## House Substitute for SENATE BILL No. 336

By Committee on Judiciary

3-22

AN ACT concerning disclosure of records; relating to legislative review of
 exceptions to disclosure of public records; disclosure of names of
 voters; agency records concerning a child fatality; amending K.S.A.
 2017 Supp. 9-513c, 25-2422, 38-2212, 40-5007a, 40-5009a, 40-5012a
 and 45-229 and repealing the existing sections.

7 Be it enacted by the Legislature of the State of Kansas:

8 Section 1. K.S.A. 2017 Supp. 9-513c is hereby amended to read as 9 follows: 9-513c. (a) Notwithstanding any other provision of law, all 10 information or reports obtained and prepared by the commissioner in the 11 course of licensing or examining a person engaged in money transmission 12 business shall be confidential and may not be disclosed by the 13 commissioner except as provided in subsection (c) or (d).

(b) (1) All confidential information shall be the property of the state
of Kansas and shall not be subject to disclosure except upon the written
approval of the state bank commissioner.

(2) The provisions of this subsection shall expire on June 30, 2019,
unless the legislature acts to reenact such provisions. The provisions of this
paragraph shall be reviewed by the legislature prior to July 1, 2019.

(c) (1) The commissioner shall have the authority to share
supervisory information, including reports of examinations, with other
state or federal agencies having regulatory authority over the person's
money transmission business and shall have the authority to conduct joint
examinations with other regulatory agencies.

25 (2) (A) The requirements under any federal or state law regarding the 26 confidentiality of any information or material provided to the nationwide 27 multi-state licensing system, and any privilege arising under federal or 28 state law, including the rules of any federal or state court, with respect to 29 such information or material, shall continue to apply to such information 30 or material after the information or material has been disclosed to the system. Such information and material may be shared with all state and 31 32 federal regulatory officials with financial services industry oversight 33 authority without the loss of confidentiality protections provided by 34 federal and state laws.

35 (B) The provisions of this paragraph shall expire July 1, 2018, unless
 36 the legislature acts to reenact such provisions. The provisions of this

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1 section shall be reviewed by the legislature prior to July 1, 2018.

2 (d) The commissioner may provide for the release of information to
 3 law enforcement agencies or prosecutorial agencies or offices who shall
 4 maintain the confidentiality of the information.

5 (e) The commissioner may accept a report of examination or 6 investigation from another state or federal licensing agency, in which the 7 accepted report is an official report of the commissioner. Acceptance of an 8 examination or investigation report does not waive any fee required by this 9 act.

(f) Nothing shall prohibit the commissioner from releasing to the
 public a list of persons licensed or their agents or from releasing
 aggregated financial data on such persons.

(g) The provisions of subsection (a) shall expire on July 1, 2021,
unless the legislature acts to reauthorize such provisions. The provisions of
subsection (a) shall be reviewed by the legislature prior to July 1, 2021.

16 Sec. 2. K.S.A. 2017 Supp. 25-2422 is hereby amended to read as 17 follows: 25-2422. (a) Unauthorized voting disclosure is, while being 18 charged with any election duty, intentionally:

(1) Disclosing or exposing the contents of any ballot, whether cast in
a regular or provisional manner, or the name of any voter who cast such
ballot, except as ordered by a court of competent jurisdiction in an election
contest pursuant to K.S.A. 25-1434 et seq., and amendments thereto; or

(2) inducing or attempting to induce any voter to show how the votermarks or has marked the voter's ballot.

(b) The name of any voter who has cast a ballot shall not be disclosed
 from the time the ballot is cast until the final canvass of the election by the
 county board of canvassers.

(e)(b) Nothing in this section shall prohibit the disclosure of the names of persons who have voted advance ballots.

30 (d)(c) Nothing in this section shall prohibit authorized poll agents 31 from observing elections as authorized by K.S.A. 25-3004, 25-3005 and 32 25-3005a, and amendments thereto.

33 (e)(d) Unauthorized voting disclosure is a severity level 10,
 34 nonperson felony.

Sec. 3. K.S.A. 2017 Supp. 38-2212 is hereby amended to read as follows: 38-2212. (a) *Principle of appropriate access*. Information contained in confidential agency records concerning a child alleged or adjudicated to be in need of care may be disclosed as provided in this section. Disclosure shall in all cases be guided by the principle of providing access only to persons or entities with a need for information that is directly related to achieving the purposes of this code.

42 (b) *Free exchange of information*. Pursuant to K.S.A. 2017 Supp. 38-43 2210, and amendments thereto, the secretary and juvenile intake and assessment agencies shall participate in the free exchange of information
 concerning a child who is alleged or adjudicated to be in need of care.

3 (c) Necessary access. The following persons or entities shall have 4 access to information from agency records. Access shall be limited to 5 information reasonably necessary to carry out their lawful responsibilities, 6 to maintain their personal safety and the personal safety of individuals in 7 their care, or to educate, diagnose, treat, care for or protect a child alleged 8 to be in need of care. Information authorized to be disclosed pursuant to this subsection shall not contain information which identifies a reporter of 9 10 a child who is alleged or adjudicated to be a child in need of care.

11 (1) A child named in the report or records, a guardian ad litem 12 appointed for the child and the child's attorney.

(2) A parent or other person responsible for the welfare of a child, orsuch person's legal representative.

(3) A court-appointed special advocate for a child, a citizen reviewboard or other advocate which reports to the court.

(4) A person licensed to practice the healing arts or mental health
profession in order to diagnose, care for, treat or supervise: (A) A child
whom such service provider reasonably suspects may be in need of care;
(B) a member of the child's family; or (C) a person who allegedly abused
or neglected the child.

(5) A person or entity licensed or registered by the secretary of health
 and environment or approved by the secretary of social and rehabilitation
 services for children and families to care for, treat or supervise a child in
 need of care.

26 (6) A coroner or medical examiner when such person is determining27 the cause of death of a child.

(7) The state child death review board established under K.S.A. 22a243, and amendments thereto.

30 (8) An attorney for a private party who files a petition pursuant to 31 subsection (b) of K.S.A. 2017 Supp. 38-2233(b), and amendments thereto.

32 (9) A foster parent, prospective foster parent, permanent custodian, 33 prospective permanent custodian, adoptive parent or prospective adoptive 34 parent. In order to assist such persons in making an informed decision 35 regarding acceptance of a particular child, to help the family anticipate 36 problems which may occur during the child's placement, and to help the 37 family meet the needs of the child in a constructive manner, the secretary 38 shall seek and shall provide the following information to such person's as 39 the information becomes available to the secretary:

40 41 (A) Strengths, needs and general behavior of the child;

(B) circumstances which necessitated placement;

42 (C) information about the child's family and the child's relationship to 43 the family which may affect the placement; 1 (D) important life experiences and relationships which may affect the 2 child's feelings, behavior, attitudes or adjustment;

3 (E) medical history of the child, including third-party coverage which 4 may be available to the child; and

5 (F) education history, to include present grade placement, special 6 strengths and weaknesses.

7 (10) The state protection and advocacy agency as provided by
8 subsection (a)(10) of K.S.A. 65-5603(a)(10) or subsection (a)(2)(A) and
9 of K.S.A. 74-5515(a)(2)(A) and (B), and amendments thereto.

(11) Any educational institution to the extent necessary to enable the
 educational institution to provide the safest possible environment for its
 pupils and employees.

(12) Any educator to the extent necessary to enable the educator toprotect the personal safety of the educator and the educator's pupils.

15 (13) Any other federal, state or local government executive branch entity or any agent of such entity, having a need for such information in order to carry out such entity's responsibilities under the law to protect children from abuse and neglect.

(d) Specified access. The following persons or entities shall have
access to information contained in agency records as specified.
Information authorized to be disclosed pursuant to this subsection shall not
contain information which identifies a reporter of a child who is alleged or
adjudicated to be a child in need of care.

24 (1) Information from confidential agency records of the department 25 of social and rehabilitation services for children and families, a law enforcement agency or any juvenile intake and assessment worker of a 26 child alleged or adjudicated to be in need of care shall be available to 27 28 members of the standing house or senate committee on judiciary, house 29 committee on corrections and juvenile justice, house committee on 30 appropriations, senate committee on ways and means, legislative post audit 31 committee and any joint committee with authority to consider children's 32 and families' issues, when carrying out such member's or committee's 33 official functions in accordance with K.S.A. 75-4319, and amendments 34 thereto, in a closed or executive meeting. Except in limited conditions 35 established by  $\frac{2}{3}$  of the members of such committee, records and reports 36 received by the committee shall not be further disclosed. Unauthorized 37 disclosure may subject such member to discipline or censure from the 38 house of representatives or senate. The secretary-of social and-39 rehabilitation services for children and families shall not summarize the outcome of department actions regarding a child alleged to be a child in 40 41 need of care in information available to members of such committees.

42 (2) The secretary-of-social and rehabilitation services for children 43 and families may summarize the outcome of department actions regarding a child alleged to be a child in need of care to a person having made such
 report.

3 (3) Information from confidential reports or records of a child alleged 4 or adjudicated to be a child in need of care may be disclosed to the public 5 when:

6 (A) The individuals involved or their representatives have given 7 express written consent; or

8 (B) the investigation of the abuse or neglect of the child or the filing 9 of a petition alleging a child to be in need of care has become public 10 knowledge, provided, however, that the agency shall limit disclosure to 11 confirmation of procedural details relating to the handling of the case by 12 professionals.

(e) *Court order*. Notwithstanding the provisions of this section, a court of competent jurisdiction, after in camera inspection, may order disclosure of confidential agency records pursuant to a determination that the disclosure is in the best interests of the child who is the subject of the reports or that the records are necessary for the proceedings of the court and otherwise admissible as evidence. The court shall specify the terms of disclosure and impose appropriate limitations.

(f) (1) Notwithstanding any other provision of law to the contrary,
except as provided in paragraph-(4) (6), in the event that child abuse or
neglect results in a child fatality or near fatality, reports or records of a
child alleged or adjudicated to be in need of care received by the secretary,
a law enforcement agency or any juvenile intake and assessment worker
shall become a public record and subject to disclosure pursuant to K.S.A.
45-215, and amendments thereto.

27 (2) Within seven days of receipt of a request in accordance with the 28 procedures adopted under K.S.A. 45-220, and amendments thereto, the 29 secretary shall notify any affected individual that an open records request 30 has been made concerning such records. The secretary or any affected 31 individual may file a motion requesting the court to prevent disclosure of 32 such record or report, or any select portion thereof. Notice of the filing of 33 such motion shall be provided to all parties requesting the records or 34 reports, and such party or parties shall have a right to hearing, upon 35 request, prior to the entry of any order on such motion. If the affected 36 individual does not file such motion within seven days of notification, and 37 the secretary has not filed a motion, the secretary shall release the reports 38 or records. If such motion is filed, the court shall consider the effect such 39 disclosure may have upon an ongoing criminal investigation, a pending 40 prosecution, or the privacy of the child, if living, or the child's siblings, 41 parents or guardians, and the public's interest in the disclosure of such 42 records or reports. The court shall make written findings on the record 43 justifying the closing of the records and shall provide a copy of the journal

entry to the affected parties and the individual requesting disclosure
 pursuant to the Kansas open records act, K.S.A. 45-215 et seq., and
 amendments thereto.

4 (3) Notwithstanding the provisions of paragraph (2), in the event that 5 child abuse or neglect results in a child fatality, the secretary shall release 6 the following information in response to an open records request made 7 pursuant to the Kansas open records act, within seven business days of 8 receipt of such request, as allowed by applicable law:

(A) Age and sex of the child;

(B) date of the fatality;

11 (C) a summary of any previous reports of abuse or neglect received 12 by the secretary involving the child, along with the findings of such 13 reports; and

(D) any department recommended services provided to the child.

15 (4) Notwithstanding the provisions of paragraph (2), in the event that 16 a child fatality occurs while such child was in the custody of the secretary 17 for children and families, the secretary shall release the following 18 information in response to an open records request made pursuant to the 19 Kansas open records act, within seven business days of receipt of such 20 request, as allowed by applicable law:

21 (A) Age and sex of the child;

*(B) date of the fatality; and* 

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(C) a summary of the facts surrounding the death of the child.

(5) For reports or records requested pursuant to this subsection, the time limitations specified in this subsection shall control to the extent of any inconsistency between this subsection and K.S.A. 45-218, and amendments thereto. As used in this section, "near fatality" means an act that, as certified by a person licensed to practice medicine and surgery, places the child in serious or critical condition.

(4)(6) Nothing in this subsection shall allow the disclosure of reports,
 records or documents concerning the child and such child's biological
 parents which that were created prior to such child's adoption. Nothing
 herein is intended to require that an otherwise privileged communication
 lose its privileged character.

Sec. 4. K.S.A. 2017 Supp. 40-5007a is hereby amended to read as follows: 40-5007a. (a) (1) The commissioner may conduct an examination under this act of a licensee as often as the commissioner in such commissioner's sole discretion deems appropriate.

39 (2) For purposes of completing an examination of a licensee under 40 this act, the commissioner may examine or investigate any person, or the 41 business of any person, insofar as the examination or investigation, in the 42 sole discretion of the commissioner, is necessary or material to the 43 examination of the licensee. 1 (3) In lieu of an examination under this act of any foreign or alien 2 licensee licensed in this state, the commissioner, at the commissioner's 3 discretion, may accept an examination report on the licensee as prepared 4 by the commissioner for the licensee's state of domicile or port-of-entry 5 state.

6 (b) (1) Any person required to be licensed by this act shall for five 7 years retain copies of all:

8 (A) Proposed, offered or executed contracts, underwriting documents,
9 policy forms, and applications from the date of the proposal, offer or
10 execution of the contract, whichever is later;

(B) all checks, drafts or other evidence and documentation related to
 the payment, transfer, deposit or release of funds from the date of the
 transaction; and

14 (C) all other records and documents related to the requirements of 15 this act.

16 (2) This section shall not relieve any person licensed under this act of 17 the obligation to produce these documents and provide copies thereof to 18 the commissioner after the retention period has expired if the person has 19 retained such documents.

(3) Records required to be retained by this section must be legible and
 complete and may be retained in paper, photograph, microprocess,
 magnetic, mechanical, electronic media or by any process that accurately
 reproduces or forms a durable medium for the reproduction of a record.

(c) (1) Upon determining that an examination should be conducted,
 the commissioner shall issue an examination warrant appointing one or
 more examiners to perform the examination and instructing them as to the
 scope of the examination. The commissioner may also employ such other
 guidelines or procedures as the commissioner may deem appropriate.

29 (2) Every licensee or person from whom information is sought, its 30 officers, directors and agents shall provide to the examiners timely, 31 convenient and free access at all reasonable hours at its offices to all 32 books, records, accounts, papers, documents, assets and computer or other 33 recordings relating to the property, assets, business and affairs of the 34 licensee being examined. The officers, directors, employees and agents of 35 the licensee or person shall facilitate the examination and aid in the 36 examination so far as it is in their power to do so. The refusal of a licensee, 37 by its officers, directors, employees or agents, to submit to examination or 38 to comply with any reasonable written request of the commissioner shall 39 be grounds for suspension or refusal of, or nonrenewal of any license or 40 authority held by the licensee to engage in the viatical settlement business or other business subject to the commissioner's jurisdiction. Any 41 proceedings for suspension, revocation or refusal of any license or 42 43 authority shall be conducted pursuant to the Kansas administrative

1 procedure act.

2 (3) The commissioner shall have the power to issue subpoenas, to 3 administer oaths and to examine under oath any person as to any matter 4 pertinent to the examination. Upon the failure or refusal of a person to 5 obey a subpoena, the commissioner may petition a court of competent 6 jurisdiction, and upon proper showing, the court may enter an order 7 compelling the witness to appear and testify or produce documentary 8 evidence. Failure to obey the court order shall be punishable as contempt 9 of court.

(4) When making an examination under this act, the commissioner
may retain attorneys, appraisers, independent actuaries, independent
certified public accountants or other professionals and specialists as
examiners, the reasonable cost of which shall be borne by the licensee that
is the subject of the examination.

15 (5) Nothing contained in this act shall be construed to limit the 16 commissioner's authority to terminate or suspend an examination in order 17 to pursue other legal or regulatory action pursuant to the insurance laws of 18 this state. Findings of fact and conclusions made pursuant to any 19 examination shall be prima facie evidence in any legal or regulatory 20 action.

(6) Nothing contained in this act shall be construed to limit the commissioner's authority to use and, if appropriate, to make public any final or preliminary examination report, any examiner or licensee work papers or other documents, or any other information discovered or developed during the course of any examination in the furtherance of any legal or regulatory action—which *that* the commissioner, in such commissioner's sole discretion, may deem appropriate.

(d) (1) Examination reports shall be comprised of only facts appearing upon the books, records or other documents of the licensee, its agents or other persons examined, or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs, and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

(2) Not later than 60 days following completion of the examination, the examiner in charge shall file with the commissioner a verified written report of examination under oath. Upon receipt of the verified report, the commissioner shall transmit the report to the licensee examined, together with a notice that shall afford the licensee examined a reasonable opportunity of not more than 30 days to make a written submission or rebuttal with respect to any matters contained in the examination report.

(3) In the event the commissioner determines that regulatory action is
appropriate as a result of an examination, the commissioner may initiate
any proceedings or actions provided by law.

1 (e) (1) Names and individual identification data for all viators shall be 2 considered private and confidential information and shall not be disclosed 3 by the commissioner, unless required by law.

4 (2) Except as otherwise provided in this act, all examination reports, working papers, recorded information, documents and copies thereof 5 6 produced by, obtained by or disclosed to the commissioner or any other 7 person in the course of an examination made under this act, or in the 8 course of analysis or investigation by the commissioner of the financial 9 condition or market conduct of a licensee shall be confidential by law and 10 privileged, shall not be subject to the provisions of the Kansas open records act, K.S.A. 45-215 et seq., and amendments thereto, shall not be 11 subject to subpoena, and shall not be subject to discovery or admissible in 12 evidence in any private civil action. The commissioner is authorized to use 13 the documents, materials or other information in the furtherance of any 14 15 regulatory or legal action brought as part of the commissioner's official 16 duties.

(3) Documents, materials or other information, including, but not
limited to, all working papers, and copies thereof, in the possession or
control of the NAIC and its affiliates and subsidiaries shall be confidential
by law and privileged, shall not be subject to subpoena, and shall not be
subject to discovery or admissible in evidence in any private civil action if
they are:

(A) Created, produced or obtained by or disclosed to the NAIC and
 its affiliates and subsidiaries in the course of assisting an examination
 made under this act, or assisting a commissioner in the analysis or
 investigation of the financial condition or market conduct of a licensee; or

(B) disclosed to the NAIC and its affiliates and subsidiaries under
 paragraph (4) of subsection (e)(4) by the commissioner.

For the purposes of paragraph (2) of subsection (e)(2), the term "act" includes the law of another state or jurisdiction that is substantially similar to this act.

32 (4) Neither the commissioner nor any person that received the 33 documents, material or other information while acting under the authority 34 of the commissioner, including the NAIC and its affiliates and 35 subsidiaries, shall be permitted to testify in any private civil action 36 concerning any confidential documents, materials or information subject to 37 <del>paragraph (1) of</del> subsection (e)(1).

(5) In order to assist in the performance of the commissioner's duties,the commissioner may:

40 (A) Share documents, materials or other information, including the 41 confidential and privileged documents, materials or information subject to 42  $\frac{1}{paragraph}$  (1) of subsection (e)(1), with other state, federal and 43 international regulatory agencies, with the NAIC and its affiliates and subsidiaries, and with state, federal and international law enforcement
 authorities, provided that the recipient agrees to maintain the
 confidentiality and privileged status of the document, material,
 communication or other information;

5 (B) receive documents, materials, communications or information, 6 including otherwise confidential and privileged documents, materials or 7 information, from the NAIC and its affiliates and subsidiaries, and from 8 regulatory and law enforcement officials of other foreign or domestic 9 jurisdictions, and shall maintain as confidential or privileged any 10 document, material or information received with notice or the understanding that it is confidential or privileged under the laws of the 11 12 jurisdiction that is the source of the document, material or information; 13 and

14 (C) enter into agreements governing sharing and use of information 15 consistent with this subsection.

16 (6) No waiver of any applicable privilege or claim of confidentiality 17 in the documents, materials or information shall occur as a result of 18 disclosure to the commissioner under this section or as a result of sharing 19 as authorized in paragraph (4) of subsection (e)(4).

(7) A privilege established under the law of any state or jurisdiction
that is substantially similar to the privilege established under this
subsection shall be available and enforced in any proceeding in, and in any
court of, this state.

24 (8) Nothing contained in this act shall prevent or be construed as 25 prohibiting the commissioner from disclosing the content of an examination report, preliminary examination report or results, or any 26 matter relating thereto, to the commissioner of any other state or country, 27 28 or to law enforcement officials of this or any other state or agency of the 29 federal government at any time or to the NAIC, so long as such agency or office receiving the report or matters relating thereto agrees in writing to 30 31 hold it confidential and in a manner consistent with this act.

(9) The provisions of this subsection shall expire July 1, 2013, unless
 the legislature acts to reenact such provisions. The provisions of this section shall be reviewed by the legislature prior to July 1, 2013.

(f) (1) An examiner may not be appointed by the commissioner if the examiner, either directly or indirectly, has a conflict of interest or is affiliated with the management of or owns a pecuniary interest in any person subject to examination under this act. This section shall not be construed to automatically preclude an examiner from being:

40 (A) A viator;

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(B) an insured in a viaticated insurance policy; or

42 (C) a beneficiary in an insurance policy that is proposed to be 43 viaticated. 1 (2) Notwithstanding the requirements of this clause. the 2 commissioner may retain from time to time, on an individual basis, 3 gualified actuaries, certified public accountants or other similar individuals 4 who are independently practicing their professions, even though these 5 persons may from time to time be similarly employed or retained by 6 persons subject to examination under this act.

7 (g) Unless provided otherwise, all fees and procedures for 8 examinations under this act shall be in accordance with K.S.A. 40-223, 9 and amendments thereto.

(h) (1) No cause of action shall arise nor shall any liability be
imposed against the commissioner, the commissioner's authorized
representatives or any examiner appointed by the commissioner for any
statements made or conduct performed in good faith while carrying out the
provisions of this act.

15 (2) No cause of action shall arise, nor shall any liability be imposed 16 against any person for the act of communicating or delivering information 17 or data to the commissioner or the commissioner's authorized representative or examiner pursuant to an examination made under this act. 18 if the act of communication or delivery was performed in good faith and 19 20 without fraudulent intent or the intent to deceive. This paragraph does not 21 abrogate or modify in any way any common law or statutory privilege or 22 immunity heretofore enjoyed by any person identified in paragraph (1).

(3) A person identified in paragraph (1) or (2) shall be entitled to an
award of attorney fees and costs if such person is the prevailing party in a
civil cause of action for libel, slander or any other relevant tort arising out
of activities in carrying out the provisions of this act and the party bringing
the action was not substantially justified in doing so. For purposes of this
section a proceeding is "substantially justified" if it had a reasonable basis
in law or fact at the time that it was initiated.

(i) The commissioner may investigate suspected fraudulent viatical
 settlement acts and persons engaged in the business of viatical settlements.

32 Sec. 5. K.S.A. 2017 Supp. 40-5009a is hereby amended to read as 33 follows: 40-5009a. (a) (1) A viatical settlement provider entering into a 34 viatical settlement contract shall first obtain:

(A) If the viator is the insured, a written statement from a licensed
 attending physician that the viator is of sound mind and under no
 constraint or undue influence to enter into a viatical settlement contract;
 and

(B) a document in which the insured consents to the release of such
insured's medical records to a viatical settlement provider, viatical
settlement broker and the insurance company that issued the life insurance
policy covering the life of the insured.

43 (2) Within 20 days after a viator executes documents necessary to

transfer any rights under an insurance policy or within 20 days of entering any agreement, option, promise or any other form of understanding, expressed or implied, to viaticate the policy, the viatical settlement provider shall give written notice to the insurer that issued that insurance policy that the policy has or will become a viaticated policy. The notice shall be accompanied by the documents required by paragraph (3).

7 (3) The viatical settlement provider shall deliver a copy of the 8 medical release required under-clause (B) of paragraph (1)(B), a copy of 9 the viator's application for the viatical settlement contract, the notice 10 required under paragraph (2) and a request for verification of coverage to 11 the insurer that issued the life policy that is the subject of the viatical 12 transaction. The form for verification shall be developed by the 13 commissioner.

(4) The insurer shall respond to a request for verification of coverage
submitted on an approved form by a viatical settlement provider within 30
calendar days of the date the request is received and shall indicate whether,
based on the medical evidence and documents provided, the insurer
intends to pursue an investigation at this time regarding the validity of the
insurance contract.

20 (5) Prior to or at the time of execution of the viatical settlement 21 contract, the viatical settlement provider shall obtain a witnessed 22 document in which the viator consents to the viatical settlement contract, 23 represents that the viator has a full and complete understanding of the 24 viatical settlement contract, that such viator has a full and complete 25 understanding of the benefits of the life insurance policy, acknowledges 26 that such viator is entering into the viatical settlement contract freely and 27 voluntarily and, for persons with a terminal or chronic illness or condition, 28 acknowledges that the insured has a terminal or chronic illness and that the 29 terminal or chronic illness or condition was diagnosed after the life 30 insurance policy was issued.

(6) If a viatical settlement broker performs any of these activities
required of the viatical settlement provider, the viatical settlement provider
is deemed to have fulfilled the requirements of this section.

34 (b)-(1) All medical information solicited or obtained by any licensee 35 shall be subject to the applicable provisions of state law relating to 36 confidentiality of medical information.

37 (2) The provisions of this subsection shall expire July 1, 2013, unless
38 the legislature acts to reenact such provisions. The provisions of this
39 section shall be reviewed by the legislature prior to July 1, 2013.

40 (c) All viatical settlement contracts entered into in this state shall
41 provide the viator with an unconditional right to rescind the contract for at
42 least 15 calendar days from the receipt of the viatical settlement proceeds.
43 If the insured dies during the rescission period, the viatical settlement

contract shall be deemed to have been rescinded, subject to repayment to
 the viatical settlement provider or purchaser of all viatical settlement
 proceeds, and any premiums, loans and loan interest that have been paid
 by the viatical settlement provider or purchaser.

5 (d) The viatical settlement provider shall instruct the viator to send 6 the executed documents required to effect the change in ownership, 7 assignment or change in beneficiary directly to the independent escrow 8 agent. Within three business days after the date the escrow agent receives 9 the document, or from the date the viatical settlement provider receives the 10 documents, if the viator erroneously provides the documents directly to the provider, the provider shall pay or transfer the proceeds of the viatical 11 12 settlement into an escrow or trust account maintained in a state or federally-chartered financial institution whose deposits are insured by the 13 federal deposit insurance corporation. Upon payment of the settlement 14 15 proceeds into the escrow account, the escrow agent shall deliver the 16 original change in ownership, assignment or change in beneficiary forms to the viatical settlement provider or related provider trust. Upon the 17 18 escrow agent's receipt of the acknowledgment of the properly completed 19 transfer of ownership, assignment or designation of beneficiary from the 20 insurance company, the escrow agent shall pay the settlement proceeds to 21 the viator.

(e) Failure to tender consideration to the viator for the viatical settlement contract within the time disclosed pursuant to-clause (6) of subsection (a) of K.S.A. 2017 Supp. 40-5008(a)(6), and amendments thereto, renders the viatical settlement contract voidable by the viator for lack of consideration until the time consideration is tendered to and accepted by the viator.

28 (f) Contacts with the insured for the purpose of determining the 29 health status of the insured by the viatical settlement provider or viatical 30 settlement broker after the viatical settlement has occurred shall only be 31 made by the viatical settlement provider or viatical settlement broker 32 licensed in this state or its authorized representatives and shall be limited 33 to once every three months for insureds with a life expectancy of more 34 than one year, and to no more than once per month for insureds with a life 35 expectancy of one year or less. The viatical settlement provider or viatical 36 settlement broker shall explain the procedure for these contacts at the time 37 the viatical settlement contract is entered into. The limitations set forth in 38 this subsection shall not apply to any contacts with an insured for reasons 39 other than determining the insured's health status. Viatical settlement 40 providers and viatical settlement brokers shall be responsible for the 41 actions of their authorized representatives.

42 Sec. 6. K.S.A. 2017 Supp. 40-5012a is hereby amended to read as 43 follows: 40-5012a. (a) No person shall: 1

(1) Commit a fraudulent viatical settlement act.

(2) Knowingly or intentionally interfere with the enforcement of any
 provision of this act or any investigation of suspected or actual violations
 of this act.

5 (3) Knowingly or intentionally permit any person, employed by a 6 person in the business of viatical settlements, convicted of a felony 7 involving dishonesty or breach of trust to participate in the business of 8 viatical settlements. No person in the business of viatical settlements shall 9 knowingly or intentionally permit any person convicted of a felony 10 involving dishonesty or breach of trust to participate in the business of 11 viatical settlements.

(4) Issue, solicit, market or otherwise promote the purchase of an
insurance policy for the sole purpose of or with the primary emphasis on
settling the policy.

15 (5) Employ any device, scheme or artifice in violation of K.S.A. 40-16 450, and amendments thereto, in the solicitation, application or issuance of 17 a life insurance policy.

18 (6) Receive, when providing premium financing, any proceeds, fees 19 or other consideration from the policy or owner of the policy that are in 20 addition to the amounts required to pay the principal, interest and costs or 21 expenses incurred by the lender or borrower related to policy premiums 22 paid under the premium financing agreement, except for the event of a 23 default unless either the default on such loan or the transfer of the policy in 24 connection with such default occurs pursuant to an agreement or understanding with any other person for the purpose of evading regulation 25 26 under this act.

(b) (1) Viatical settlements, contracts and applications for viatical
settlements, regardless of the form of transmission, shall contain the
following statement or a substantially similar statement:

"Any person who knowingly presents false information in an
application for insurance or viatical settlement contract is guilty of a crime
and may be subject to fines and confinement in prison."

(2) The lack of a statement as required in paragraph (1) shall not
 constitute a defense in any prosecution for a fraudulent viatical settlement
 act.

(c) (1) Any person engaged in the business of viatical settlements
having knowledge or a reasonable belief that a fraudulent viatical
settlement act is being, will be or has been committed shall provide to the
commissioner the information required by, and in a manner prescribed by,
the commissioner.

41 (2) Any other person having knowledge or a reasonable belief that a
42 fraudulent viatical settlement act is being, will be or has been committed
43 may provide to the commissioner the information required by, and in a

1 manner prescribed by, the commissioner.

2 (d) (1) No civil liability shall be imposed on and no cause of action 3 shall arise from a person's furnishing information concerning suspected, 4 anticipated or completed fraudulent viatical settlement acts or suspected or 5 completed fraudulent insurance acts, if the information is provided to or 6 received from:

7 (A) The commissioner or the commissioner's employees, agents or 8 representatives;

9 (B) federal, state or local law enforcement or regulatory officials or 10 their employees, agents or representatives;

11 (C) any person involved in the prevention and detection of fraudulent 12 viatical settlement acts or that person's agents, employees or 13 representatives;

(D) the NAIC, national association of securities dealers, the North
 American securities administrators association, or their employees, agents
 or representatives, or other regulatory body overseeing life insurance,
 viatical settlements, securities or investment fraud; or

(E) the life insurer that issued the life insurance policy covering thelife of the insured.

20 (2) Paragraph (1) shall not apply to statements made with actual 21 malice. In an action brought against a person for filing a report or 22 furnishing other information concerning a fraudulent viatical settlement 23 act or a fraudulent insurance act, the party bringing the action shall plead 24 specifically any allegation that paragraph (1) does not apply because the 25 person filing the report or furnishing the information did so with actual 26 malice.

(3) A person identified in paragraph (1) shall be entitled to an award of attorney fees and costs if such person is the prevailing party in a civil cause of action for libel, slander or any other relevant tort arising out of activities in carrying out the provisions of this act and the party bringing the action was not substantially justified in doing so. For purposes of this section a proceeding is substantially justified if it had a reasonable basis in law or fact at the time that it was initiated.

(4) This section does not abrogate or modify common law or
statutory privileges or immunities enjoyed by a person described in
paragraph (1).

(e) (1) The documents and evidence provided pursuant to subsection
(d) of this section or obtained by the commissioner in an investigation of
suspected or actual fraudulent viatical settlement acts shall be privileged
and confidential and shall not be a public record and shall not be subject to
discovery or subpoena in a civil or criminal action.

42 (2) Paragraph (1) of this subsection shall not prohibit release by the 43 commissioner of documents and evidence obtained in an investigation of 1 suspected or actual fraudulent viatical settlement acts:

2 (A) In administrative or judicial proceedings to enforce laws 3 administered by the commissioner;

4 (B) to federal, state or local law enforcement or regulatory agencies, 5 to an organization established for the purpose of detecting and preventing 6 fraudulent viatical settlement acts or to the NAIC;

7 (C) at the discretion of the commissioner or pursuant to a court order, 8 to a person in the business of viatical settlements that is aggrieved by a 9 fraudulent viatical settlement act; or

10 (D) at the discretion of the commissioner or pursuant to a court order, 11 to a person that is aggrieved by a fraudulent viatical settlement act.

(3) Release of documents and evidence under subparagraphs (A) and
 (B) of paragraph (2) paragraphs (2)(A) and (B) of this subsection does not
 abrogate or modify the privilege granted in paragraph (1).

(4) The provisions of this subsection shall expire July 1, 2013, unless
 the legislature acts to reenact such provisions. The provisions of this section shall be reviewed by the legislature prior to July 1, 2013.

18

(f) This act shall not:

(1) Preempt the authority or relieve the duty of other law enforcement
 or regulatory agencies to investigate, examine and prosecute suspected
 violations of law;

(2) preempt, supersede or limit any provision of any state securitieslaw or any rule, order or notice issued thereunder;

(3) prevent or prohibit a person from disclosing voluntarily
 information concerning viatical settlement fraud to a law enforcement or
 regulatory agency other than the insurance department; or

(4) limit the powers granted elsewhere by the laws of this state to the
commissioner or an insurance fraud unit to investigate and examine
possible violations of law and to take appropriate action against
wrongdoers.

31 (g) Viatical settlement providers and viatical settlement brokers shall have in place antifraud initiatives reasonably calculated to detect, 32 33 prosecute and prevent fraudulent viatical settlement acts. At the discretion 34 of the commissioner, the commissioner may order, or a licensee may request and the commissioner may grant, such modifications of the 35 following required initiatives as necessary to ensure an effective antifraud 36 37 program. The modifications may be more or less restrictive than the 38 required initiatives so long as the modifications reasonably may be 39 expected to accomplish the purpose of this section. Antifraud initiatives 40 shall include:

(1) Fraud investigators, who may be viatical settlement providers or
 viatical settlement broker employees or independent contractors; and

43 (2) an antifraud plan, which that shall be submitted to the

1 commissioner. The antifraud plan shall include, but not be limited to:

(A) A description of the procedures for detecting and investigating
 possible fraudulent viatical settlement acts and procedures for resolving
 material inconsistencies between medical records and insurance
 applications;

6 (B) a description of the procedures for reporting possible fraudulent 7 viatical settlement acts to the commissioner;

8 (C) a description of the plan for antifraud education and training of 9 underwriters and other personnel; and

10 (D) a description or chart outlining the organizational arrangement of 11 the antifraud personnel who are responsible for the investigation and 12 reporting of possible fraudulent viatical settlement acts and investigating 13 unresolved material inconsistencies between medical records and 14 insurance applications; and

(3) antifraud plans submitted to the commissioner shall be privileged
 and confidential and shall not be a public record and shall not be subject to
 discovery or subpoena in a civil or criminal action.

18 Sec. 7. K.S.A. 2017 Supp. 45-229 is hereby amended to read as 19 follows: 45-229. (a) It is the intent of the legislature that exceptions to 20 disclosure under the open records act shall be created or maintained only 21 if:

(1) The public record is of a sensitive or personal nature concerningindividuals;

(2) the public record is necessary for the effective and efficientadministration of a governmental program; or

26

(3) the public record affects confidential information.

27 The maintenance or creation of an exception to disclosure must be 28 compelled as measured by these criteria. Further, the legislature finds that 29 the public has a right to have access to public records unless the criteria in 30 this section for restricting such access to a public record are met and the 31 criteria are considered during legislative review in connection with the 32 particular exception to disclosure to be significant enough to override the 33 strong public policy of open government. To strengthen the policy of open 34 government, the legislature shall consider the criteria in this section before 35 enacting an exception to disclosure.

36 (b) Subject to the provisions of subsections (g) and (h), any new 37 exception to disclosure or substantial amendment of an existing exception 38 shall expire on July 1 of the fifth year after enactment of the new 39 exception or substantial amendment, unless the legislature acts to continue the exception. A law that enacts a new exception or substantially amends 40 41 an existing exception shall state that the exception expires at the end of 42 five years and that the exception shall be reviewed by the legislature 43 before the scheduled date.

(c) For purposes of this section, an exception is substantially 1 amended if the amendment expands the scope of the exception to include 2 more records or information. An exception is not substantially amended if 3 4 the amendment narrows the scope of the exception.

5 (d) This section is not intended to repeal an exception that has been 6 amended following legislative review before the scheduled repeal of the 7 exception if the exception is not substantially amended as a result of the 8 review

9 (e) In the year before the expiration of an exception, the revisor of statutes shall certify to the president of the senate and the speaker of the 10 house of representatives, by July 15, the language and statutory citation of 11 each exception that will expire in the following year which meets the 12 criteria of an exception as defined in this section. Any exception that is not 13 identified and certified to the president of the senate and the speaker of the 14 house of representatives is not subject to legislative review and shall not 15 16 expire. If the revisor of statutes fails to certify an exception that the revisor subsequently determines should have been certified, the revisor shall 17 18 include the exception in the following year's certification after that 19 determination.

20 (f) "Exception" means any provision of law that creates an exception 21 to disclosure or limits disclosure under the open records act pursuant to 22 K.S.A. 45-221, and amendments thereto, or pursuant to any other 23 provision of law.

24 (g) A provision of law that creates or amends an exception to 25 disclosure under the open records law shall not be subject to review and expiration under this act if such provision: 26

27 28

Is required by federal law; (1)

(2) applies solely to the legislature or to the state court system;

29 (3) has been reviewed and continued in existence twice by the 30 legislature; or

31 (4) has been reviewed and continued in existence by the legislature 32 during the 2013 legislative session and thereafter.

33 (h) (1) The legislature shall review the exception before its scheduled 34 expiration and consider as part of the review process the following:

35

(A) What specific records are affected by the exception;

- 36 (B) whom does the exception uniquely affect, as opposed to the 37 general public;
- 38

(C) what is the identifiable public purpose or goal of the exception;

39 (D) whether the information contained in the records may be obtained 40 readily by alternative means and how it may be obtained;

41 (2) an exception may be created or maintained only if it serves an identifiable public purpose and may be no broader than is necessary to 42 43 meet the public purpose it serves. An identifiable public purpose is served if the legislature finds that the purpose is sufficiently compelling to
 override the strong public policy of open government and cannot be
 accomplished without the exception and if the exception:

4 5 6 (A) Allows the effective and efficient administration of a governmental program, which administration would be significantly impaired without the exception;

7 (B) protects information of a sensitive personal nature concerning 8 individuals, the release of which information would be defamatory to such 9 individuals or cause unwarranted damage to the good name or reputation 10 of such individuals or would jeopardize the safety of such individuals. 11 Only information that would identify the individuals may be excepted 12 under this paragraph; or

13 (C) protects information of a confidential nature concerning entities, 14 including, but not limited to, a formula, pattern, device, combination of 15 devices, or compilation of information which is used to protect or further a 16 business advantage over those who do not know or use it, the disclosure of 17 which information would injure the affected entity in the marketplace.

(3) Records made before the date of the expiration of an exception shall be subject to disclosure as otherwise provided by law. In deciding whether the records shall be made public, the legislature shall consider whether the damage or loss to persons or entities uniquely affected by the exception of the type specified in paragraph (2)(B) or (2)(C) would occur if the records were made public.

24 (i) (1) Exceptions contained in the following statutes as continued in 25 existence in section 2 of chapter 126 of the 2005 Session Laws of Kansas and that have been reviewed and continued in existence twice by the 26 27 legislature as provided in subsection (g) are hereby continued in existence: 28 1-401, 2-1202, 5-512, 9-1137, 9-1712, 9-2217, 10-630, 11-306, 12-189, 29 12-1,108, 12-1694, 12-1698, 12-2819, 12-4516, 16-715, 16a-2-304, 17-1312e, 17-2227, 17-5832, 17-7511, 17-7514, 17-76,139, 19-4321, 21-30 2511, 22-3711, 22-4707, 22-4909, 22a-243, 22a-244, 23-605, 23-9,312, 31 25-4161, 25-4165, 31-405, 34-251, 38-2212, 39-709b, 39-719e, 39-934, 32 33 39-1434, 39-1704, 40-222, 40-2, 156, 40-2c20, 40-2c21, 40-2d20, 40-2d21, 40-409, 40-956, 40-1128, 40-2807, 40-3012, 40-3304, 40-3308, 40-3403b, 34 40-3421, 40-3613, 40-3805, 40-4205, 44-510j, 44-550b, 44-594, 44-635, 35 36 44-714, 44-817, 44-1005, 44-1019, 45-221(a)(1) through (43), 46-256, 46-37 259, 46-2201, 47-839, 47-844, 47-849, 47-1709, 48-1614, 49-406, 49-427, 38 55-1,102, 58-4114, 59-2135, 59-2802, 59-2979, 59-29b79, 60-3333, 60-39 3336, 65-102b, 65-118, 65-119, 65-153f, 65-170g, 65-177, 65-1,106, 65-1,113, 65-1,116, 65-1,157a, 65-1,163, 65-1,165, 65-1,168, 65-1,169, 65-40 41 1,171, 65-1,172, 65-436, 65-445, 65-507, 65-525, 65-531, 65-657, 65-42 1135, 65-1467, 65-1627, 65-1831, 65-2422d, 65-2438, 65-2836, 65-2839a, 43 65-2898a, 65-3015, 65-3447, 65-34,108, 65-34,126, 65-4019, 65-4922,

65-4925, 65-5602, 65-5603, 65-6002, 65-6003, 65-6004, 65-6010, 65-1 2 67a05, 65-6803, 65-6804, 66-101c, 66-117, 66-151, 66-1,190, 66-1,203, 3 66-1220a, 66-2010, 72-996, 72-4311, 72-4452, 72-5214, 72-53,106, 72-5427, 72-8903, 73-1228, 74-2424, 74-2433f, 74-4905, 74-4909, 74-4 50,131, 74-5515, 74-7308, 74-7338, 74-8104, 74-8307, 74-8705, 74-8804, 5 6 74-9805, 75-104, 75-712, 75-7b15, 75-1267, 75-2943, 75-4332, 75-4362, 7 75-5133, 75-5266, 75-5665, 75-5666, 75-7310, 76-355, 76-359, 76-493, 8 76-12b11, 76-3305, 79-1119, 79-1437f, 79-3234, 79-3395, 79-3420, 79-9 3499, 79-34,113, 79-3614, 79-3657, 79-4301 and 79-5206.

10 (2) Exceptions contained in the following statutes as certified by the 11 revisor of statutes to the president of the senate and the speaker of the 12 house of representatives pursuant to subsection (e) and that have been 13 reviewed during the 2015 legislative session and continued in existence by 14 the legislature as provided in subsection (g) are hereby continued in 15 existence: 17-2036, 40-5301, 45-221(a)(45), (46) and (49), 48-16a10, 58-16 4616, 60-3351, 72-972a, 74-50,217 and 75-53,105.

(j) (1) Exceptions contained in the following statutes as continued in
existence in section 1 of chapter 87 of the 2006 Session Laws of Kansas
and that have been reviewed and continued in existence twice by the
legislature as provided in subsection (g) are hereby continued in existence:
1-501, 9-1303, 12-4516a, 39-970, 65-525, 65-5117, 65-6016, 65-6017 and
74-7508.

(2) Exceptions contained in the following statutes as certified by the
revisor of statutes to the president of the senate and the speaker of the
house of representatives pursuant to subsection (e) during 2015 and that
have been reviewed during the 2016 legislative session are hereby
continued in existence: 12-5611, 22-4906, 22-4909, 38-2310, 38-2311, 382326, 40-955, 44-1132, 45-221(a)(10)(F) and (a)(50), 60-3333, 65-4a05,
65-445(g), 65-6154, 71-218, 75-457, 75-712c, 75-723 and 75-7c06.

30 (k) Exceptions contained in the following statutes as certified by the 31 revisor of statutes to the president of the senate and the speaker of the 32 house of representatives pursuant to subsection (e) and that have been 33 reviewed during the 2014 legislative session and continued in existence by 34 the legislature as provided in subsection (g) are hereby continued in 35 existence: 1-205, 2-2204, 8-240, 8-247, 8-255c, 8-1324, 8-1325, 12-36 17,150, 12-2001, 17-12a607, 38-1008, 38-2209, 40-5006, 40-5108, 41-37 2905, 41-2906, 44-706, 44-1518, 45-221(a)(44), (45), (46), (47) and (48), 38 50-6a11, 56-1a610, 56a-1204, 65-1,243, 65-16,104, 65-3239, 74-50,184, 39 74-8134, 74-99b06, 77-503a and 82a-2210.

(1) Exceptions contained in the following statutes as certified by the
revisor of statutes to the president of the senate and the speaker of the
house of representatives pursuant to subsection (e) during 2016 and that
have been reviewed during the 2017 legislative session are hereby

1 continued in existence: 12-5711, 21-2511, 22-4909, 38-2313, 45-221(a) 2 (51) and (52), 65-516, 65-1505, 74-2012, 74-5607, 74-8745, 74-8752, 74-3 8772, 75-7d01, 75-7d05, 75-5133, 75-7427 and 79-3234.

4 (m) Exceptions contained in the following statutes as certified by the 5 revisor of statutes to the president of the senate and the speaker of the house of representatives pursuant to subsection (e) during 2012 and that 6 7 have been reviewed during the 2013 legislative session and continued in existence by the legislature as provided in subsection (g) are hereby 8 continued in existence: 12-5811, 40-222, 40-223j, 40-5007a, 40-5009a, 9 40-5012a, 65-1685, 65-1695, 65-2838a, 66-1251, 66-1805, 72-60c01, 75-10 712 and 75-5366. 11

12 (*n*) Exceptions contained in the following statutes as certified by the 13 revisor of statutes to the president of the senate and the speaker of the 14 house of representatives pursuant to subsection (e) and that have been 15 reviewed during the 2018 legislative session are hereby continued in 16 existence: 9-513c(c)(2), 39-709, 45-221(a)(26), (53) and (54), 65-6832, 17 65-6834, 75-7c06 and 75-7c20.

18 Sec. 8. K.S.A. 2017 Supp. 9-513c, 25-2422, 38-2212, 40-5007a, 4019 5009a, 40-5012a and 45-229 are hereby repealed.

20 Sec. 9. This act shall take effect and be in force from and after its 21 publication in the statute book.