and multiple line insurers and reciprocal or
 27 interinsurance exchanges:
 28 Admission fees:
 29 Examination of charter and other documents.....\$500
 30 Filing annual statement.....100
 31 Certificate of authority.....10
 32 Annual fees:
 33 Filing annual statement.....100
 34 Continuation of certificate of authority.....10

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

1 pursuant to the provisions of K.S.A. 75-1508, and amendments thereto,
 2 and 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 for the current tax year shall be determined by the
 5 commissioner of insurance by dividing (A) the total amount of credits
 6 against the tax imposed by this section for taxes paid by all such
 7 companies on business in this state under K.S.A. 40-1701 to 40-1707,
 8 inclusive, and amendments thereto, for tax year 1983, by (B) the total
 9 amount of taxes paid by all such companies on business in this state under
 10 K.S.A. 40-1703, and amendments thereto, for the tax year immediately
 11 preceding the current tax year, and by multiplying the result so obtained by
 12 (C) the amount of taxes paid by the company on business in this state
 13 under K.S.A. 40-1703, 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, on or after January 1, 1997, are withdrawn
 18 before application to the purchase of annuities, all premiums received for
 19 reinsurance from any other company authorized to do business in this
 20 state, dividends returned to policyholders and premiums received in
 21 connection with the funding of a pension, deferred compensation, annuity
 22 or profit-sharing plan qualified or exempt under sections 401, 403, 404,
 23 408, 457 or 501 of the United States internal revenue code of 1986. Funds
 24 received by life insurers for the purchase of annuity contracts and funds
 25 applied by life insurers to the purchase of annuities shall not be deemed
 26 taxable premiums or be subject to tax under this section for tax years
 27 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 all	
43	tax years thereafter per annum of the total of all premiums, subscription	

1 charges, or any other term which may be used to describe the charges
 2 made by such corporation or association to subscribers for hospital,
 3 medical or other health services or indemnity received during the
 4 preceding year. In such computations all such corporations or associations
 5 shall be entitled to deduct any premiums or subscription charges returned
 6 on account of cancellations and dividends returned to members or
 7 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
 14 indebtedness.....\$25

15 Admission fees:

16 Examination of charter and other documents.....500
 17 Filing annual statement.....100
 18 Certificate of authority.....10

19 Annual fees:

20 Filing annual statement.....100
 21 Continuation of certificate of authority.....10

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

24 As a condition precedent to the continuation of the certificate of
 25 authority, provided in this code, every company organized under the laws
 26 of any other state of the United States or of any foreign country shall pay a
 27 tax upon all premiums received during the preceding year at the rate of 2%
 28 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, on or after January 1, 1997, are withdrawn
 33 before application to the purchase of annuities, dividends returned to
 34 policyholders and all premiums received for reinsurance from any other
 35 company authorized to do business in this state and premiums received in
 36 connection with the funding of a pension, deferred compensation, annuity
 37 or profit-sharing plan qualified or exempt under sections 401, 403, 404,
 38 408, 457 or 501 of the United States internal revenue code of 1986. Funds
 39 received by life insurers for the purchase of annuity contracts and funds
 40 applied by life insurers to the purchase of annuities shall not be deemed
 41 taxable premiums or be subject to tax under this section for tax years
 42 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% per annum.

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

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

28 Admission fees:

29 Examination of charter and other documents and issuance
 30 of certificate of authority.....\$500

31 Filing annual statement.....100

32 Certificate of authority.....10

33 Annual fees:

34 Filing annual statement.....100

35 Continuation of certificate of authority.....10

36 In addition to the above fees, every such company or association
 37 organized under the laws of any other state of the United States shall pay a
 38 fee of \$5 for each agent certified by the company and shall also pay a tax
 39 annually upon all premiums received at the rate of 2% per annum.

40 For tax years 1998 and thereafter, the annual tax shall be reduced by the
 41 "applicable percentage" of (1) any taxes paid on business in this state
 42 pursuant to the provisions of K.S.A. 75-1508, and amendments thereto,
 43 and (2) the amount of the firefighters relief tax credit determined by the

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

13 Tax Year	Applicable Percentage
14 1998	10%
15 1999	20%
16 2000	40%
17 2002	50%
18 2003	60%
19 2004	70%
20 2005	80%
21 2006	90%
22 2007and thereafter	100%

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

27 E

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

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 F

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 any other state, territory or country:*

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, nonprofit dental service
 8 corporations, nonprofit optometric service corporations and nonprofit
 9 pharmacy service corporations:
 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 In addition to the above fees and as a condition precedent to the
 18 continuation of the certificate of authority, provided in this code, every
 19 corporation or association shall pay annually to the commissioner of
 20 insurance a tax in an amount equal to 2% per annum of the total of all
 21 premiums, subscription charges, or any other term which may be used to
 22 describe the charges made by such corporation or association to
 23 subscribers in this state for hospital, medical or other health services or
 24 indemnity received during the preceding year. In such computations all
 25 such corporations or associations shall be entitled to deduct any premiums
 26 or subscription charges returned on account of cancellations and dividends
 27 returned to members or subscribers.

28 G

29 *Payment of taxes.*

30 For the purpose of insuring the collection of the tax upon premiums,
 31 assessments and charges as set out in subsection A, C, D or F, every
 32 insurance company, corporation or association shall at the time it files its
 33 annual statement, as required by the provisions of K.S.A. 40-225, and
 34 amendments thereto, make a return, generated by or at the direction of its
 35 president and secretary or other chief officers, under penalty of K.S.A. 21-
 36 5824, and amendments thereto, to the commissioner of insurance, stating
 37 the amount of all premiums, assessments and charges received by the
 38 companies or corporations in this state, whether in cash or notes, during
 39 the year ending on the December 31 next preceding.

40 Commencing in 1985 and annually thereafter the estimated taxes shall
 41 be paid as follows: On or before June 15 and December 15 of such year an
 42 amount equal to 50% of the full amount of the prior year's taxes as
 43 reported by the company shall be remitted to the commissioner of

1 insurance. As used in this paragraph, "prior year's taxes" includes (1) taxes
2 assessed pursuant to this section for the prior calendar year, (2) fees and
3 taxes assessed pursuant to K.S.A. 40-253, and amendments thereto, for the
4 prior calendar year, and (3) taxes paid for maintenance of the department
5 of the state fire marshal pursuant to K.S.A. 75-1508, and amendments
6 thereto, for the prior calendar year.

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

14 H

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

18 Sec. 4. K.S.A. 40-2,133 is hereby amended to read as follows: 40-
19 2,133. (a) No insurer may utilize or continue to utilize the services of an
20 MGA on and after the effective date of this act unless such utilization is in
21 compliance with this act.

22 (b) The insurer shall have on file an independent financial
23 examination in a form acceptable to the commissioner of each MGA with
24 which it has done business.

25 (c) If an MGA establishes loss reserves, the insurer shall annually
26 obtain the opinion of an actuary attesting to the adequacy of loss reserves
27 established for losses incurred and outstanding on business produced by
28 the MGA. Such requirement shall be in addition to any other required loss
29 reserve certification.

30 (d) The insurer shall periodically, but not less frequently than semi-
31 annually, conduct an on-site review of the underwriting and claims
32 processing operations of the MGA.

33 (e) Binding authority for all reinsurance contracts or participation in
34 insurance or reinsurance syndicates shall rest with an officer of the insurer
35 who shall not be affiliated with the MGA.

36 (f) Within 30 days of entering into or termination of a contract with
37 an MGA, the insurer shall provide written notification of such appointment
38 or termination to the commissioner. Notices of appointment of an MGA
39 shall include:

40 (1) A statement of duties ~~which~~ *that* the applicant is expected to
41 perform on behalf of the insurer;

42 (2) the lines of insurance for which the applicant is to be authorized
43 to act;

1 (3) a notification fee in ~~the~~ *an amount of not to exceed \$100,*~~(4);~~ and

2 (4) any other information the commissioner may request.

3 (g) An insurer shall ~~each quarter~~ review its books and records *each*
4 *calendar quarter* to determine if any agent or broker has become, by
5 operation of ~~subsection (d) of~~ K.S.A. 40-2,130(d), and amendments
6 thereto, an MGA as defined in that subsection. If the insurer determines
7 that an agent or broker has become an MGA pursuant to the above, the
8 insurer shall promptly notify the agent or broker and the commissioner of
9 such determination, and the insurer and agent or broker shall fully comply
10 with the provisions of this act within 30 days.

11 (h) An insurer shall not appoint to its board of directors an officer,
12 director, employee or controlling shareholder of its MGAs. This subsection
13 shall not apply to relationships governed by the applicable provisions of
14 article 33 of chapter 40 of the Kansas Statutes Annotated, *and amendments*
15 *thereto*.

16 (i) *Not later than December 1 of each year, the commissioner shall*
17 *set and publish in the Kansas register the fee required pursuant to*
18 *subsection (f) for the next calendar year.*

19 Sec. 5. K.S.A. 40-504 is hereby amended to read as follows: 40-504.
20 Any corporation heretofore organized and existing pursuant to law for the
21 purpose of making insurance on the lives of individuals, may take
22 advantage and have the benefit of this act by filing in the office of the
23 commissioner of insurance a declaration of the company, signed by the
24 president and secretary, giving the name of the corporation, a copy of the
25 bylaws, the form of application adopted by them, and a copy of the policy
26 contract proposed to be issued to individuals, together with a fee ~~of one~~
27 ~~hundred dollars~~ *not to exceed \$100*. The commissioner of insurance shall
28 submit all documents to the attorney general for ~~his~~ examination, and if
29 found by ~~him~~ *the attorney general* to be in accordance with the law ~~he~~ *the*
30 *attorney general* shall certify to and deliver the same to the commissioner
31 of insurance, who shall retain such documents on file, and upon
32 compliance by ~~said~~ *such* company with the provisions of this code the
33 commissioner of insurance shall issue ~~his~~ *a* certificate authorizing ~~said~~
34 *such* company to do business in this state under the provisions of this code.
35 *Not later than December 1 of each year, the commissioner shall set and*
36 *publish in the Kansas register the fee required pursuant to this section for*
37 *the next calendar year.*

38 Sec. 6. K.S.A. 40-956 is hereby amended to read as follows: 40-956.

39 (a) (1) Any corporation, association, partnership or individual whether
40 located in or out of the state, may apply for license as a rating organization
41 for such kinds of insurance or subdivisions thereof as are specified in its
42 application and shall file ~~therewith~~:

43 (†)(A) A copy of its constitution, articles of agreement or association

1 or certificate of incorporation, and its bylaws and rules governing the
2 conduct of its business;

3 ~~(2)~~(B) a list of its members and subscribers;

4 ~~(3)~~(C) the name and address of a resident of the state upon whom
5 service of process or orders of the commissioner may be served and an
6 irrevocable agreement to accept such service or notices; and

7 ~~(4)~~(D) a statement of its qualification as a rating organization.

8 (2) Every rating organization shall notify the commissioner promptly
9 of every change in its organizational structure, members or subscribers and
10 the person upon whom service or notices may be made.

11 (3) If the commissioner finds the applicant is qualified, the
12 commissioner shall issue a license specifying the kinds of insurance or
13 subdivisions thereof for which the applicant is authorized to act as a rating
14 organization. Every such application shall be granted or denied in whole or
15 in part by the commissioner within 60 days of the date of its filing.
16 Licenses issued pursuant to this section shall continue in force until May 1
17 next after their date unless suspended or revoked by the commissioner. The
18 fee for such license shall ~~be not exceed~~ \$25 annually. *Not later than*
19 *December 1 of each year, the commissioner shall set and publish in the*
20 *Kansas register such fee for the next calendar year.* Licenses issued
21 pursuant to this section may be suspended or revoked by the
22 commissioner, after hearing upon notice, in the event the rating
23 organization ceases to meet the requirements of this section.

24 (b) Every rating organization shall furnish its rating services without
25 discrimination to its members and subscribers. Subject to rules which have
26 been approved by the commissioner as reasonable, each rating
27 organization shall permit any insurer or group pool, not a member, to be a
28 subscriber to its rating service for any kind of insurance or subdivision
29 thereof for which it is authorized to act as a rating organization. The
30 reasonableness of any rule in its application to subscribers, or the refusal
31 of any rating organization to admit an insurer or group pool as a
32 subscriber, at the request of any subscriber, pool or any insurer shall be
33 reviewed by the commissioner at a hearing.

34 (c) No rating organization shall adopt any rule, the effect of which
35 would be to prohibit or regulate the payment of dividends, savings or
36 unabsorbed premium deposits allowed or returned by insurers to their
37 policyholders, members or subscribers.

38 (d) The commissioner, at least once in five years, shall make or cause
39 to be made an examination of each rating organization licensed in this
40 state. The reasonable costs of such examination shall be paid by the rating
41 organization examined, upon presentation to it of a detailed account of
42 such cost. The officers, managers, agents and employees of such rating
43 organization may be examined under oath and shall exhibit all books,

1 records, accounts, documents or agreements governing its method of
2 operation. The commissioner may waive such examination upon proof
3 such rating organization has, within a reasonably recent period, been
4 examined by the insurance supervisory official of another state, and upon
5 filing with the commissioner a copy of the report of such examination.

6 (e) Cooperation among rating organizations or among rating
7 organizations and insurers in rate making or in other matters within the
8 scope of this act is hereby authorized, provided the filings resulting from
9 such cooperation are subject to all the provisions of this act which are
10 applicable to filings generally. The commissioner may review such
11 cooperative activities and practices and if, after a hearing, the
12 commissioner finds any such activity or practice is unfair, unreasonable or
13 otherwise inconsistent with this act or other provision of the insurance
14 laws of this state, the commissioner may issue a written order requiring
15 discontinuance of such activities or practices.

16 (f) Any rating organization may provide for the examination of
17 policies, daily reports, binders and other transaction with its members or
18 subscribers, providing it makes reasonable rules governing those activities;
19 ~~which.~~ *Such* rules shall be approved by the commissioner. Such rules shall
20 contain a provision that in the event any insurer does not within 60 days
21 furnish satisfactory evidence to the rating organization of the correction of
22 any error or omissions previously called to its attention by the rating
23 organization, it shall be the duty of the rating organization to notify the
24 commissioner thereof. All information submitted for examination shall be
25 confidential.

26 (g) Any rating organization may subscribe for or purchase actuarial,
27 technical or other services, and such services shall be available to all
28 members and subscribers without discrimination. Any rating organization
29 may collect, compile and distribute past and current premiums of
30 individual insurers.

31 Sec. 7. K.S.A. 40-22a04 is hereby amended to read as follows: 40-
32 22a04. (a) The commissioner shall adopt rules and regulations establishing
33 standards governing the conduct of utilization review activities performed
34 in this state or affecting residents or healthcare providers of this state by
35 utilization review organizations. Unless granted an exemption under
36 K.S.A. 40-22a06, and amendments thereto, no utilization review
37 organization may conduct utilization review services in this state or
38 affecting residents of this state without first obtaining a certificate from the
39 commissioner.

40 (b) The commissioner shall not issue a certificate to a utilization
41 review organization until the applicant:

42 (1) Files a formal application for certification in such form and detail
43 as required by the commissioner and such application has been executed

1 under oath by the chief executive officer, president or other head official of
2 the applicant;

3 (2) files with the commissioner a certified copy of its charter or
4 articles of incorporation and bylaws, if any;

5 (3) states the location of the office or offices of the utilization review
6 organization where utilization review affecting residents or health care
7 providers of this state will be principally performed;

8 (4) provides a summary of the qualifications and experience of
9 persons performing utilization review affecting the persons and at the
10 locations identified pursuant to paragraph (3);

11 (5) makes payment of a certification fee ~~of~~ *not to exceed* \$100 to the
12 commission; and

13 (6) provides such other information or documentation as the
14 commissioner requires.

15 (c) Certificates issued by the commissioner pursuant to this act shall
16 remain effective until suspended, surrendered or revoked subject to
17 payment of an annual continuation fee ~~of~~ *not to exceed* \$50.

18 (d) The commissioner may suspend or revoke the certificate or any
19 exemption from certification requirements upon determination that the
20 interests of Kansas insureds are not being properly served under such
21 certificate or exemption. Any such action shall be taken only after a
22 hearing conducted in accordance with the provisions of the Kansas
23 administrative procedure act.

24 (e) *Not later than December 1 of each year, the commissioner shall*
25 *set and publish in the Kansas register the fee required pursuant to this*
26 *section for the next calendar year.*

27 Sec. 8. K.S.A. 40-2604 is hereby amended to read as follows: 40-
28 2604. (a) No person shall engage in the business of financing insurance
29 premiums under this act in this state without first having obtained a license
30 as a premium finance company from the commissioner of insurance. Every
31 violation of any of the provisions of this act shall subject the person
32 violating the same to a penalty not to exceed \$500 for each violation or by
33 imprisonment not to exceed six months in jail or both.

34 (b) (1) The license continuation fee shall ~~be~~ *not exceed* \$100. The fee
35 for such continuation shall be paid to the commissioner to be deposited in
36 the state general fund.

37 (2) Licenses may be continued from year to year as of May 1 of each
38 year upon payment of the continuation fee. Every licensee shall, on or
39 before the first day of April, pay to the commissioner ~~the sum of~~ *an*
40 *amount not to exceed* \$100 as a continuation fee for the succeeding year.
41 Failure to pay the continuation fee within the time prescribed shall
42 automatically revoke the license.

43 (3) *Not later than December 1 of each year, the commissioner shall*

1 *set and publish in the Kansas register the fees required pursuant to this*
2 *subsection for the next calendar year.*

3 (c) The applicant for such license shall file with the commissioner
4 written application and shall make sworn answers to such interrogatories
5 as the commissioner may require on forms prepared by the commissioner.
6 The commissioner shall have authority, at any time, to require the
7 applicant fully to disclose the identity of all stockholders, partners, officers
8 and employees, and the commissioner may, in the exercise of discretion,
9 refuse to issue or renew a license in the name of any firm, partnership, or
10 corporation if not satisfied that any officer, employee, stockholder, or
11 partner thereof who may materially influence the applicant's conduct meets
12 the standards of this act.

13 Sec. 9. K.S.A. 40-2702 is hereby amended to read as follows: 40-
14 2702. (a) As used in this act, unless the context otherwise requires, the
15 term "insurer" means and includes all corporations, companies,
16 associations, societies, fraternal benefit societies, mutual nonprofit hospital
17 service and nonprofit medical service companies, partnerships and persons
18 engaged as principals in the business of insurance of the kinds enumerated
19 in articles 4, 5, 6, 7, 11, 18, 19, 19a, 19b, 19c, 22, 32 and 38 of chapter 40
20 of the Kansas Statutes Annotated, and ~~any~~ amendments thereto, insofar as
21 the business of insurance of the kinds enumerated in such articles relate to
22 life and accident or sickness. Whenever in this section there is reference to
23 an act effected or committed by mail, the venue of such act shall be at the
24 point where the matter transmitted by mail is delivered and takes effect.

25 It shall be unlawful for any insurer to transact insurance business in this
26 state, as set forth in subsection (b) of this section, without a certificate of
27 authority from the commissioner of insurance. This section shall not apply
28 to:

29 (1) The lawful transaction of insurance procured by agents under the
30 authority of K.S.A. 40-246b, 40-246c and 40-246d, and amendments
31 thereto, relating to accident and sickness insurance;

32 (2) contracts of reinsurance issued by an insurer not organized under
33 the laws of this state;

34 (3) transactions in this state involving a policy lawfully solicited,
35 written and delivered outside of this state, covering only subjects of
36 insurance not resident in this state at the time of issuance and which
37 transactions are subsequent to the issuance of such policy;

38 (4) attorneys acting in the ordinary relation of attorney and client in
39 the adjustment of claims or losses;

40 (5) transactions in this state involving group life and group sickness
41 and accident or blanket sickness and accident insurance or group annuities,
42 where the master policy of such groups was lawfully issued and delivered
43 in and pursuant to the laws of a state in which the insurer was authorized

1 to do an insurance business to a group organized for purposes other than
2 the procurement of insurance and where the policyholder is domiciled or
3 otherwise has a bona fide residence;

4 (6) transactions in this state involving any policy of life or accident
5 and health insurance or annuity contract issued prior to the effective date
6 of this act;

7 (7) contracts of insurance written by certain lodges, societies, persons
8 and associations specified in K.S.A. 40-202, and amendments thereto, and
9 organizations preempted from state jurisdiction as a result of compliance
10 with both the employees retirement income security act of 1974, as
11 amended, including all bonding provisions, and paragraph (9) of
12 subsection (c) of section 501 of the internal revenue code; and

13 (8) any life insurance company organized and operated, without profit
14 to any private shareholder or individual, exclusively for the purpose of
15 aiding and strengthening educational institutions, organized and operated
16 without profit to any private shareholder or individual, by issuing
17 insurance and annuity contracts directly from the home office of the
18 company, without insurance agents or insurance representatives in this
19 state, only to or for the benefit of such institutions and individuals engaged
20 in the services of such institutions, but this exemption shall be conditioned
21 upon any such company complying with the following requirements:

22 (i) Payment of an annual registration fee ~~of~~ *not to exceed* \$500;

23 (ii) filing a copy of the form of any policy or contract issued to
24 Kansas residents with the commissioner of insurance;

25 (iii) filing a copy of its annual statement prepared pursuant to the
26 laws of its state of domicile, as well as such other financial material as
27 may be requested, with the commissioner of insurance; and

28 (iv) providing, in such form as may be prescribed by the
29 commissioner of insurance, for the appointment of the commissioner of
30 insurance as its true and lawful attorney upon whom may be served all
31 lawful process in any action or proceeding against such company arising
32 out of any policy or contract it has issued to, or which is currently held by,
33 a Kansas citizen and process so served against such company shall have
34 the same force and validity as if served upon the company.

35 (b) Any of the following acts in this state effected by mail or
36 otherwise by or on behalf of an unauthorized insurer is deemed to
37 constitute the transaction of an insurance business in this state:

38 (1) The making of or proposing to make, as an insurer, an insurance
39 contract;

40 (2) the taking or receiving of any application for insurance;

41 (3) the receiving or collection of any premium, commission,
42 membership fees, assessments, dues or other consideration for any
43 insurance or any part thereof;

1 (4) the issuance or delivery of contracts of insurance to residents of
2 this state or to persons authorized to do business in this state;

3 (5) directly or indirectly acting as an agent for or otherwise
4 representing or aiding on behalf of another any person or insurer in the
5 solicitation, negotiation, procurement or effectuation of insurance or
6 renewals thereof or in the dissemination of information as to coverage or
7 rates, or forwarding of applications or delivery of policies or contracts or
8 investigation or adjustment of claims or losses or in the transaction of
9 matters subsequent to effectuation of the contract and rising out of it or in
10 any other manner representing or assisting a person or insurer in the
11 transaction of insurance with respect to subjects of insurance resident in
12 this state. Nothing herein shall be construed to prohibit full-time salaried
13 employees of a corporate insured from acting in the capacity of an
14 insurance manager or buyer in placing insurance in behalf of such
15 employer;

16 (6) the transaction of any kind of insurance business specifically
17 recognized as transacting an insurance business within the meaning of the
18 statutes relating to insurance; or

19 (7) the transacting of or proposing to transact any insurance business,
20 in substance equivalent to any of the foregoing, in a manner designed to
21 evade the provisions of this act.

22 (c) (1) The failure of an insurer transacting insurance business in this
23 state to obtain a certificate of authority from the commissioner of
24 insurance shall not impair the validity of any act or contract of such insurer
25 and shall not prevent such insurer from defending any action at law or suit
26 in equity in any court of this state, but no insurer transacting insurance
27 business in this state without a certificate of authority shall be permitted to
28 maintain an action in any court of this state to enforce any right, claim or
29 demand arising out of the transaction of such business until such insurer
30 shall have obtained a certificate of authority.

31 (2) In the event of failure of any such unauthorized insurer to pay any
32 claim or loss within the provisions of such insurance contract, any person
33 who assisted or in any manner aided, directly or indirectly, in the
34 procurement of such insurance contract shall be liable to the insured for
35 the full amount of the claim or loss in the manner provided by the
36 provisions of such insurance contract.

37 (d) *Not later than December 1 of each year, the commissioner shall*
38 *set and publish in the Kansas register the fee required pursuant to this*
39 *section for the next calendar year.*

40 Sec. 10. K.S.A. 40-3213 is hereby amended to read as follows: 40-
41 3213. (a) (1) Every health maintenance organization and medicare
42 provider organization subject to this act shall pay to the commissioner the
43 following fees:

1 ~~(A)~~(A) For filing an application for a certificate of authority, *an*
2 *amount not to exceed* \$150;

3 ~~(B)~~(B) for filing each annual report, *an amount not to exceed* \$50;

4 ~~(C)~~(C) for filing an amendment to the certificate of authority, *an*
5 *amount not to exceed* \$10.

6 (2) *Not later than December 1 of each year, the commissioner shall*
7 *set and publish in the Kansas register the fees required pursuant to this*
8 *subsection for the next calendar year.*

9 (b) Every health maintenance organization subject to this act shall
10 pay annually to the commissioner at the time such organization files its
11 annual report, a privilege fee in an amount equal to the following
12 percentages of the total of all premiums, subscription charges or any other
13 term that may be used to describe the charges made by such organization
14 to enrollees: 3.31% during the reporting period beginning January 1, 2015,
15 and ending December 31, 2017; and 5.77% on and after January 1, 2018.
16 In such computations all such organizations shall be entitled to deduct
17 therefrom any premiums or subscription charges returned on account of
18 cancellations and dividends returned to enrollees. If the commissioner
19 shall determine at any time that the application of the privilege fee, or a
20 change in the rate of the privilege fee, would cause a denial of, reduction
21 in or elimination of federal financial assistance to the state or to any health
22 maintenance organization subject to this act, the commissioner is hereby
23 authorized to terminate the operation of such privilege fee or the change in
24 such privilege fee.

25 (c) For the purpose of insuring the collection of the privilege fee
26 provided for by subsection (b), every health maintenance organization
27 subject to this act and required by subsection (b) to pay such privilege fee
28 shall at the time it files its annual report, as required by K.S.A. 40-3220,
29 and amendments thereto, make a return, generated by or at the direction of
30 its chief officer or principal managing director, under penalty of K.S.A.
31 21-5824, and amendments thereto, to the commissioner, stating the amount
32 of all premiums, assessments and charges received by the health
33 maintenance organization, whether in cash or notes, during the year ending
34 on the last day of the preceding calendar year. Upon the receipt of such
35 returns the commissioner of insurance shall verify such returns and
36 reconcile the fees pursuant to subsection (f) upon such organization on the
37 basis and at the rate provided in this section.

38 (d) Premiums or other charges received by an insurance company
39 from the operation of a health maintenance organization subject to this act
40 shall not be subject to any fee or tax imposed under the provisions of
41 K.S.A. 40-252, and amendments thereto.

42 (e) Fees charged under this section shall be remitted to the state
43 treasurer in accordance with the provisions of K.S.A. 75-4215, and

1 amendments thereto. Upon receipt of each such remittance, the state
2 treasurer shall deposit the entire amount in the state treasury to the credit
3 of the medical assistance fee fund created by K.S.A. 40-3236, and
4 amendments thereto.

5 (f) (1) ~~On and after January 1, 2018,~~ In addition to any other filing or
6 return required by this section, each health maintenance organization shall
7 submit a report to the commissioner on or before March 31 and September
8 30 of each year containing an estimate of the total amount of all premiums,
9 subscription charges or any other term that may be used to describe the
10 charges made by such organization to enrollees that the organization
11 expects to collect during the current calendar year. Upon filing each March
12 31 report, the organization shall submit payment equal to $\frac{1}{2}$ of the
13 privilege fee that would be assessed by the commissioner for the current
14 calendar year based upon the organization's reported estimate. Upon filing
15 each September 30 report, the organization shall submit payment equal to
16 the balance of the privilege fee that would be assessed by the
17 commissioner for the current calendar year based upon the organization's
18 reported estimates.

19 (2) Any amount of privilege fees actually owed by a health
20 maintenance organization during any calendar year in excess of estimated
21 privilege fees paid shall be assessed by the commissioner and shall be due
22 and payable upon issuance of such assessment.

23 (3) Any amount of estimated privilege fees paid by a health
24 maintenance organization during any calendar year in excess of privilege
25 fees actually owed shall be reconciled when the commissioner assesses
26 privilege fees in the ensuing calendar year. The commissioner shall credit
27 such excess amount against future privilege fee assessments. Any such
28 excess amount paid by a health maintenance organization that is no longer
29 doing business in Kansas and that no longer has a duty to pay the privilege
30 fee shall be refunded by the commissioner from funds appropriated by the
31 legislature for such purpose.

32 Sec. 11. K.S.A. 40-3304 is hereby amended to read as follows: 40-
33 3304. (a) (1) No person other than the issuer shall make a tender offer for
34 or a request or invitation for tenders of, or enter into any agreement to
35 exchange securities or, seek to acquire, or acquire, in the open market or
36 otherwise, any voting security of a domestic insurer if, after the
37 consummation thereof, such person would, directly or indirectly, or by
38 conversion or by exercise of any right to acquire, be in control of such
39 insurer, and no person shall enter into an agreement to merge with or
40 otherwise to acquire control of a domestic insurer or any person
41 controlling a domestic insurer unless, at the time any such offer, request, or
42 invitation is made or any such agreement is entered into, or prior to the
43 acquisition of such securities if no offer or agreement is involved, such

1 person has filed with the commissioner of insurance and has sent to such
2 insurer, a statement containing the information required by this section and
3 such offer, request, invitation, agreement or acquisition has been approved
4 by the commissioner of insurance in the manner hereinafter prescribed.
5 The requirements of this section shall not apply to the merger or
6 consolidation of those companies subject to the requirements of K.S.A. 40-
7 507 and 40-1216 through 40-1225, and amendments thereto.

8 (2) For purposes of this section, any controlling person of a domestic
9 insurer seeking to divest its controlling interest in the domestic insurer, in
10 any manner, shall file with the commissioner, with a copy to the insurer,
11 confidential notice of its proposed divestiture at least 30 days prior to the
12 cessation of control. The commissioner shall determine those instances in
13 which each party seeking to divest or to acquire a controlling interest in an
14 insurer shall be required to file for and obtain approval of the transaction.
15 The information shall remain confidential until the conclusion of the
16 transaction unless the commissioner, in the commissioner's discretion,
17 determines that confidential treatment will interfere with enforcement of
18 this section. If the statement referred to in paragraph (1) is otherwise filed,
19 this paragraph shall not apply.

20 (3) With respect to a transaction subject to this section, the acquiring
21 person shall also be required to file a preacquisition notification with the
22 commissioner, and such preacquisition notification shall contain the
23 information in the form and manner prescribed by the commissioner
24 through rules and regulations.

25 (4) For the purposes of this section:

26 (A) A domestic insurer shall include any person controlling a
27 domestic insurer unless such person as determined by the commissioner of
28 insurance is either directly or through its affiliates primarily engaged in
29 business other than the business of insurance.

30 (B) "Person" shall not include any securities broker holding, in the
31 usual and customary broker's function, less than 20% of the voting
32 securities of the insurance company or of any person which controls the
33 insurance company.

34 (b) The statement to be filed with the commissioner of insurance
35 hereunder shall be made under oath or affirmation, shall be accompanied
36 by a nonrefundable filing fee—~~of~~ *not to exceed* \$1,000 and shall contain the
37 following information:

38 (1) The name and address of each person by whom or on whose
39 behalf the merger or other acquisition of control referred to in subsection
40 (a) is to be affected, hereinafter called "acquiring party," and:

41 (A) If such person is an individual, such individual's principal
42 occupation, all offices and positions held by such individual during the
43 past five years and any conviction of crimes other than minor traffic

1 violations during the past 10 years;

2 (B) if such person is not an individual, a report of the nature of its
3 business operations during the past five years or for such lesser period as
4 such person and any predecessors thereof shall have been in existence; an
5 informative description of the business intended to be done by such person
6 and such person's subsidiaries; and a list of all individuals who are or who
7 have been selected to become directors or executive officers of such
8 person, or who perform or will perform functions appropriate to such
9 positions. Such list shall include for each such individual the information
10 required by subparagraph (A);

11 (2) the source, nature and amount of the consideration used or to be
12 used in effecting the merger or other acquisition of control, a description
13 of any transaction wherein funds were or are to be obtained for any such
14 purpose including any pledge of the insurer's stock, or the stock of any of
15 its subsidiaries or controlling affiliates, and the identity of persons
16 furnishing such consideration, except that where a source of such
17 consideration is a loan made in the lender's ordinary course of business,
18 the identity of the lender shall remain confidential, if the person filing such
19 statement so requests;

20 (3) fully audited financial information as to the earnings and financial
21 condition of each acquiring party for the preceding five fiscal years of
22 each such acquiring party or for such lesser period as such acquiring party
23 and any predecessors thereof shall have been in existence and similar
24 unaudited information as of a date not earlier than 90 days prior to the
25 filing of the statement;

26 (4) any plans or proposals that each acquiring party may have to
27 liquidate such insurer, to sell its assets, merge or consolidate it with any
28 person or to make any other material change to its business, corporate
29 structure or management;

30 (5) the number of shares of any security referred to in subsection (a)
31 that each acquiring party proposes to acquire and the terms of the offer,
32 request, invitation, agreement or acquisition referred to in subsection (a)
33 and a statement regarding the method utilized to determine the fairness of
34 the proposal;

35 (6) the amount of each class of any security referred to in subsection
36 (a) that is beneficially owned or concerning which there is a right to
37 acquire beneficial ownership by each acquiring party;

38 (7) a full description of any contracts, arrangements or
39 understandings with respect to any security referred to in subsection (a) in
40 which any acquiring party is involved, including, but not limited to,
41 transfer of any of the securities, joint ventures, loan or option
42 arrangements, puts or calls, guarantees of loans, guarantees against loss or
43 guarantees of profits, division of losses or profits, or the giving or

1 withholding of proxies. Such description shall identify the persons with
2 whom such contracts, arrangements or understandings have been entered
3 into;

4 (8) a description of the purchase of any security referred to in
5 subsection (a) during the 12 calendar months preceding the filing of the
6 statement, by any acquiring party, including the dates of purchase, names
7 of the purchasers and consideration paid or agreed to be paid therefor;

8 (9) a description of any recommendations to purchase any security
9 referred to in subsection (a) made during the 12 calendar months preceding
10 the filing of the statement, by any acquiring party, or by anyone based
11 upon interviews or at the suggestion of such acquiring party;

12 (10) copies of all tender offers for, requests or invitations for tenders
13 of, exchange offers for and agreements to acquire or exchange any
14 securities referred to in subsection (a) and, if distributed, of additional
15 soliciting material relating thereto;

16 (11) the terms of any agreement, contract or understanding made with
17 or proposed to be made with any broker-dealer as to solicitation of
18 securities referred to in subsection (a) for tender and the amount of any
19 fees, commissions or other compensation to be paid to broker-dealers with
20 regard thereto;

21 (12) an agreement by the person required to file the statement
22 referred to in subsection (a) that such person will provide the annual
23 report, specified in K.S.A. 40-3305(1), and amendments thereto, for so
24 long as control exists;

25 (13) an acknowledgment by the person required to file the statement
26 referred to in subsection (a) that the person and all subsidiaries within its
27 control in the insurance holding company system will provide to the
28 commissioner of insurance upon request such information as the
29 commissioner of insurance deems necessary to evaluate enterprise risk to
30 the insurer; and

31 (14) such additional information as the commissioner of insurance
32 may by rule or regulation prescribe as necessary or appropriate for the
33 protection of policyholders of the insurer or in the public interest.

34 If the person required to file the statement referred to in subsection (a)
35 is a partnership, limited partnership, syndicate or other group, the
36 commissioner of insurance may require that the information called for by
37 paragraphs (1) through (14) shall be given with respect to each partner of
38 such partnership or limited partnership, each member of such syndicate or
39 group and each person who controls such partner or member. If any such
40 partner, member or person is a corporation or the person required to file
41 the statement referred to in subsection (a) is a corporation, the
42 commissioner of insurance may require that the information called for by
43 paragraphs (1) through (14) shall be given with respect to such

1 corporation, each officer and director of such corporation and each person
2 who is directly or indirectly the beneficial owner of more than 10% of the
3 outstanding voting securities of such corporation.

4 If any material change occurs in the facts set forth in the statement filed
5 with the commissioner of insurance and sent to such insurer pursuant to
6 this section, an amendment setting forth such change, together with copies
7 of all documents and other material relevant to such change, shall be filed
8 with the commissioner of insurance and sent to such insurer within two
9 business days after the person learns of such change.

10 (c) If any offer, request, invitation, agreement or acquisition referred
11 to in subsection (a) is proposed to be made by means of a registration
12 statement under the securities act of 1933 or in circumstances requiring the
13 disclosure of similar information under the securities exchange act of
14 1934, or under a state law requiring similar registration or disclosure, the
15 person required to file the statement referred to in subsection (a) may
16 utilize such documents in furnishing the information called for by that
17 statement.

18 (d) (1) The commissioner of insurance shall approve any merger or
19 other acquisition of control referred to in subsection (a) unless, after a
20 public hearing thereon conducted in accordance with the provisions of the
21 Kansas administrative procedure act, the commissioner of insurance finds
22 that:

23 (A) After the change of control the domestic insurer referred to in
24 subsection (a) would not be able to satisfy the requirements for the
25 issuance of a license to write the line or lines of insurance for which it is
26 presently licensed;

27 (B) the financial condition of any acquiring party is such as might
28 jeopardize the financial stability of the insurer or prejudice the interest of
29 its policyholders;

30 (C) the plans or proposals which the acquiring party has to liquidate
31 the insurer, sell its assets, consolidate or merge it with any person, or to
32 make any other material change in its business, corporate structure or
33 management, are unfair and unreasonable to policyholders of the insurer or
34 are not in the public interest;

35 (D) the competence, experience and integrity of those persons who
36 would control the operation of the insurer are such that it would not be in
37 the interest of policyholders of the insurer or of the public to permit the
38 merger or other acquisition of control; or

39 (E) the acquisition is likely to be hazardous or prejudicial to the
40 insurance-buying public.

41 (2) The public hearing referred to in subsection (d)(1) shall be held as
42 soon as practical after the statement required by this subsection (a) is filed,
43 and at least 20 days' notice thereof shall be given by the commissioner of

1 insurance to the person filing the statement. Not less than seven days'
2 notice of such public hearing shall be given by the person filing the
3 statement to the insurer and to such other persons as may be designated by
4 the commissioner of insurance. At such hearing, the person filing the
5 statement, the insurer, any person to whom notice of hearing was sent and
6 any other person whose interests may be affected thereby shall have the
7 right to present evidence, examine and cross-examine witnesses and offer
8 oral and written arguments in accordance with the Kansas administrative
9 procedure act. In the absence of intervention, such insurer or person shall
10 have the right to present oral or written statements in accordance with
11 K.S.A. 77-523(c), and amendments thereto.

12 (3) If the proposed acquisition of control will require the approval of
13 more than one commissioner of insurance, the public hearing referred to in
14 paragraph (2) may be held on a consolidated basis upon request of the
15 person filing the statement referred to in subsection (a). Such person shall
16 file the statement referred to in subsection (a) with the national association
17 of insurance commissioners within five days of making the request for a
18 public hearing. A commissioner of insurance may opt out of a consolidated
19 hearing and shall provide notice to the applicant of the opt-out within 10
20 days of the receipt of the statement referred to in subsection (a). A hearing
21 conducted on a consolidated basis shall be public and shall be held within
22 the United States before the commissioners of insurance of the states in
23 which the insurers are domiciled. Such commissioners of insurance shall
24 hear and receive evidence. A commissioner of insurance may attend such
25 hearing in person or by telecommunication.

26 (4) As a condition of a change of control of a domestic insurer, any
27 determination by the commissioner of insurance that the person acquiring
28 control of the insurer shall be required to maintain or restore the capital of
29 the insurer to the level required by the laws and regulations of this state
30 shall be made not later than 60 days after the date of notification of the
31 change in control submitted pursuant to subsection (a).

32 (5) The commissioner of insurance may retain at the acquiring
33 person's expense any attorneys, actuaries, accountants and other experts
34 not otherwise a part of the staff of the commissioner of insurance as the
35 commissioner of insurance deems to be reasonably necessary to assist the
36 commissioner of insurance in reviewing the proposed acquisition of
37 control.

38 (e) The provisions of this section shall not apply to any offer, request,
39 invitation, agreement or acquisition that the commissioner of insurance by
40 order shall exempt therefrom as:

41 (1) Not having been made or entered into for the purpose and not
42 having the effect of changing or influencing the control of a domestic
43 insurer; or

1 (2) as otherwise not comprehended within the purposes of this
2 section.

3 (f) The following shall be violations of this section:

4 (1) The failure to file any statement, amendment or other material
5 required to be filed pursuant to subsection (a) or (b); or

6 (2) the effectuation or any attempt to effectuate an acquisition of
7 control of, or merger with, a domestic insurer unless the commissioner of
8 insurance has given the requisite approval thereto.

9 (g) The courts of this state are hereby vested with jurisdiction over
10 every securityholder of a domestic insurer and every person not resident,
11 domiciled or authorized to do business in this state who files a statement
12 with the commissioner of insurance under this section and over all actions
13 involving such person arising out of violations of this section. Each such
14 person shall be deemed to have performed acts equivalent to and
15 constituting an appointment by such a person of the commissioner of
16 insurance to be such person's true and lawful attorney upon whom may be
17 served all lawful process in any action, suit or proceeding arising out of
18 violations of this section. Copies of all such lawful process shall be served
19 on the commissioner of insurance and transmitted by registered or certified
20 mail by the commissioner of insurance to such person at such person's last
21 known address.

22 (h) *Not later than December 1 of each year, the commissioner shall*
23 *set and publish in the Kansas register the fee required pursuant to this*
24 *section for the next calendar year.*

25 Sec. 12. K.S.A. 40-3812 is hereby amended to read as follows: 40-
26 3812. (a) A person shall apply to be an administrator in its home state and
27 shall receive a license from the regulatory authority of its home state prior
28 to performing any function of an administrator in this state.

29 (b) A person applying to Kansas as its home state shall apply for
30 licensure by submitting to the commissioner an application in the form
31 prescribed by the commissioner that shall include or be accompanied by
32 the following information and documents:

33 (1) All basic organizational documents of the applicant, including any
34 articles of incorporation, articles of association, partnership agreement,
35 trade name certificate, trust agreement, shareholder agreement, certificate
36 of existence from the Kansas secretary of state and other applicable
37 documents and all amendments to such documents;

38 (2) the bylaws, rules, regulations or similar documents regulating the
39 internal affairs of the applicant;

40 (3) NAIC biographical affidavits for the individuals who are directly
41 or indirectly responsible for the conduct of affairs of the applicant,
42 including all members of the board of directors, board of trustees,
43 executive committee or other governing board or committee, the principal

1 officers in the case of a corporation or the partners or members in the case
2 of a partnership, association or limited liability company, any shareholders
3 or members holding directly or indirectly 10% or more of the voting stock,
4 voting securities or voting interest of the applicant and any other person
5 who directly or indirectly exercises control or influence over the affairs of
6 the applicant;

7 (4) audited annual financial statements or reports for the two most
8 recent fiscal years that demonstrate that the applicant has a positive net
9 worth. If the applicant has been in existence for less than two fiscal years,
10 the uniform application shall include financial statements or reports,
11 certified by at least two officers, owners or directors of the applicant and
12 prepared in accordance with GAAP, for any completed fiscal years and for
13 any month during the current fiscal year for which such financial
14 statements or reports have been completed. An audited annual financial
15 report prepared on a consolidated basis shall include a columnar
16 consolidating or combining worksheet that shall be filed with the report
17 and include the following:

18 (A) Amounts shown on the consolidated audited financial report
19 shown on the worksheet;

20 (B) amounts for each entity stated separately; and

21 (C) explanations of consolidating and eliminating entries included.

22 The applicant shall also include such other information as the
23 commissioner may require in order to review the current financial
24 condition of the applicant;

25 (5) in lieu of submitting audited financial statements, and upon
26 written application by an applicant and good cause shown, the
27 commissioner may grant a hardship exemption from filing audited
28 financial statements and allow the submission of unaudited financial
29 statements. Acceptable formats for unaudited financial statements, that
30 shall include notes, are:

31 (A) Reports compiled or reviewed by a certified public accountant; or

32 (B) internal financial reports prepared in accordance with GAAP,
33 certified by at least two officers, owners or directors of the administrator.

34 If unaudited financial statements are submitted, the applicant must also
35 secure and maintain a surety bond in a form prescribed by the
36 commissioner for the use and benefit of the commissioner to be held in
37 trust for the benefit and protection of covered persons and any payor or
38 self-funded plan against loss by reason of acts of fraud or dishonesty, for
39 the greater of 10% of funds handled for the benefit of Kansas residents or
40 \$20,000. Administrators of self-funded plans in Kansas are subject to the
41 mandatory surety bond requirement found in subsection (h), regardless of
42 whether they file audited or unaudited financial reports;

43 (6) a statement describing the business plan, including information on

1 staffing levels and activities, proposed in this state and nationwide. The
2 plan shall provide details setting forth the applicant's capability for
3 providing a sufficient number of experienced and qualified personnel in
4 the areas of claims processing, record keeping and underwriting;

5 (7) a license application fee ~~in the amount of~~ *an amount not to exceed*
6 \$400; and

7 (8) such other pertinent information as may be required by the
8 commissioner.

9 (c) An administrator licensed or applying for licensure under the
10 provisions of this section shall make available for inspection by the
11 commissioner, copies of all contracts with payors or other persons utilizing
12 the services of the administrator.

13 (d) An administrator licensed or applying for licensure under the
14 provisions of this section shall produce its accounts, records and files for
15 examination, and makes its officers available to give information with
16 respect to its affairs, as often as reasonably required by the commissioner.

17 (e) The commissioner may refuse to issue a license if the
18 commissioner determines that the applicant or any individual responsible
19 for the conduct of affairs of the applicant is not competent, trustworthy,
20 financially responsible or of good personal and business reputation, or has
21 had an insurance or an administrator certificate of authority or license
22 denied or revoked for cause by any jurisdiction, or if the commissioner
23 determines that any of the grounds set forth in K.S.A. 40-3810, and
24 amendments thereto, exist with respect to the applicant.

25 (f) A license issued under this section shall remain valid, unless
26 surrendered, suspended or revoked by the commissioner, for so long as the
27 administrator continues in business in this state and remains in compliance
28 with the provisions of this act and any applicable rules and regulations.

29 (g) An administrator licensed or applying for licensure under the
30 provisions of this section shall immediately notify the commissioner of
31 any material change in its ownership, control or other fact or circumstance
32 affecting its qualification for a license in this state.

33 (h) An administrator licensed or applying for a home state license that
34 administers or will administer governmental or church self-insured plans
35 in this state or any other state shall maintain a surety bond for the use and
36 benefit of the commissioner to be held in trust for the benefit and
37 protection of covered persons and any payor or self-funded plan against
38 loss by reason of acts of fraud or dishonesty. The bond shall be in the
39 greater of the following amounts:

40 (1) \$100,000; or

41 (2) an amount equal to 10% of the aggregate total amount of self-
42 funded coverage under church plans or governmental plans handled in this
43 state and all additional states in which the administrator is authorized to do

1 business.

2 (i) *Not later than December 1 of each year, the commissioner shall*
3 *set and publish in the Kansas register the fee required pursuant to this*
4 *section for the next calendar year.*

5 Sec. 13. K.S.A. 40-3813 is hereby amended to read as follows: 40-
6 3813. (a) Unless an administrator has obtained a home state license in this
7 state, any administrator who performs duties as an administrator in this
8 state shall obtain a nonresident administrator license in accordance with
9 the provisions of this section by filing with the commissioner the uniform
10 application, accompanied by a letter of certification. In lieu of requiring an
11 administrator to file a letter of certification with the uniform application,
12 the commissioner may verify the nonresident administrator's home state
13 certificate of authority or license status through an electronic database
14 maintained by the NAIC, its affiliates or subsidiaries.

15 (b) An administrator shall not be eligible for a nonresident
16 administrator license under the provisions of this section if it does not hold
17 a license in a home state that has adopted a substantially similar law
18 governing administrators.

19 (c) Except as provided in subsections (b) and (h) the commissioner
20 shall issue to the administrator a nonresident administrator license
21 promptly upon receipt of a complete application.

22 (d) Each nonresident administrator shall file biennially, as a part of its
23 application for renewal of its license, a statement that its home state
24 administrator license remains in force and has not been revoked or
25 suspended by its home state during the preceding years. Each nonresident
26 administrator renewal application shall be accompanied by a renewal
27 application fee ~~in the amount of~~ *an amount not to exceed \$200.*

28 (e) At the time of filing the application for licensing required under
29 the provisions of this section, the nonresident administrator shall pay a
30 license application fee ~~in the amount of~~ *an amount not to exceed \$400.*

31 (f) An administrator licensed or applying for licensure under the
32 provisions of this section shall produce its accounts, records and files for
33 examination, and make its officers available to give information with
34 respect to its affairs, as often as reasonably required by the commissioner.

35 (g) A nonresident administrator is not required to hold a nonresident
36 administrator license in this state if the administrator is licensed in its
37 home state and the administrator's duties in this state are limited to:

38 (1) The administration of a group policy or plan and no more than a
39 total of 20% of covered persons, for all plans the administrator services,
40 reside in this state; and

41 (2) the total number of covered persons residing in this state is less
42 than 100.

43 (h) The commissioner may refuse to issue a nonresident administrator

1 license, or delay the issuance of a nonresident administrator license, if the
2 commissioner determines that, due to events or information obtained
3 subsequent to the home state's licensure of the administrator, the
4 nonresident administrator cannot satisfy the requirements of this act or that
5 grounds exist for the home state's revocation or suspension of the
6 administrator's home state certificate of authority or license.

7 *(i) Not later than December 1 of each year, the commissioner shall*
8 *set and publish in the Kansas register the fee required pursuant to this*
9 *section for the next calendar year.*

10 Sec. 14. K.S.A. 40-3814 is hereby amended to read as follows: 40-
11 3814. (a) Each administrator licensed under the provisions of this act shall
12 file an annual report for the preceding calendar year with the
13 commissioner on or before July 1 of each year, or within such extension of
14 time as the commissioner may grant for good cause, accompanied by an
15 annual report fee in ~~the amount of~~ *an amount not to exceed* \$100. The
16 annual report shall include:

17 (1) An audited financial statement attested to by an independent
18 certified public accountant. An audited annual financial report prepared on
19 a consolidated basis shall include a columnar consolidating or combining
20 worksheet that shall be filed with the report and include the following:

21 (A) Amounts shown on the consolidated audited financial report
22 shown on the worksheet;

23 (B) amounts for each entity stated separately; and

24 (C) explanations of consolidating and eliminating entries included.

25 (2) In lieu of submitting an audited financial statement, and upon
26 written application by an administrator and good cause shown, the
27 commissioner may grant a hardship exemption from filing audited
28 financial statements and allow the submission of unaudited financial
29 statements. Acceptable formats for unaudited financial statements, that
30 shall include notes, are:

31 (A) Reports compiled or reviewed by a certified public accountant; or

32 (B) internal financial reports prepared in accordance with GAAP,
33 certified by at least two officers, owners or directors of the administrator.

34 If unaudited financial statements are submitted, the administrator must
35 secure and maintain a surety bond in a form prescribed by the
36 commissioner for the use and benefit of the commissioner to be held in
37 trust for the benefit and protection of covered persons and any payor or
38 self-funded plan against loss by reason of acts of fraud or dishonesty, for
39 the greater of 10% of funds handled for the benefit of Kansas residents or
40 \$20,000.

41 (b) The annual report shall be in the form and contain such matters as
42 the commissioner prescribes and shall be verified by at least two officers,
43 owners or directors of the administrator.

1 (c) The annual report shall include the complete names and addresses
2 of all payors and for self-funded plans, all employers and trusts, with
3 which the administrator had agreements during the preceding fiscal year.
4 The report shall also include the number of Kansas residents covered by
5 each of the plans.

6 (d) *Not later than December 1 of each year, the commissioner shall*
7 *set and publish in the Kansas register the fee required pursuant to this*
8 *section for the next calendar year.*

9 Sec. 15. K.S.A. 2023 Supp. 40-3823 is hereby amended to read as
10 follows: 40-3823. (a) No person shall act or operate as a pharmacy benefits
11 manager without first obtaining a valid license issued by the
12 commissioner.

13 (b) Each person seeking a license to act as a pharmacy benefits
14 manager shall file with the commissioner an application for a license upon
15 a form to be furnished by the commissioner. At a minimum, the
16 application form shall include the following information:

17 (1) The name, address and telephone number of the pharmacy
18 benefits manager.

19 (2) The name, address, official position and professional
20 qualifications of each individual who is responsible for the conduct of the
21 affairs of the pharmacy benefits manager, including all members of the
22 board of directors, board of trustees, executive committee, other governing
23 board or committee, the principal officers in the case of a corporation, the
24 partners or members in the case of a partnership or association.

25 (3) The name and address of the applicant's agent for service of
26 process in the state.

27 (4) The name, address, phone number, email address and official
28 position of the employee who will serve as the primary contact for the
29 department.

30 (5) A copy of the pharmacy benefits manager's corporate charter,
31 articles of incorporation or other charter document.

32 (6) A template contract, which shall include a dispute resolution
33 process, that ultimately involves an independent fact finder between:

34 (A) The pharmacy benefits manager and the health insurer; or

35 (B) the pharmacy benefits manager and the pharmacy or a pharmacy's
36 contracting agent.

37 (7) A network adequacy report on a form prescribed by the
38 department through rules and regulations.

39 (c) A nonrefundable application fee ~~of~~ *not to exceed* \$2,500.

40 (d) The licensee shall inform the commissioner, by any means
41 acceptable to the commissioner, of any material change in the information
42 required by this subsection within 90 days of such change. Failure to
43 timely inform the commissioner of a material change may result in a

1 penalty against the licensee in ~~the amount of~~ *an amount not to exceed*
2 \$500.

3 (e) Within 90 days after receipt of a completed application, the
4 network adequacy report and the applicable license fee, the commissioner
5 shall review the application and issue a license if the applicant is deemed
6 qualified under this section. If the commissioner determines that the
7 applicant is not qualified, the commissioner shall notify the applicant and
8 shall specify the reason for the denial.

9 (f) (1) All documents, materials or other information and copies
10 thereof in the possession or control of the department or any other
11 governmental entity that are obtained by or disclosed to the commissioner
12 or any other person in the course of an application, examination or
13 investigation made pursuant to this act shall be confidential by law and
14 privileged, shall not be subject to any open records, freedom of
15 information, sunshine or other public record disclosure laws, and shall not
16 be subject to subpoena or discovery.

17 (2) The provisions of paragraph (1) shall only apply to the disclosure
18 of the confidential documents described in paragraph (1) by the
19 department or any other governmental entity and shall not be construed to
20 create any privilege in favor of any other party.

21 (3) The provisions of this subsection shall expire on July 1, 2027,
22 unless the legislature reviews and reenacts this provision pursuant to
23 K.S.A. 45-229, and amendments thereto, prior to July 1, 2027.

24 (g) *Not later than December 1 of each year, the commissioner shall*
25 *set and publish in the Kansas register the fees required pursuant to this*
26 *section for the next calendar year.*

27 Sec. 16. K.S.A. 2023 Supp. 40-3824 is hereby amended to read as
28 follows: 40-3824. (a) Each pharmacy benefits manager license shall expire
29 on March 31 each year and may be renewed annually on the request of the
30 licensee. The application for renewal shall be submitted on a form
31 furnished by the commissioner and accompanied by a renewal fee ~~of~~ *not*
32 *to exceed* \$2,500. The application for renewal shall be in such form and
33 contain such matters as the commissioner prescribes.

34 (b) If a license renewal fee is not paid by the prescribed date, the
35 amount of the fee, plus a penalty fee ~~of~~ *not to exceed* \$2,500 shall be paid.
36 The pharmacy benefits manager's license may be revoked or suspended by
37 the commissioner until the renewal fee and any penalty assessed has been
38 paid.

39 (c) Any person who performs or is performing any pharmacy benefits
40 management service shall be required to obtain a license as a pharmacy
41 benefits manager from the commissioner not later than January 1, 2023, in
42 order to continue to do business in Kansas.

43 (d) *Not later than December 1 of each year, the commissioner shall*

1 *set and publish in the Kansas register the fees required pursuant to this*
2 *section for the next calendar year.*

3 Sec. 17. K.S.A. 40-4103 is hereby amended to read as follows: 40-
4 4103. Risk retention groups chartered in states other than this state seeking
5 to do business as a risk retention group in this state shall observe and abide
6 by the laws of this state as follows:

7 (a) *Notice of operations and designation of commissioner as agent.*
8 Before offering insurance in this state, a risk retention group shall submit
9 to the commissioner:

10 (1) A statement identifying the state or states in which the risk
11 retention group is chartered and licensed as a liability insurance company,
12 date of chartering, its principal place of business and such other
13 information including information on its membership, as the commissioner
14 of this state may require to verify that the risk retention group is qualified
15 under K.S.A. 40-4101(k), and amendments thereto;

16 (2) a copy of its plan of operations or a feasibility study and revisions
17 of such plan or study submitted to its state of domicile, except that the
18 provision relating to the submission of a plan of operation or a feasibility
19 study shall not apply with respect to any line or classification of liability
20 insurance that:

21 (A) Was defined in the product liability risk retention act of 1981
22 before October 27, 1986; and

23 (B) was offered before such date by any risk retention group that had
24 been chartered and operating for not less than three years before such date;

25 (3) a statement of registration that designates the commissioner as its
26 agent for the purpose of receiving service of legal documents or process;
27 and

28 (4) a notification fee ~~in the amount of~~ *an amount not to exceed* \$250.

29 (b) *Financial condition.* Any risk retention group doing business in
30 this state shall submit to the commissioner:

31 (1) A copy of the group's financial statement submitted to its state of
32 domicile that contains a statement of opinion on loss and loss adjustment
33 expense reserves made by a member of the American academy of actuaries
34 or a qualified loss reserve specialist under criteria established by the
35 national association of insurance commissioners;

36 (2) a copy of each examination of the risk retention group as certified
37 by the commissioner or public official conducting the examination;

38 (3) upon request by the commissioner, a copy of any audit performed
39 with respect to the risk retention group; and

40 (4) such information as may be required to verify its continuing
41 qualification as a risk retention group under K.S.A. 40-4101(k), and
42 amendments thereto.

43 (c) *Taxation.* (1) All premiums paid for coverages within this state to

1 risk retention groups chartered outside this state shall be subject to taxation
2 at the same rate and subject to the same interest, fines and penalties for
3 nonpayment as that provided by K.S.A. 40-246c, and amendments thereto.
4 Risk retention groups chartered or licensed in this state shall be taxed in
5 accordance with K.S.A. 40-252, and amendments thereto.

6 (2) To the extent agents or brokers are utilized, they shall report and
7 pay the taxes for the premiums for risks that they have placed with or on
8 behalf of a risk retention group not chartered in this state.

9 (3) To the extent agents or brokers are not utilized or fail to pay the
10 tax, each risk retention group shall pay the tax for risks insured within the
11 state. Each risk retention group shall report all premiums paid to it for
12 risks insured within the state.

13 (d) *Compliance with unfair claims settlement practices law.* Any risk
14 retention group, its agents and representatives, shall comply with K.S.A.
15 40-2404(9), and amendments thereto.

16 (e) *Deceptive, false or fraudulent practices.* Any risk retention group
17 shall comply with the laws of this state regarding deceptive, false or
18 fraudulent acts or practices, except that if the commissioner seeks an
19 injunction regarding such conduct, the injunction shall be obtained from a
20 court of competent jurisdiction.

21 (f) *Examination regarding financial condition.* Any risk retention
22 group shall submit to an examination in accordance with K.S.A. 40-222
23 and 40-223, and amendments thereto, by the commissioner to determine
24 its financial condition if the commissioner of the jurisdiction in which the
25 group is chartered has not initiated an examination or does not initiate an
26 examination within 60 days after a request by the commissioner of this
27 state.

28 (g) *Notice to purchasers.* Any policy issued by a risk retention group
29 shall contain in 10 point type on the front page and the declaration page,
30 the following notice:

31 NOTICE

32 This policy is issued by your risk retention group. Your risk retention
33 group may not be subject to all of the insurance laws and regulations of
34 your state. State insurance insolvency guaranty funds are not available for
35 your risk retention group.

36 (h) *Prohibited acts regarding solicitation or sale.* The following acts
37 by a risk retention group are hereby prohibited:

38 (1) The solicitation or sale of insurance by a risk retention group to
39 any person who is not eligible for membership in such group; and

40 (2) the solicitation or sale of insurance by, or operation of, a risk
41 retention group that is in a hazardous financial condition or is financially
42 impaired.

43 (i) *Prohibition on ownership by an insurance company.* No risk

1 retention group shall be allowed to do business in this state if an insurance
2 company is directly or indirectly a retention group all of whose members
3 are insurance companies.

4 (j) *Prohibited coverage.* No risk retention group may offer insurance
5 policy coverage prohibited by the laws of this state or declared unlawful
6 by the supreme court of the state of Kansas.

7 (k) *Delinquency proceedings.* A risk retention group not chartered in
8 this state and doing business in this state must comply with a lawful order
9 issued in a voluntary dissolution proceeding or in a delinquency
10 proceeding commenced by a state insurance commissioner if there has
11 been a finding of financial impairment after an examination under
12 subsection (f).

13 (l) *Not later than December 1 of each year, the commissioner shall*
14 *set and publish in the Kansas register the fee required pursuant to this*
15 *section for the next calendar year.*

16 Sec. 18. K.S.A. 40-4116 is hereby amended to read as follows: 40-
17 4116. (a) A purchasing group which intends to do business in this state
18 shall furnish notice to the commissioner ~~which~~ that shall:

- 19 (1) Identify the state in which the group is domiciled;
- 20 (2) specify the lines and classifications of liability insurance which
21 the purchasing group intends to purchase;
- 22 (3) identify the insurance company from which the group intends to
23 purchase its insurance and the domicile of such company;
- 24 (4) identify the principal place of business of the group; and
- 25 (5) provide such other information as may be required by the
26 commissioner to verify that the purchasing group is qualified under
27 ~~subsection (j) of K.S.A. 40-4101(j)~~, and amendments thereto.

28 The notice submitted to the commissioner shall be accompanied by a
29 notification fee ~~of~~ *not to exceed* \$250.

30 (b) The purchasing group shall file with the insurance department its
31 written consent, irrevocable, that any action or garnishment proceeding
32 may be commenced against such group in the proper court of any county
33 in this state in which the cause of action shall arise or in which the plaintiff
34 may reside by the service of process on the commissioner of insurance of
35 this state and stipulating and agreeing that such service shall be taken and
36 held in all courts to be as valid and binding as if due service had been
37 made upon the president or chief officer of such corporation. Such consent
38 shall be executed by the president of the company and shall be
39 accompanied by a certified copy of the order or resolution of the board of
40 directors, trustees or managers authorizing the president to execute the
41 same. The summons, accompanied by a fee ~~of~~ *not to exceed* \$25 shall be
42 directed to the commissioner of insurance and shall require the defendant
43 to answer not less than 40 days from its date. Such summons, and a

1 certified copy of the petition shall be forthwith forwarded by the clerk of
2 the court to the commissioner of insurance, who shall immediately forward
3 a copy of the summons and the certified copy of the petition, to the
4 president of the group sued and thereupon the commissioner of insurance
5 shall make return of the summons to the court from which it issued,
6 showing the date of the receipt by the commissioner, the date of
7 forwarding of such copies and the name and address of the person to
8 whom the commissioner forwarded the copy. Such return shall be made
9 under the commissioner's hand and seal of office; and shall have the same
10 force and effect as a due and sufficient return made by the sheriff on
11 process directed to the sheriff. The foregoing shall not apply in the case of
12 a purchasing group ~~which~~ *that*:

13 (1) (A) Was domiciled before April 2, 1986; and

14 (B) is domiciled on and after October 27, 1986, in any state of the
15 United States;

16 (2) (A) before October 27, 1986, purchased insurance from an
17 insurance carrier licensed in any state; and

18 (B) since October 27, 1986, purchased its insurance from an
19 insurance carrier licensed in any state;

20 (3) was a purchasing group under the requirements of the product
21 liability retention act of 1981 before October 27, 1986; and

22 (4) does not purchase insurance that was not authorized for purposes
23 of an exemption under that act, as in effect before October 27, 1986.

24 (c) *Not later than December 1 of each year, the commissioner shall*
25 *set and publish in the Kansas register the fee required pursuant to this*
26 *section for the next calendar year.*

27 Sec. 19. K.S.A. 2023 Supp. 40-4209 is hereby amended to read as
28 follows: 40-4209. (a) (1) No person shall act as or hold such person out to
29 be a prepaid service plan in this state unless such person holds a certificate
30 of registration as a prepaid service plan issued by the commissioner of
31 insurance. An application for such certificate may be made to the
32 commissioner of insurance on forms prescribed by the commissioner and
33 shall include:

34 (A) The completed application form;

35 (B) a list of each individual who solicits memberships on behalf of
36 such prepaid service plan; and

37 (C) a filing fee of \$100.

38 (2) The certificate of registration may be continued for successive
39 annual periods by notifying the commissioner of such intent, paying an
40 annual continuation fee ~~of~~ *not to exceed* \$50 and advising the
41 commissioner of insurance of any additions to or deletions from the list of
42 individuals who solicit memberships on behalf of such prepaid service
43 plan since the last reporting date.

1 (b) The certificate of registration shall be issued to or continued for a
2 prepaid service plan by the commissioner of insurance unless the
3 commissioner of insurance, after due notice and hearing, determines that
4 the prepaid service plan is not competent, trustworthy, financially
5 responsible or of good personal and business reputation, or has had a
6 previous application for a certificate of registration denied for cause since
7 January 1, 1988, or within five years of the date of application, whichever
8 is later.

9 (c) *Not later than December 1 of each year, the commissioner shall*
10 *set and publish in the Kansas register the fee required pursuant to this*
11 *section for the next calendar year.*

12 Sec. 20. K.S.A. 2023 Supp. 40-4302 is hereby amended to read as
13 follows: 40-4302. (a) Any captive insurance company, when permitted by
14 its organizational documents, may apply to the commissioner for a
15 certificate of authority to do any and all insurance comprised in K.S.A. 40-
16 901 et seq., 40-1102(1)(a), (1)(c) through (1)(n), and amendments thereto,
17 and to issue life, accident and health insurance policies provided that:

18 (1) No pure captive insurance company shall insure any risks other
19 than those of its parent and affiliated companies and, upon prior approval
20 of the commissioner, any controlled unaffiliated business up to 5% of total
21 direct written premium;

22 (2) no association captive insurance company shall insure any risks
23 other than those of its association and those of the member organizations
24 of its association. No association captive insurance company shall expose
25 itself to loss on any one risk or hazard in an amount exceeding 10% of its
26 paid-up capital and surplus;

27 (3) no captive insurance company shall provide personal lines of
28 insurance, workers' compensation, employers' liability insurance coverage,
29 long-term care coverage, critical care coverage, surety, title insurance,
30 credit insurance or any component thereof, except that a technology-
31 enabled fiduciary financial institution insurance company shall be
32 permitted to provide contracts of suretyship and credit insurance in
33 accordance with K.S.A. 2023 Supp. 40-4354, and amendments thereto;

34 (4) no captive insurance company shall accept or cede reinsurance
35 except as provided in K.S.A. 40-4311, and amendments thereto;

36 (5) no captive insurance company shall provide accident and health,
37 life insurance or annuities on a direct basis;

38 (6) no captive insurance company authorized as a life insurance
39 company shall transact business other than life insurance; and

40 (7) no captive insurance company authorized to transact business
41 under article 9 or 11 of chapter 40 of the Kansas Statutes Annotated, and
42 amendments thereto, shall engage in the business of life insurance.

43 (b) No captive insurance company organized under the laws of this

1 state shall do any insurance business in this state unless:

2 (1) It first obtains from the commissioner a certificate of authority
3 authorizing it to do insurance business in this state;

4 (2) its board of directors, members, partners, managers, committee of
5 managers or other governing body holds at least one meeting each year in
6 this state;

7 (3) it maintains its principal place of business in this state; and

8 (4) it authorizes the commissioner to accept service of process on its
9 behalf in accordance with K.S.A. 40-218, and amendments thereto.

10 (c) Before receiving a certificate of authority, an applicant captive
11 insurance company shall file with the commissioner:

12 (1) A copy of the applicant captive insurance company's
13 organizational documents; and

14 (2) a plan of operation or a feasibility study describing the anticipated
15 activities and results of the applicant captive insurance company that shall
16 include:

17 (A) The company's loss prevention program of its parent and
18 insureds, as applicable;

19 (B) historical and expected loss experience of the risks to be insured
20 or reinsured by the applicant captive insurance company;

21 (C) pro forma financial statements and projections of the proposed
22 business operations of the applicant captive insurance company;

23 (D) an analysis of the adequacy of the applicant captive insurance
24 company's proposed premiums, assets and capital and surplus levels
25 relative to the risks to be insured or reinsured by the captive insurance
26 company;

27 (E) a statement of the applicant captive insurance company's net
28 retained limited liability on any contract of insurance or reinsurance it
29 intends to issue and the nature of any reinsurance it intends to cede;

30 (F) a statement certifying that the applicant captive insurance
31 company's investment policy is in compliance with this act and specifying
32 the type of investments to be made;

33 (G) a statement identifying the geographic areas in which the
34 applicant captive insurance company intends to operate;

35 (H) a statement identifying the persons or organizations that will
36 perform the applicant captive insurance company's major operational
37 functions, including management, underwriting, accounting, asset
38 investment, claims adjusting and loss control and the adequacy of the
39 expertise, experience and character of such persons or organizations; and

40 (I) whenever required by the commissioner, an appropriate opinion
41 by a qualified independent actuary regarding the adequacy of the applicant
42 captive insurance company's proposed capital, surplus and premium levels;

43 (3) a description of the coverages, deductibles, coverage limits, rates

1 and forms, together with any additional information that the commissioner
2 may require;

3 (4) such other items deemed relevant by the commissioner in
4 ascertaining whether the proposed captive insurance company will be able
5 to meet its obligations; and

6 (5) any modification or change in the items required under this
7 subsection that shall require the prior approval of the commissioner.

8 (d) Each captive insurance company not in existence on January 1,
9 2018, shall pay to the commissioner a nonrefundable fee ~~of not to exceed~~
10 \$10,000 for examining, investigating and processing its application for a
11 certificate of authority. The commissioner is authorized to retain legal,
12 financial, actuarial, analysis and examination services from outside the
13 department, the reasonable costs of which shall be charged against the
14 applicant. In addition, ~~it~~ *such* shall pay a renewal fee for each year
15 thereafter ~~of not to exceed~~ \$10,000.

16 ~~(e) Each captive insurance company already in existence on January~~
17 ~~1, 2018, shall pay an annual renewal fee of \$110 until January 1, 2028,~~
18 ~~after which date the provisions of subsection (d) shall apply.~~

19 (f) If the commissioner is satisfied that the documents and statements
20 that such captive insurance company has filed comply with the provisions
21 of this act, the commissioner may grant a certificate of authority
22 authorizing a:

23 (1) Captive insurance company other than a technology-enabled
24 fiduciary financial institution to do insurance business in this state until
25 March 1 thereafter, which certificate of authority may be renewed; and

26 (2) technology-enabled fiduciary financial institution insurance
27 company to do insurance business in this state until the later of March 1
28 thereafter or the maturity date of the last payment-in-kind asset held by
29 such technology-enabled fiduciary financial institution insurance company
30 pursuant to this act.

31 ~~(g)~~(f) Information submitted under this section shall be and remain
32 confidential, and shall not be made public by the commissioner or any
33 employee or agent of the commissioner without the written consent of the
34 company, except that:

35 (1) Such information may be discoverable by a party in a civil action
36 or contested case to which the captive insurance company that submitted
37 such information is a party, upon a showing by the party seeking to
38 discover such information that:

39 (A) The information sought is relevant to and necessary for the
40 furtherance of such action or case;

41 (B) the information sought is unavailable from other non-confidential
42 sources;

43 (C) a subpoena issued by a judicial or administrative officer or

1 competent jurisdiction has been submitted to the commissioner; and

2 (D) the privacy of a qualified policyholder shall be protected in any
3 court proceeding concerning such qualified policyholder if the technology-
4 enabled fiduciary financial institution insurance company so petitions the
5 court. Upon the filing of such petition, any information, including, but not
6 limited to, an instrument, inventory, statement or verified report produced
7 by the technology-enabled fiduciary financial institution insurance
8 company regarding a policy issued to a qualified policyholder or payment-
9 in-kind assets held by the technology-enabled fiduciary financial
10 institution insurance company to satisfy claims of such qualified
11 policyholder, all payment-in-kind policies, all petitions relevant to such
12 information and all court orders thereon, shall be sealed upon filing and
13 shall not be made a part of the public record of the proceeding, except that
14 such petition shall be available to the court, the commissioner, the
15 technology-enabled fiduciary financial institution insurance company, their
16 attorneys and to such other interested persons as the court may order upon
17 a showing of good cause;

18 (2) the commissioner may disclose such information to a public
19 officer having jurisdiction over the regulation of insurance in another state,
20 provided that:

21 (A) Such public official shall agree in writing to maintain the
22 confidentiality of such information; and

23 (B) the laws of the state in which such public official serves requires
24 such information to be and to remain confidential;

25 (3) access may also be granted to the national association of
26 insurance commissioners and its affiliates, and the international
27 association of supervisors and its affiliates. Such parties must agree in
28 writing prior to receiving the information to provide to it the same
29 confidential treatment as required by this section, unless the company
30 gives prior written consent; and

31 (4) the privacy of those who have established an affiliated fidfin trust
32 or alternative asset custody account shall be protected in any court
33 proceeding concerning such trust or custody account if the acting trustee,
34 custodian, trustor or any beneficiary so petition the court. Upon the filing
35 of such a petition, the instrument, inventory, statement filed by any trustee
36 or custodian, annual verified report of the trustee or custodian and all
37 petitions relevant to trust administration and all court orders thereon shall
38 be sealed upon filing and shall not be made a part of the public record of
39 the proceeding, except that such petition shall be available to the court, the
40 trustor, the trustee, the custodian, any beneficiary, their attorneys and to
41 such other interested persons as the court may order upon a showing of
42 good cause.

43 (g) *Not later than December 1 of each year, the commissioner shall*

1 *set and publish in the Kansas register the fees required pursuant to this*
2 *section for the next calendar year.*

3 Sec. 21. K.S.A. 40-4323 is hereby amended to read as follows: 40-
4 4323. (a) As used in this section, unless the context requires otherwise,
5 "dormant captive insurance company" means a captive insurance company
6 that has:

7 (1) Ceased transacting the business of insurance, including the
8 issuance of insurance policies; and

9 (2) no remaining liabilities associated with insurance business
10 transactions or insurance policies issued prior to the filing of its
11 application for a certificate of dormancy under this section.

12 (b) A captive insurance company domiciled in Kansas that meets the
13 criteria of subsection (a) may apply to the commissioner for a certificate of
14 dormancy. The certificate of dormancy shall be subject to renewal every
15 five years and shall be forfeited if not renewed within such time.

16 (c) A dormant captive insurance company that has been issued a
17 certificate of dormancy shall:

18 (1) Possess and thereafter maintain unimpaired, paid-in capital and
19 surplus of not less than \$25,000;

20 (2) prior to March 15 of each year, submit to the commissioner a
21 report of its financial condition, verified by oath by two of its executive
22 officers, in a form as may be prescribed by the commissioner; and

23 (3) pay a license renewal fee ~~of~~ *not to exceed* \$500.

24 (d) A dormant captive insurance company shall not be subject to or
25 liable for the payment of any tax under K.S.A. 40-4314, and amendments
26 thereto, or as provided in article 28 of chapter 40 of the Kansas Statutes
27 Annotated, and amendments thereto.

28 (e) A dormant captive insurance company shall apply to the
29 commissioner for approval to surrender its certificate of dormancy and
30 resume conducting the business of insurance prior to issuing any insurance
31 policies.

32 (f) A certificate of dormancy shall be revoked if a dormant captive
33 insurance company no longer meets the criteria of subsection (a).

34 (g) The commissioner may promulgate rules and regulations as
35 necessary to carry out the provisions of this section.

36 (h) *Not later than December 1 of each year, the commissioner shall*
37 *set and publish in the Kansas register the fee required pursuant to this*
38 *section for the next calendar year.*

39 Sec. 22. K.S.A. 40-4334 is hereby amended to read as follows: 40-
40 4334. (a) To transact business in Kansas, a special purpose insurance
41 captive shall:

42 (1) Obtain from the commissioner a certificate of authority
43 authorizing it to conduct reinsurance business in Kansas;

- 1 (2) hold at least one meeting of its board of directors each year within
2 Kansas;
- 3 (3) maintain its principal place of business in Kansas;
- 4 (4) authorize the commissioner to accept service of process on its
5 behalf in accordance with K.S.A. 40-218, and amendments thereto;
- 6 (5) maintain unimpaired paid-in capital and surplus of not less than
7 \$5,000,000;
- 8 (6) maintain a risk-based capital of at least 200%; and
- 9 (7) pay all applicable fees as required by this act.
- 10 (b) A special purpose insurance captive, when permitted by its
11 organizational documents, may apply to the commissioner for a certificate
12 of authority to conduct reinsurance in Kansas as authorized by this section.
- 13 (1) An authorized special purpose insurance captive may only
14 reinsure the risks of its ceding company. A special purpose insurance
15 captive may reinsure risks of more than one ceding company, provided all
16 ceding companies from which a special purpose insurance captive assumes
17 risks shall be affiliated with one another.
- 18 (2) An authorized special purpose insurance captive may cede all or a
19 portion of its assumed risks under ceded reinsurance agreements.
- 20 (3) An authorized special purpose insurance captive may take credit
21 or a reduction from liability for the reinsurance of risks or portions of risks
22 ceded to a reinsurer in accordance with K.S.A. 40-221a, and amendments
23 thereto, or as otherwise approved by the commissioner.
- 24 (c) To obtain a certificate of authority to transact business as a special
25 purpose insurance captive in Kansas, the special purpose insurance captive
26 shall:
- 27 (1) File an application, which shall include the following:
- 28 (A) Certified copies of its organizational documents;
- 29 (B) a statement under oath from any of the applicant's officers as to
30 the financial condition of the applicant as of the time the application is
31 filed;
- 32 (C) evidence of the applicant's assets as of the time of the application;
- 33 (D) complete biographical sketches for each officer and director on
34 forms created by the NAIC;
- 35 (E) a plan of operation as described in K.S.A. 40-4335, and
36 amendments thereto;
- 37 (F) an affidavit signed by the applicant that the special purpose
38 insurance captive will operate only in accordance with the provisions of
39 this section and its plan of operation;
- 40 (G) a description of the investment strategy the special purpose
41 insurance captive will follow; and
- 42 (H) a description of the source and form of the initial minimum
43 capital proposed in the plan of operation; and

1 (2) have deposited with the commissioner of insurance pursuant to
2 K.S.A. 40-229a, and amendments thereto, securities authorized by K.S.A.
3 40-2a01 et seq., and amendments thereto, in an amount equal to not less
4 than the minimum capital stock required of such company for the
5 protection of its policyholders or creditors, or both;

6 (3) demonstrate that the minimum surplus required is established and
7 held in Kansas; and

8 (4) provide copies of any filings made by the ceding company with
9 the ceding company's domiciliary insurance regulator to obtain approval
10 for the ceding company to enter into the special purpose insurance captive
11 contract and copies of any filings made by any affiliate of the special
12 purpose insurance captive to obtain regulatory approval to contribute
13 capital to the special purpose insurance captive or to acquire direct or
14 indirect ownership of the special purpose insurance captive. The special
15 purpose insurance captive shall provide copies of any letters of approval or
16 disapproval received from the insurance regulator responding to such
17 filing.

18 (d) The commissioner may require the special purpose insurance
19 captive to revise its plan of operation under K.S.A. 40-4335, and
20 amendments thereto, and meet all requirements imposed by a revised plan
21 of operation as approved by the commissioner thereunder.

22 (e) The department shall act upon a complete application within 30
23 days of its filing. Upon good cause shown, the commissioner may extend
24 the time to act on the application by 30 days.

25 (f) In the event the ceding company is not required to make filings
26 with its domiciliary insurance regulator as described in subsection (c)(4),
27 no such filing shall be required under subsection (c)(4) in Kansas,
28 provided the applicant provides the commissioner with a certification
29 signed by one of its officers attesting that no such filing is required with
30 the ceding company's domiciliary regulator.

31 (g) Once granted, a certificate of authority under this section shall
32 continue until March 1 of each year. At such time, the certificate of
33 authority may be renewed at the discretion of the commissioner.

34 (h) A special purpose insurance captive shall pay to the commissioner
35 a nonrefundable application fee ~~of~~ *not to exceed* \$10,000 for examining,
36 investigating and processing its application for certificate of authority, and
37 the commissioner is authorized to retain legal, financial, actuarial and
38 examination services from outside the department, the reasonable costs of
39 which may be additionally charged against the applicant. In addition, each
40 special purpose insurance captive shall pay a renewal fee for each year
41 thereafter ~~of~~ *not to exceed* \$10,000.

42 (i) *Not later than December 1 of each year, the commissioner shall*
43 *set and publish in the Kansas register the fee required pursuant to this*

1 *section for the next calendar year.*

2 Sec. 23. K.S.A. 40-4503 is hereby amended to read as follows: 40-
3 4503. (a) No person, firm, association or corporation shall act as a
4 reinsurance broker in this state if the reinsurance broker maintains an
5 office either directly or as a member or employee of a firm or association,
6 or as an officer, director or employee of a corporation:

7 (1) In this state, unless such reinsurance broker is a licensed producer
8 in this state; or

9 (2) in another state, unless such reinsurance broker is a licensed
10 producer in this state or another state having a law substantially similar to
11 this act or such reinsurance broker is licensed in this state as a nonresident
12 reinsurance intermediary.

13 (b) No person, firm, association or corporation shall act as a
14 reinsurance manager:

15 (1) For a reinsurer domiciled in this state, unless such reinsurance
16 manager is a licensed producer in this state;

17 (2) in this state, if the reinsurance manager maintains an office either
18 directly or as a member or employee of a firm or association, or an officer,
19 director or employee of a corporation in this state, unless such reinsurance
20 manager is a licensed producer in this state;

21 (3) in another state for a nondomestic insurer, unless such reinsurance
22 manager is a licensed producer in this state or another state having a law
23 substantially similar to this act or such person is licensed in this state as a
24 nonresident reinsurance intermediary.

25 (c) The commissioner may require a reinsurance manager subject to
26 subsection (b) to file a bond in an amount from an insurer acceptable to the
27 commissioner for the protection of each reinsurer represented.

28 (d) (1) The commissioner may issue a reinsurance intermediary
29 license to any person, firm, association or corporation who has complied
30 with the requirements of this act. Before any such license may be issued,
31 the applicant shall submit proper application therefor on a form prescribed
32 by the commissioner which shall be accompanied by an initial fee ~~of~~ *not*
33 *to exceed* \$150. Any license so issued shall remain in effect until
34 suspended, revoked, voluntarily surrendered or otherwise terminated by
35 the commissioner or licensee subject to payment of an annual continuation
36 fee ~~of~~ *not to exceed* \$100 on or before May 1 of each year. Any such
37 license issued to a firm or association will authorize all the members of
38 such firm or association and any designated employees to act as
39 reinsurance intermediaries under the license, and all such persons shall be
40 named in the application and any supplements thereto. Any such license
41 issued to a corporation shall authorize all of the officers, and any
42 designated employees and directors thereof, to act as reinsurance
43 intermediaries on behalf of such corporation, and all such persons shall be

1 named in the application and any supplements thereto.

2 (2) If the applicant for a reinsurance intermediary license is a
3 nonresident, such applicant, as a condition precedent to receiving or
4 holding a license, shall designate the commissioner as agent for service of
5 process in the manner, and with the same legal effect, as is provided for by
6 this act for designation of service of process upon insurers holding a
7 Kansas certificate of authority. Such applicant shall furnish the
8 commissioner with the name and address of a resident of this state upon
9 whom notices or orders of the commissioner or process affecting such
10 nonresident reinsurance intermediary may be served. Such licensee shall
11 promptly notify the commissioner in writing of every change in its
12 designated agent for service of process, and such change shall not become
13 effective until acknowledged by the commissioner.

14 (e) The commissioner may, after a hearing conducted in accordance
15 with the provisions of the Kansas administrative procedure act, held on not
16 less than 20 days' notice, refuse to issue a reinsurance intermediary license
17 if, in the judgment of the commissioner, the applicant, any one named on
18 the application, or any member, principal, officer or director of the
19 applicant, is not trustworthy, or any controlling person of such applicant is
20 not trustworthy to act as a reinsurance intermediary, or any of the
21 foregoing has given cause for revocation or suspension of such license, or
22 has failed to comply with any prerequisite for the issuance of such license.

23 (f) Licensed attorneys at law in this state when acting in their
24 professional capacity as such shall be exempt from this section.

25 (g) *Not later than December 1 of each year, the commissioner shall*
26 *set and publish in the Kansas register the fees required pursuant to this*
27 *section for the next calendar year.*

28 Sec. 24. K.S.A. 2023 Supp. 40-4903 is hereby amended to read as
29 follows: 40-4903. (a) Unless denied licensure pursuant to K.S.A. 40-4909,
30 and amendments thereto, any person who meets the requirements of
31 K.S.A. 40-4905, and amendments thereto, shall be issued an insurance
32 agent license. An insurance agent may receive qualifications for a license
33 in one or more of the following lines of authority:

34 (1) Life: Insurance coverage on human lives including benefits of
35 endowment and annuities; and may include benefits in the event of death
36 or dismemberment by accident and benefits for disability income.

37 (2) Accident and health or sickness: Insurance coverage for sickness,
38 bodily injury or accidental death and may include benefits for disability
39 income.

40 (3) Property: Insurance coverage for the direct or consequential loss
41 or damage to property of every kind.

42 (4) Casualty: Insurance coverage against legal liability, including that
43 for death, injury or disability or damage to real or personal property.

1 (5) Variable life and variable annuity products: Insurance coverage
2 provided under variable life insurance contracts, variable annuities or any
3 other life insurance or annuity product that reflects the investment
4 experience of a separate account.

5 (6) Personal lines: Property and casualty insurance coverage sold
6 primarily to an individual or family for noncommercial purposes.

7 (7) Credit: Limited line credit insurance.

8 (8) Crop insurance: Limited line insurance for damage to crops from
9 unfavorable weather conditions, fire, lightning, flood, hail, insect
10 infestation, disease or other yield-reducing conditions or any other peril
11 subsidized by the federal crop insurance corporation, including multi-peril
12 crop insurance.

13 (9) Title insurance: Limited line insurance that insures titles to
14 property against loss by reason of defective titles or encumbrances.

15 (10) (A) Travel insurance: Limited line insurance for personal risks
16 incidental to planned travel, including, but not limited to:

17 (i) Interruption or cancellation of trip or event;

18 (ii) loss of baggage or personal effects;

19 (iii) damages to accommodations or rental vehicles;

20 (iv) sickness, accident, disability or death occurring during travel-;

21 (v) emergency evacuation;

22 (vi) repatriation of remains; or

23 (vii) any other contractual obligations to indemnify or pay a specified
24 amount to the traveler upon determinable contingencies related to travel as
25 approved by the commissioner.

26 (B) Travel insurance does not include major medical plans that
27 provide comprehensive medical protection for travelers with trips lasting
28 six months or longer, for example, persons working overseas including
29 military personnel deployed overseas.

30 (11) Pre-need funeral insurance: Limited line insurance that allows
31 for the purchase of a life insurance or annuity contract by or on behalf of
32 the insured solely to fund a pre-need contract or arrangement with a
33 funeral home for specific services.

34 (12) Bail bond insurance: Limited line insurance that provides surety
35 for a monetary guarantee that an individual released from jail will be
36 present in court at an appointed time.

37 (13) Self-service storage unit insurance: Limited line insurance
38 relating to the rental of self-service storage units, including:

39 (A) Personal effects insurance that provides coverage to renters of
40 storage units at the same facility for the loss of, or damage to, personal
41 effects that occurs at the same facility during the rental period; and

42 (B) any other coverage that the commissioner may approve as
43 meaningful and appropriate in connection with the rental of storage units.

1 Such insurance may only be issued in accordance with K.S.A. 40-241, and
2 amendments thereto.

3 (14) Any other line of insurance permitted under the provisions of
4 chapter 40 of the Kansas Statutes Annotated, and amendments thereto, and
5 any rules and regulations promulgated thereunder.

6 (b) Unless suspended, revoked or refused renewal pursuant to K.S.A.
7 40-4909, and amendments thereto, an insurance agent license shall remain
8 in effect as long as:

9 (1) Education requirements for resident individual agents are met by
10 such insurance agent's biennial due date;

11 (2) such insurance agent submits an application for renewal on a form
12 prescribed by the commissioner; and

13 (3) such insurance agent pays a biennial renewal application fee—of
14 *not to exceed* \$4.

15 (c) Except as provided in paragraphs (1) through (4), each licensed
16 insurance agent shall biennially obtain a minimum of 18 C.E.C.s that
17 include at least three hours of instruction in insurance ethics that also may
18 include regulatory compliance.

19 (1) Each licensed insurance agent who is an individual and holds only
20 a crop qualification shall biennially obtain a minimum of two C.E.C.s in
21 courses certified as crop C.E.C.s under the property and casualty category.

22 (2) Each licensed insurance agent who is an individual and is licensed
23 only for title insurance shall biennially obtain a minimum of four C.E.C.s
24 in courses certified by the board of abstract examiners as title C.E.C.s
25 under the property and casualty category.

26 (3) Each licensed insurance agent who is an individual and holds a
27 life insurance license solely for the purpose of selling pre-need funeral
28 insurance or annuity products shall file a report on or before such agent's
29 biennial due date affirming that such agent transacted no other insurance
30 business during the period covered by the report and shall provide
31 certification from an officer of each insurance company that has appointed
32 such agent that the agent transacted no other insurance business during the
33 period covered by the report. Agents who have offered to sell or sold only
34 pre-need funeral insurance are exempt from the requirement to obtain
35 C.E.C.s.

36 (4) Each licensed insurance agent who is an individual and holds only
37 a bail bond, self-service storage unit or travel insurance qualification is
38 exempt from the requirement to obtain C.E.C.s.

39 (5) (A) A licensed insurance agent who is a member of the national
40 guard or any reserve component of the armed services of the United States
41 who serves on active duty for at least 90 consecutive days shall be exempt
42 from the requirement to obtain C.E.C.s during the time that such insurance
43 agent is on active duty.

1 (B) The commissioner shall grant an extension to any licensed
2 insurance agent described in subparagraph (A) until the biennial due date
3 that occurs in the year next succeeding the year in which such active duty
4 ceases.

5 (d) An instructor of an approved subject shall be entitled to the same
6 C.E.C. as a student completing the study.

7 (e) (1) An individual insurance agent who has been licensed for more
8 than one year, on or before such insurance agent's biennial due date, shall
9 file a report with the commissioner certifying that such insurance agent has
10 met the continuing education requirements for the previous biennium
11 ending on such insurance agent's biennial due date. Each individual
12 insurance agent shall maintain a record of all courses attended together
13 with a certificate of attendance for the remainder of the biennium in which
14 the courses were attended and the entire next succeeding biennium.

15 (2) If the required report showing proof of continuing education
16 completion is not received by the commissioner by the individual
17 insurance agent's biennial due date, such individual insurance agent's
18 qualification and each and every corresponding license shall be suspended
19 automatically for a period of 90 calendar days or until such time as the
20 producer satisfactorily demonstrates completion of the continuing
21 education requirement whichever is sooner. In addition, the commissioner
22 shall assess a penalty of \$100 for each license suspended. If such insurance
23 agent fails to furnish to the commissioner the required proof of continuing
24 education completion and the monetary penalty within 90 calendar days of
25 such insurance agent's biennial due date, such individual insurance agent's
26 qualification and each and every corresponding license shall expire on
27 such insurance agent's biennial due date. If after more than three but less
28 than 12 months from the date the license expired, the insurance agent
29 wants to reinstate such insurance agent's license, such individual shall
30 provide the required proof of continuing education completion and pay a
31 reinstatement fee in the amount of \$100 for each license suspended. If
32 after more than 12 months from the date an insurance agent's license has
33 expired, such insurance agent wants to reinstate such insurance agent's
34 license, such individual shall apply for an insurance agent's license,
35 provide the required proof of continuing education completion and pay a
36 reinstatement fee in the amount of \$100 for each license suspended. Upon
37 receipt of a written application from such insurance agent claiming
38 extreme hardship, the commissioner may waive any penalty imposed
39 under this subsection.

40 (3) On and after the effective date of this act, any applicant for an
41 individual insurance agent's license who previously held a license that
42 expires on or after June 30, 2001, because of failure to meet continuing
43 education requirements and who seeks to be relicensed shall provide

1 evidence that appropriate C.E.C.s have been completed for the prior
2 biennium.

3 (4) Upon receipt of a written application from an individual insurance
4 agent, the commissioner, in cases involving medical hardship or military
5 service, may extend the time within which to fulfill the minimum
6 continuing educational requirements for a period of not to exceed 180
7 days.

8 (5) This section shall not apply to any inactive insurance agent during
9 the period of such inactivity. For the purposes of this paragraph, "inactive
10 period" or "period of inactivity" means a continuous period of time of not
11 more than four years starting from the date inactive status is granted by the
12 commissioner. Before returning to active status, such inactive insurance
13 agent shall:

14 (A) File a report with the commissioner certifying that such agent has
15 met the continuing education requirement; and

16 (B) pay the renewal fee. If the required proof of continuing education
17 completion and the renewal fee is not furnished at the end of the inactive
18 period, such individual insurance agent's qualification and each and every
19 corresponding license shall expire at the end of the period of inactivity. For
20 issuance of a new license, the individual shall apply for a license and pass
21 the required examination.

22 (6) Any individual who allows such individual's insurance agent
23 license in this state and all other states in which such individual is licensed
24 as an insurance agent to expire for a period of four or more consecutive
25 years, shall apply for a new insurance agent license and pass the required
26 examination.

27 (f) (1) Each course, program of study, or subject shall be submitted to
28 and certified by the commissioner in order to qualify for purposes of
29 continuing education.

30 (2) Each request for certification of any course, program of study or
31 subject shall contain the following information:

32 (A) The name of the provider or provider organization;

33 (B) the title of such course, program of study or subject;

34 (C) the date the course, program of study or subject will be offered;

35 (D) the location where the course, program of study or subject will be
36 offered;

37 (E) an outline of each course, program of study or subject including a
38 schedule of times when such material will be presented;

39 (F) the names and qualifications of instructors;

40 (G) the number of C.E.C.s requested;

41 (H) a nonrefundable C.E.C. qualification fee ~~in the amount of an~~
42 *amount not to exceed \$50 per course, program of study or subject or an*
43 *amount not to exceed \$250 per year for all courses, programs of study or*

1 subjects submitted by a specific provider or provider organization; and

2 (1) a nonrefundable annual provider fee ~~of~~ *not to exceed* \$100.

3 (3) Upon receipt of such information, the commissioner shall grant or
4 deny certification of any submitted course, program of study or subject as
5 an approved subject, program of study or course and indicate the number
6 of C.E.C.s that will be recognized for each approved course, program of
7 study or subject. Each approved course, program of study or subject shall
8 be assigned by the commissioner to one or both of the following classes:

9 (A) Property and casualty; or

10 (B) life insurance, including annuity and variable contracts, and
11 accident and health insurance.

12 (4) Each course, program of study or subject shall have a value of at
13 least one C.E.C.

14 (5) (A) Each provider seeking approval of a course, program of study
15 or subject for continuing education credit shall issue or cause to be issued
16 to each person who attends a course, program of study or subject offered
17 by such provider a certificate of attendance. The certificate shall be signed
18 by either the instructor who presents the course, program of study or
19 course or such provider's authorized representative. Each provider shall
20 maintain a list of all individuals who attend courses offered by such
21 provider for continuing education credit for the remainder of the biennium
22 in which the courses are offered and the entire next succeeding biennium.

23 (B) The commissioner shall accept, without substantive review, any
24 course, program of study or subject submitted by a provider that has been
25 approved by the insurance supervisory authority of any other state or
26 territory accredited by the NAIC. The commissioner may disapprove any
27 individual instructor or provider who has been the subject of disciplinary
28 proceedings or who has otherwise failed to comply with any other state's
29 or territory's laws or regulations.

30 (6) The commissioner may grant or approve any specific course,
31 program of study or course that has appropriate merit, such as any course,
32 programs of study or course with broad national or regional recognition,
33 without receiving any request for certification. The fee prescribed by
34 subsection (f)(2) shall not apply to any approval granted pursuant to this
35 provision.

36 (7) The C.E.C. value assigned to any course, program of study or
37 subject, other than a correspondence course, computer based training,
38 interactive internet study training or other course pursued by independent
39 study, shall in no way be contingent upon passage or satisfactory
40 completion of any examination given in connection with such course,
41 program of study or subject. The commissioner shall establish, by rules
42 and regulations criteria for determining acceptability of any method used
43 for verification of the completion of each stage of any computer based or

1 interactive internet study training. Completion of any computer based
2 training or interactive internet study training shall be verified in
3 accordance with a method approved by the commissioner.

4 (g) Upon request, the commissioner shall provide a list of all
5 approved continuing education courses currently available to the public.

6 (h) An individual insurance agent who independently studies an
7 insurance course, program of study or subject that is not an agent's
8 examination approved by the commissioner shall receive credit for the
9 C.E.C.s assigned by the commissioner as recognition for the approved
10 subject. No other credit shall be given for independent study.

11 (i) Any licensed individual insurance agent who is unable to comply
12 with license renewal procedures due to military service or some other
13 extenuating circumstances may request a waiver of those procedures from
14 the commissioner. Such agent may also request from the commissioner a
15 waiver of any examination requirement or any other fine or sanction
16 imposed for failure to comply with renewal procedures.

17 (j) *Not later than December 1 of each year, the commissioner shall*
18 *set and publish in the Kansas register the fees pursuant to this section for*
19 *the next calendar year.*

20 Sec. 25. K.S.A. 40-5003 is hereby amended to read as follows: 40-
21 5003. (a) No person shall operate as a viatical settlement provider or
22 viatical settlement broker without first obtaining a license from the
23 commissioner or the insurance regulatory official of the state of residence
24 of the viator. If there is more than one viator on a single policy and the
25 viators are residents of different states, the viatical settlement shall be
26 governed by the law of the state in which the viator having the largest
27 percentage ownership resides or, if the viators hold equal ownership, the
28 state of residence of one viator agreed upon in writing by all viators.

29 (b) Application for a viatical settlement provider license shall be
30 made to the commissioner by the applicant on a form prescribed by the
31 commissioner, and these applications shall be accompanied by a
32 nonrefundable fee ~~of~~ *not to exceed* \$1,000.

33 (c) Licenses for viatical settlement providers may be renewed from
34 year to year on the anniversary date upon payment of the annual renewal
35 fee ~~of~~ *not to exceed* \$500. Failure to pay the fees by the renewal date
36 results in expiration of the license.

37 (d) Application for a viatical settlement broker license shall be made
38 to the commissioner by the applicant on a form prescribed by the
39 commissioner. Each application shall be accompanied by a nonrefundable
40 application fee ~~of~~ *not to exceed* \$100.

41 (e) Licenses for a viatical settlement broker license may be renewed
42 from year to year on the anniversary date upon payment of the annual
43 renewal fee ~~of~~ *not to exceed* \$50. Failure to pay the fees by the renewal

1 date results in expiration of such license.

2 (f) The applicant shall provide information on forms required by the
3 commissioner. The commissioner shall have authority, at any time, to
4 require the applicant to fully disclose the identity of all stockholders,
5 partners, officers, members and employees, and the commissioner, in the
6 exercise of the commissioner's discretion, may refuse to issue a license in
7 the name of a legal entity if not satisfied that any officer, employee,
8 stockholder, partner or member thereof who may materially influence the
9 applicant's conduct meets the standards of this act.

10 (g) A license issued to a legal entity authorizes all partners, officers,
11 members and designated employees to act as viatical settlement providers
12 or viatical settlement brokers, as applicable, under the license, and all
13 those persons shall be named in the application and any supplements to the
14 application.

15 (h) Upon the filing of an application and the payment of the license
16 fee, the commissioner shall make an investigation of each applicant and
17 issue a license if the commissioner finds that the applicant:

18 (1) If a viatical settlement provider, has provided a detailed plan of
19 operation;

20 (2) is competent and trustworthy and intends to act in good faith in
21 the capacity involved by the license applied for;

22 (3) has a good business reputation and has had experience, training or
23 education so as to be qualified in the business for which the license is
24 applied for;

25 (4) if a legal entity, provides a certificate of good standing from the
26 state of its domicile; and

27 (5) if a viatical settlement provider or viatical settlement broker, has
28 provided an anti-fraud plan that meets the requirements of ~~paragraph (g) of~~
29 K.S.A. 40-5012(g), and amendments thereto.

30 (i) The commissioner shall not issue a license to a nonresident
31 applicant, unless a written designation of an agent for service of process is
32 filed and maintained with the commissioner or the applicant has filed with
33 the commissioner, the applicant's written irrevocable consent that any
34 action against the applicant may be commenced against the applicant by
35 service of process on the commissioner.

36 (j) A viatical settlement provider or viatical settlement broker shall
37 provide to the commissioner new or revised information about officers,
38 10% or more stockholders, partners, directors, members or designated
39 employees within 30 days of the change.

40 (k) *Not later than December 1 of each year, the commissioner shall*
41 *set and publish in the Kansas register the fees required by this section for*
42 *the next calendar year.*

43 Sec. 26. K.S.A. 40-5509 is hereby amended to read as follows: 40-

1 5509. (a) An individual who has met the requirements for licensure under
2 this act shall be issued a public adjuster license. A public adjuster license
3 shall remain in effect, unless revoked, terminated or suspended, as long as
4 the request for renewal is timely submitted and a license renewal fee—of
5 *not to exceed* \$100 is paid and any other requirements for license renewal
6 are met by the due date. The licensee shall inform the commissioner by
7 any means acceptable to the commissioner of a change of address, change
8 of legal name or change of information submitted on the application within
9 30 days of the change.

10 (b) A public adjuster shall be subject to the provisions of subsection
11 ~~(9)~~ of K.S.A. 40-2404(9), and amendments thereto.

12 (c) A public adjuster who allows such person's license to lapse may,
13 within 12 months from the due date of the renewal, be issued a new public
14 adjuster license upon the commissioner's receipt of proof that the licensee
15 has satisfactorily completed the renewal process and the licensee's
16 payment of a reinstatement fee of \$100. The new public adjuster license
17 shall be effective the date the commissioner receives such proof and the
18 reinstatement fee.

19 (d) A licensed public adjuster that is unable to comply with license
20 renewal procedures due to military service, a long-term medical disability
21 or some other extenuating circumstance, may request an extension of time
22 to comply with those procedures.

23 (e) The public adjuster license shall contain the licensee's name, city
24 and state of business address, personal identification number, the date of
25 issuance, the expiration date and any other information the commissioner
26 deems necessary.

27 (f) In order to assist in the performance of the commissioner's duties,
28 the commissioner may contract with non-governmental entities, including
29 the NAIC, to perform any ministerial functions, including the collection of
30 fees and data related to licensing that the commissioner may deem
31 appropriate.

32 (g) *Not later than December 1 of each year, the commissioner shall*
33 *set and publish in the Kansas register the fee required by this section for*
34 *the next calendar year.*

35 Sec. 27. K.S.A. 40-205a, 40-218, 40-252, 40-2,133, 40-504, 40-956,
36 40-22a04, 40-2604, 40-2702, 40-3213, 40-3217, 40-3304, 40-3812, 40-
37 3813, 40-4103, 40-4116, 40-4323, 40-4334, 40-4503, 40-5003 and 40-
38 5509 and K.S.A. 2023 Supp. 40-3823, 40-3824, 40-4209, 40-4302 and 40-
39 4903 are hereby repealed.

40 Sec. 28. This act shall take effect and be in force from and after its
41 publication in the ~~statute book~~ **Kansas register**.