AN ACT concerning environmental, social and governance standards involving contracts, investments and business practices; relating to ideological boycotts or other discriminatory conduct; enacting the Kansas protection of pensions and businesses against ideological interference act; directing the board of trustees of the Kansas public employees retirement system to divest from investments with entities engaged in ideological boycotts; establishing conditions and procedures for divestment; requiring the state treasurer to publish a list of financial companies and financial institutions engaged in ideological boycotts; authorizing the state treasurer to disqualify listed financial institutions from receiving deposit of state moneys; prohibiting governmental contracts without written verification that a contractor is not engaged in ideological boycotts; directing fiduciaries of governmental plans that provide retirement benefits, defer employee income or invest taxpayer moneys to act only in the financial interest of such plans; requiring registered investment advisers to make certain disclosures to clients and obtain written consent of clients prior to investing client funds in investments engaged in ideological boycotts; providing for civil and criminal penalties; amending K.S.A. 75-4208 and K.S.A. 2022 Supp. 40-2404 and repealing the existing sections.

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

New Section 1. (a) The provisions of sections 1 through 29, and amendments thereto, shall be known and may be cited as the Kansas protection of pensions and businesses against ideological interference act.

(b) As used in this act:

(1) "Act" means the Kansas protection of pensions and businesses against ideological interference act.

(2) "Banking contract" means a contract entered into by the treasurer or the pooled money investment board and a financial institution pursuant to article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto, to receive deposit of state moneys in operating accounts or investment accounts.

(3) "Board" means the board of trustees of the Kansas public employees retirement system.

(4) "Company" means any organization, association, corporation,
partnership, joint venture, limited partnership, limited liability partnership, limited liability company or other entity of business association, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of such entities or business associations that exists for the purpose of making a profit.

(5) "Direct holdings" means, with respect to a financial company, all securities of that financial company held directly by the system in an account or fund in which the system owns all shares or interests.

(6) "Financial company" means a publicly traded financial services, banking or investment company.

(7) "Financial institution" means a bank, national banking association, trust company, savings and loan association, building and loan association, mutual savings bank, credit union, payment processor or savings bank.

(8) "Financial services company" means a financial institution, insurance company or other company that provides investment services.

(9) "Fossil fuels" means coal, natural gas or oil.

(10) "Governmental entity" means:

(A) The state of Kansas or any political subdivision thereof, including, but not limited to, any county, city, municipality, agency, airport authority, community mental health center, drainage district, groundwater management district, hospital district, housing authority, metropolitan transit authority, port authority, public building commission, rural water district, school district or township; or

(B) any school, college, university, administration, authority or other enterprise operated by the state or any political subdivision thereof.

(11) "Governmental plan" means any plan, fund or program that is established, provided or maintained by a governmental entity to:

(A) Provide retirement income or other retirement benefits to employees or former employees;

(B) defer income by employees for a period of time extending to the termination of covered employment or beyond; or

(C) invest taxpayer money for any purpose.

(12) "Ideological boycott" means, without an ordinary business purpose, refusing to deal with, refusing or limiting investment in, terminating business activities with or otherwise taking any commercial action that is intended to penalize, inflict economic harm on, limit commercial relations with or change or limit the activities of a company because the company, without violating controlling state or federal law:

(A) Engages in the exploration, production, utilization, transportation, sale or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law;
(B) engages in the exploration, production, utilization, transportation, sale or manufacturing of nuclear energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law;
(C) engages in production of agriculture;
(D) engages in production of lumber;
(E) engages in mining;
(F) engages in the exploration, production, utilization, transportation, sale or manufacturing of any other natural resource;
(G) emits greenhouse gases or does not disclose or offset such greenhouse gas emissions;
(H) engages, facilitates or supports the manufacture, import, distribution, marketing, advertising, lawful use or sale of firearms, ammunition or component parts and accessories of firearms or ammunition;
(I) does not meet, is not expected to meet or does not commit to meet environmental standards or disclosure criteria, in particular to eliminate, reduce, offset or disclose greenhouse gas emissions;
(J) is governed by a corporate board or other officers whose race, ethnicity, sex or sexual orientation meets or does not meet any criterion;
(K) does not facilitate or assist employees in obtaining abortions, assisted suicide or gender reassignment services; or
(L) engages with, facilitates, employs, supports, does business with, represents or advocates for any company described by any of subparagraphs (A) through (K).

(13) "Indirect holdings" means, with respect to a financial company, all securities of that financial company held in an account or fund, such as a mutual fund, managed by one or more persons not employed by the system, which owns shares or interests together with other investors not subject to the provisions of this act. "Indirect holdings" does not include money invested under a plan described by sections 401(k) or 457 of the federal internal revenue code.

(14) "Insurance company" means the same as defined in K.S.A. 40-201, and amendments thereto.

(15) "Listed financial company" means a financial company listed by the treasurer pursuant to section 7, and amendments thereto.

(16) "Natural resources" means fossil fuels, minerals, metal ores or any other nonrenewable or finite resource that cannot be readily replaced by natural means with the speed at which it is consumed.

(17) "Nonpecuniary factor" means any factor intended to further or promote any environmental, governance, ideological, political, social or other nontraditional goal or standard.

(18) (A) "Ordinary business purpose" means any purpose directly related to:
(i) Promoting the financial success or stability of a financial institution;
(ii) mitigating risk to a financial institution;
(iii) complying with legal or regulatory requirements; or
(iv) limiting liability of a financial institution.

(B) "Ordinary business purpose" does not mean any purpose to further social, political or ideological interests. A company may reasonably be determined to have taken an action or considered a factor with the purpose to further social, political or ideological interests based upon evidence indicating that such a purpose is included in, but not limited to:
(i) Branding, advertising, statements, explanations, reports, letters to clients, communications with portfolio companies, statements of principles or commitments; or
(ii) participating in, affiliation with or status as a signatory to any coalition, initiative, joint statement of principles or agreement.

(19) "Person" means any natural person, partnership, association, joint stock company, trust or corporation.

(20) "Registered investment adviser" means an investment adviser that provides financial or investment advice to clients and is registered either with the United States securities and exchange commission or with the state of Kansas under the Kansas uniform securities act, or both.

(21) "Restricted financial institution" means a financial institution included in the most recently updated restricted financial institution list.

(22) "Restricted financial institution list" means the list of financial institutions prepared, maintained and published by the treasurer pursuant to section 15, and amendments thereto.

(23) "Security" means any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights, any put, call, straddle, option or privilege on any security, including a certificate of deposit, or on any group or index of securities, including any interest therein or based on the value thereof, or any put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency or, in general, any interest or instrument commonly known as a "security," or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any of the foregoing.

(24) "Social credit score" means any rating, scoring, analysis, assessment, list, standard, guidance, criterion or tabulation that includes, without violating controlling state or federal law, a negative assessment of
whether a person is engaging in any of the following lawful activities within this state:

(A) Not committing or pledging to meet environmental standards beyond applicable state or federal law in the exploration, production, utilization, transportation, sale or manufacturing of fossil fuel-based energy, nuclear energy, agriculture, timber, mining or any other natural resource;

(B) the emitting of greenhouse gases or refusing to disclose, reduce or offset such greenhouse gas emissions;

(C) not meeting, not expecting to meet or not committing to meet any environmental goals, including emissions, standards or disclosures;

(D) not meeting, not expecting to meet or not committing to meet any corporate board or company employment composition goals, including standards or disclosures based upon characteristics protected under K.S.A. 44-1001 et seq., and amendments thereto;

(E) the manufacturing, distribution or sale of firearms, firearms accessories, ammunition or ammunition components;

(F) the governing of a corporate board or other officers whose race, ethnicity, sex or sexual orientation meets or does not meet any criterion;

(G) refusing to facilitate or assist employees in obtaining abortions, assisted suicide or gender reassignment services;

(H) exercising such person's freedom of speech as protected by either the first amendment to the constitution of the United States or section 11 of the Kansas bill of rights, if the financial services company were considered to be a state actor, including the person's political opinions, political speech, political donations, political affiliations or other expressive activities;

(I) exercising such person's free exercise of religion as protected by any of the first amendment to the constitution of the United States, the federal religious freedom restoration act of 1993, section 7 of the Kansas bill of rights or the Kansas preservation of religious freedom act, if the financial services company were considered to be a state actor, including all aspects of the person's religious observance and practice, as well as belief and affiliation; or

(J) engaging with, facilitating of, employing by, supporting of, doing business with, representing of or advocating for any person who does business with a person described by subparagraphs (A) through (I).

(25) "System" means the Kansas public employees retirement system.

(26) "Treasurer" means the state treasurer.

New Sec. 2. With respect to actions taken in compliance with this act, including all good faith determinations regarding financial companies as required by this act and any reliance on such good faith determinations, the state, the board, the system and the treasurer are exempt from any
conflicting statutory or common law obligations, including any obligations with respect to making investments, divesting from any investment, preparing or maintaining any list of financial companies or choosing asset managers, investment funds or investments for the system's securities portfolios.

New Sec. 3. In a cause of action based on an action, inaction, decision, divestment, investment, financial company communication, report or other determination made or taken in compliance with this act, without regard to whether the person performed services for compensation, the state shall indemnify and hold harmless for actual damages, court costs and attorney fees adjudged against, and defend:

(a) An employee, a member of the board or any other officer of the system;
(b) a contractor of the system;
(c) a former employee, a former member of the board or any other former officer of the system who was an employee, member of the board or other officer when the act or omission occurred on which the damages are based;
(d) a former contractor of the system who was a contractor when the act or omission occurred on which the damages are based; and
(e) the system.

New Sec. 4. (a) A person, including a member, retiree or beneficiary of the system, an association, a research firm, a financial company or any other person may not sue or pursue a private cause of action against the state, the board, the system or the treasurer for any claim or cause of action, including breach of fiduciary duty, or for violation of any constitutional, statutory or regulatory requirement in connection with any action, inaction, decision, divestment, investment, financial company communication, report or other determination made or taken in compliance with this act.
(b) A person who files suit against the state, the board, the system or the treasurer in violation of this section is liable for paying the costs and attorney fees of the party sued in violation of this section.

New Sec. 5. (a) No person, company or governmental entity shall take action to penalize or threaten to penalize any financial institution or financial company for complying with this act.
(b) Any party taking such action shall have caused harm to the state by interfering with the state's sovereign interests in administering the state's programs, the state's commercial relationship with financial institutions and the financial companies of this state.

New Sec. 6. The treasurer and the board may rely on a financial company's response to a notice or communication made under this act without conducting any further investigation, research or inquiry.
New Sec. 7. (a) The treasurer shall prepare, maintain and provide to the board a list of all financial companies that engage in ideological boycotts. Such list shall be known as the restricted financial company list. In maintaining the list, the treasurer may:

(1) Review and rely on publicly available information regarding financial companies, as appropriate in the treasurer's sole discretion, including information provided by the state, nonprofit organizations, research firms, international organizations and governmental entities; and

(2) request written verification from a financial company that such company does not engage in ideological boycotts.

(b) A financial company that fails to provide to the treasurer a written verification under subsection (a)(2) before the 31st day after receiving the request from the treasurer is presumed to be engaged in an ideological boycott.

(c) In determining whether to include a financial company on the restricted financial company list, the treasurer shall consider, but not be limited to, the following:

(1) A financial company's certification that it is not engaged in ideological boycotts;

(2) publicly available statements or information made by the financial company, including statements by a member of such financial company's governing body, an executive director of the financial company or any other officer or employee of the financial company with the authority to issue policy statements on behalf of such financial company; and

(3) information published by a state or federal governmental entity.

(d) In determining whether to include a financial company on the restricted financial company list, the treasurer shall not rely solely on the following:

(1) Statements or complaints by a boycotted company; or

(2) media reports of a financial company's ideological boycott.

(e) A financial company shall not be compelled to produce or disclose any data or information deemed confidential, privileged or otherwise protected from disclosure by state or federal law.

(f) For any financial company that the treasurer determines is engaged in an ideological boycott, the treasurer shall send a written notice to such financial company at least 45 days prior to including such financial company on the restricted financial company list. Such written notice shall state that:

(1) The treasurer has determined that the financial company is a restricted financial company;

(2) the financial company will be placed on the restricted financial company list in 45 days unless, within 30 days following receipt of the written notice, the restricted financial company demonstrates that such
financial company is not engaged in an ideological boycott; and

(3) such restricted financial list is published on the treasurer's website and sent to the board, the president of the senate, the speaker of the house of representatives and the attorney general.

(g) Following a restricted financial company's inclusion on the restricted financial company list, the treasurer shall remove such financial company from such list if the financial company demonstrates that such financial company has ceased all ideological boycotts.

(h) The treasurer shall update the list annually or more often as the treasurer considers necessary, but not more often than quarterly, based on information from sources listed in subsection (a), among other sources.

(i) Not later than the 30th day after the date the list of financial companies that engage in ideological boycotts is first provided to the board or updated, the treasurer shall file the list with the president of the senate, the speaker of the house of representatives and the attorney general and post the list on the treasurer's website in a location that is easily accessible to the public. The treasurer shall include at the top of such list a citation to this section, a brief summary of the purpose of the list and a statement that inclusion on the list is not an indication of unsafe or unsound operating conditions of any financial institution or any risk of consumer deposits.

New Sec. 8. Not later than the 30th day after the date the board receives the list provided under section 7, and amendments thereto, the board shall notify the treasurer of the listed financial companies in which the system owns direct holdings or indirect holdings.

New Sec. 9. (a) For each listed financial company identified under section 8, and amendments thereto, the board shall send a written notice:

(1) Informing the financial company of its status as a listed financial company;

(2) warning the financial company that it may become subject to divestment by the board after the expiration of the period prescribed by subsection (b); and

(3) offering the financial company the opportunity to clarify its activities related to companies prescribed by section 1(b)(4), and amendments thereto.

(b) Not later than the 90th day after the date the financial company receives notice under subsection (a), the financial company shall cease engaging in ideological boycotts in order to avoid divestment by the board.

(c) If, during the time provided by subsection (b), the financial company ceases engaging in ideological boycotts, the treasurer shall remove the financial company from the list maintained under section 7, and amendments thereto. In which case, the provisions of this act shall no longer apply to such financial company unless such financial company resumes engaging in ideological boycotts.
(d) If, after the time provided by subsection (b) expires, the financial company continues to engage in ideological boycotts, the board shall sell, redeem, divest or withdraw all publicly traded securities of the financial company, except securities described by section 11, and amendments thereto, according to the schedule provided by section 10, and amendments thereto.

New Sec. 10. (a) When the board is required to sell, redeem, divest or withdraw all publicly traded securities of a listed financial company, the board shall comply with the following schedule:

(1) At least 50% of those assets shall be removed from the system's assets under management not later than the 180th day after the date the financial company receives notice under section 9, and amendments thereto, or subsection (b) unless the board determines that a later date is more prudent, based on a good faith exercise of the board's fiduciary discretion and subject to paragraph (2); and

(2) 100% of such assets shall be removed from the system's assets under management not later than the 360th day after the date the financial company receives notice under section 9, and amendments thereto, or subsection (b).

(b) If a financial company that ceased engaging in ideological boycotts after receiving notice under section 9, and amendments thereto, resumes such financial company's boycott, the board shall send a written notice to the financial company informing such financial company that the board will sell, redeem, divest or withdraw all publicly traded securities of the financial company according to the schedule in subsection (a).

(c) Except as provided by subsection (a), the board may delay the schedule for divestment under such subsection only to the extent that the board determines, in the board's good faith judgment and consistent with the board's fiduciary duty, that divestment from listed financial companies will likely result in a loss in value or a benchmark deviation as provided by section 12(b), and amendments thereto. If the board delays the schedule for divestment, the board shall submit a report to the treasurer, the president of the senate, the speaker of the house of representatives and the attorney general stating the reasons and justification for the board's delay in divestment from listed financial companies. The report shall include documentation supporting the board's determination that the divestment would result in a loss in value or a benchmark deviation as provided by section 12(b), and amendments thereto, including objective numerical estimates. The board shall update the report every six months.

New Sec. 11. The board is also required to divest from any indirect holdings in actively or passively managed investment funds or private equity funds containing listed financial companies. The board shall submit letters to the managers of each investment fund containing listed financial
companies requesting that they remove such financial companies from the fund or create a similar actively or passively managed fund with indirect holdings devoid of listed financial companies. If a manager creates a similar fund with substantially the same management fees and substantially the same level of investment risk and anticipated return, the board may replace all applicable investments with investments in the similar fund in a time frame consistent with prudent fiduciary standards but not later than the 450th day after the date the fund is created. If a manager does not create such similar fund, the board shall divest from such indirect holdings in actively or passively managed investment funds or private equity funds.

New Sec. 12. (a) Except as provided by this section, the system may not acquire securities of a listed financial company.

(b) The board may cease divesting from one or more listed financial companies only if clear and convincing evidence shows that:

(1) The system has suffered or will suffer a greater than 25% loss in the hypothetical value of all assets under management by the system as a result of having to divest from listed financial companies under this act; or

(2) an individual portfolio that uses a benchmark-aware strategy would be subject to an aggregate expected deviation from its benchmark of greater than 25% as a result of having to divest from listed financial companies under this act.

(c) The board may cease divesting from a listed financial company as provided by this section only to the extent necessary to ensure that the system does not suffer a loss in value or deviate from its benchmark as described by subsection (b).

(d) Before the board may cease divesting from a listed financial company under this section, the board shall provide a written report to the treasurer, the president of the senate, the speaker of the house of representatives and the attorney general stating the reason and justification, supported by clear and convincing evidence, for deciding to cease divestment or to remain invested in a listed financial company.

(e) The board shall update the report required by subsection (d) semiannually, as applicable.

(f) This section does not apply to reinvestment in a financial company that is no longer a listed financial company.

New Sec. 13. Not later than the first day of the regular session of the legislature, each year, the board shall file a report with the treasurer, the president of the senate, the speaker of the house of representatives and the attorney general that:

(a) Identifies all securities sold, redeemed, divested or withdrawn in compliance with section 10, and amendments thereto;

(b) identifies all prohibited investments under section 12, and
amendments thereto; and
(c) summarizes any changes made under section 11, and amendments thereto.

New Sec. 14. The attorney general may bring any action necessary to enforce the provisions of sections 1 through 14, and amendments thereto, and to investigate potential violations of sections 1 through 14, and amendments thereto.

New Sec. 15. (a) On or before July 1, 2024, the treasurer shall prepare and maintain a list of financial institutions that are engaged in ideological boycotts.
(b) The treasurer shall post the list, designated as a restricted financial institutions list, on the treasurer's website and submit a copy of such list to the governor, the attorney general, the president of the senate and the speaker of the house of representatives.
(c) The treasurer shall include a citation to this section and a brief summary of the purpose of the list at the top of such list, including a statement that inclusion on the list is not an indication of unsafe or unsound operating conditions of any financial institution or any risk of consumer deposits.
(d) The treasurer shall update the restricted financial institution list annually and may update such list more frequently as the treasurer deems necessary.

New Sec. 16. (a) The treasurer shall send a written notice to a financial institution 45 days prior to including such financial institution on the restricted financial institution list. Such written notice shall provide that:
(1) The treasurer has determined that the financial institution is a restricted financial institution;
(2) the financial institution will be placed on the restricted financial institution list in 45 days unless, within 30 days following receipt of the written notice, the restricted financial institution demonstrates that such financial institution is not engaged in ideological boycotts;
(3) such restricted financial institution list is published on the treasurer's website; and
(4) the financial institution's placement on the list may render such financial institution ineligible to enter into or renew any banking contracts with the state of Kansas.
(b) Following a restricted financial institution's inclusion on the restricted financial institution list, the treasurer shall remove such financial institution from such list if the financial institution demonstrates that such financial institution has ceased engaging in ideological boycotts.

New Sec. 17. (a) In determining whether to include a financial institution on the restricted financial institution list, the treasurer shall
consider, but not be limited to, the following:
(1) A financial institution's certification that it is not engaged in ideological boycotts;
(2) publicly available statements or information made by the financial institution, including statements by a member of such financial institution's governing body, an executive director of the financial institution or any other officer or employee of the financial institution with the authority to issue policy statements on behalf of such financial institution; or
(3) information published by a state or federal governmental entity.
(b) In determining whether to include a financial institution on the restricted financial institution list, the treasurer shall not rely solely on the following:
(1) Statements or complaints by a boycotted company; or
(2) media reports of a financial institution's engaging in ideological boycotts.
(c) A financial institution shall not be compelled to produce or disclose any data or information deemed confidential, privileged or otherwise protected from disclosure by state or federal law.

New Sec. 18. Notwithstanding any provision of article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto, to the contrary, the treasurer is authorized to:
(a) Disqualify a financial institution on the restricted financial institution list from the awarding of an agreement to receive deposit of state moneys in operating accounts or investment accounts in accordance with K.S.A. 75-4205 or 75-4209, and amendments thereto, or from any other official selection process to enter into a banking contract with the state;
(b) refuse to enter into a banking contract with a restricted financial institution based on such financial institution's inclusion on the restricted financial institution list; and
(c) require, as a provision of any banking contract commencing on or after July 1, 2024, an agreement by the financial institution not to engage in ideological boycotts for the duration of the contract.

New Sec. 19. A public agency, public official, public employee or member or employee of a financial institution shall be immune from liability with respect to actions taken in compliance with this act.

New Sec. 20. (a) Except as provided in subsection (b), the provisions of this act shall apply to all contracts for deposit of state moneys for terms commencing on or after July 1, 2024, and shall not apply to contracts for terms ending prior to July 1, 2024.
(b) The provisions of sections 15 through 19, and amendments thereto, shall apply only to financial institutions with total assets of $20,000,000,000 or greater.

New Sec. 21. (a) This section shall apply only to a contract that:
(1) Is between a governmental entity and a company with 10 or more full-time employees; and
(2) has a value of $100,000 or more that is to be paid wholly or partly from public funds of the governmental entity.
(b) Except as provided in subsection (c), a governmental entity shall not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that such company:
(1) Does not engage in ideological boycotts; and
(2) will not engage in ideological boycotts during the term of the contract.
(c) The provisions of subsection (b) shall not apply to a contract if the governmental entity determines and documents that the goods or services are not otherwise available on commercially reasonable terms or if subsection (b) is determined to be inconsistent with the governmental entity's constitutional or statutory duties.
(d) The provisions of this section shall apply to all contracts entered into on or after July 1, 2023. A contract entered into before such date is governed by the law in effect on the date the contract was entered into, and the former law is continued in effect for that purpose.

New Sec. 22. (a) A fiduciary shall discharge the fiduciary's duties with respect to a governmental plan solely in the financial interest of the participants and beneficiaries of the governmental plan for the exclusive purpose of providing financial benefit to the participants and beneficiaries, defraying reasonable expenses of administering the governmental plan.
(b) A fiduciary shall only consider pecuniary factors when evaluating an investment or otherwise discharging such fiduciary's duties with respect to a governmental plan. A fiduciary shall not consider any nonpecuniary factors when evaluating an investment or discharging such fiduciary's duties with respect to a governmental plan.
(c) A fiduciary may reasonably be determined to have considered nonpecuniary factors based upon evidence indicating an intent to further an ideological boycott through portfolio company engagement, board or shareholder votes or otherwise as a fiduciary. Such evidence may include, but not be limited to:
(1) Branding, advertising, statements, explanations, reports, letters to clients, communications with portfolio companies, statements of principles or commitments; or
(2) participation in, affiliation with or status as a signatory to, any coalition, initiative, joint statement of principles or agreement.

New Sec. 23. (a) A governmental entity that establishes, maintains or manages a governmental plan shall not grant proxy voting authority to any person who is not a part of the governmental entity, unless such person
follows guidelines consistent with the governmental entity's obligation to consider only pecuniary factors.

(b) Any shares held directly or indirectly by a governmental plan shall be voted only in the financial interest of the governmental plan. Such shares shall not be voted to further nonpecuniary factors. No governmental plan assets shall be entrusted to any fiduciary that engages with companies or commits voting shares based upon nonpecuniary factors.

(c) A fiduciary or governmental entity administering a governmental plan shall not adopt a practice of following the recommendations of a proxy advisory firm or other service provider unless the proxy advisory firm's or the service provider's voting guidelines are consistent with the fiduciary's or governmental entity's obligation to act only on pecuniary factors.

(d) Unless no economically practicable alternative is available, governmental plan public retirement system assets shall not be entrusted to a fiduciary, unless that fiduciary has a practice of, and in writing commits to, following guidelines when engaging with portfolio companies and voting shares or proxies that match the governmental entity's obligation to act solely upon pecuniary factors.

(e) All proxy votes shall be tabulated and reported annually to the board. For each vote, the report shall contain a vote caption, the plan's vote, the recommendation of company management and, if applicable, the proxy advisor's recommendation. Such reports shall be posted on the system's website for review by the public.

(f) The provisions of sections 21 through 23, and amendments thereto, or any contract subject to the provisions of sections 21 through 23, and amendments thereto, may be enforced by the attorney general. The attorney general may investigate possible violations of sections 21 through 23, and amendments thereto, according to the investigative authority provided in K.S.A. 50-631, and amendments thereto.

(g) In addition to any other remedies available at law or equity, a company who serves as a fiduciary and who violates the provisions of sections 21 through 23, and amendments thereto, shall be obligated to pay damages to the governmental entity in an amount equal to three times all moneys paid to the company by the governmental entity for the company's services.

New Sec. 24. (a) To provide fair access to financial services, a financial services company shall not:

(1) Discriminate in the provision of financial services against a person based on the person's social credit score, including by refusing to provide a person new or ongoing financial services of any kind, refraining from continuing to provide a person existing financial services, terminating a person's existing financial services or refusing to make each
financial service such financial services company offers to all persons in
the geographic market served by the financial services company on a
nondiscriminatory basis;
(2) agree, conspire or coordinate, directly or indirectly, including
through any intermediary or third party, with another company or group of
companies, to discriminate in the provision of financial services against a
person based on the person's social credit score, including by refusing to
provide a person new or ongoing financial services of any kind, refraining
from continuing to provide a person existing financial services, 
terminating a person's existing financial services, or deny any person a
financial service such financial services company offers except to the
extent justified by such person's documented failure to meet quantitative,
impartial risk-based financial standards established in advance by such
financial services company;
(3) deny any person a financial service such financial services
company offers, other than as provided by paragraph (2), when the effect
of the denial is to prevent, limit or otherwise disadvantage the person:
(A) From entering or competing in a market or business segment; or
(B) in such a way that benefits another person or business activity in
which the financial services company has a financial interest; and
(4) deny, in coordination with others, any person a financial service
such financial services company offers.
New Sec. 25. (a) A financial services company shall not utilize
standards or guidelines based on nonfinancial or ideological criteria,
including the criteria constituting an ideological boycott as defined in
section 1, and amendments thereto, in determining whether or not to
provide any financial service to a person or company.
(b) A financial services company shall disclose to any person or
company denied a financial service with the specific data, information,
criteria and standard used to support such denial. Such disclosure shall be
provided in writing in bold 14-point font.
New Sec. 26. (a) (1) Except as provided in paragraph (2), a financial
services company that violates the provisions of sections 24 through 27,
and amendments thereto, commits a deceptive act or practice and shall be
subject to enforcement by the attorney general pursuant to K.S.A. 50-626,
and amendments thereto.
(2) A financial services company that is a credit union that violates
the provisions of sections 24 through 27, and amendments thereto,
commits an unsound practice and shall be subject to civil enforcement by
the credit union administrator pursuant to K.S.A. 17-2206, and
amendments thereto.
(b) An insurance company that violates the provisions of sections 24
through 27, and amendments thereto, commits an unfair or deceptive act or
practice under K.S.A. 40-2404, and amendments thereto, and shall be
subject to the penalties contained under K.S.A. 40-2401 et seq., and
amendments thereto.

(c) Notwithstanding enforcement under subsection (a) or (b), upon
conviction of five or more violations of this act, a financial services
company shall be guilty of a class C nonperson misdemeanor.

New Sec. 27. The state bank commissioner, the commissioner of
insurance and the credit union administrator shall adopt rules and
regulations for the enforcement of sections 24 through 27, and
amendments thereto. Such rules and regulations shall be adopted on or
before July 1, 2024.

New Sec. 28. (a) A registered investment adviser shall disclose to
such registered investment adviser's clients, prior to the investment of any
moneys owned by the client in or through any mutual fund, actively or
passively managed equity fund, company or financial institution that is
engaged in ideological boycotts, is a listed financial company or is on the
restricted financial institutions list prepared, maintained and published by
the treasurer pursuant to section 15, and amendments thereto, that such
mutual fund, actively or passively managed equity fund, company or financial
institution is engaged in ideological boycotts and that such
ideological boycotts may limit the client's return on investment.

(b) Prior to the investment of a client's funds, a registered investment
adviser shall obtain written consent from such registered investment
adviser's client stating that the client is fully aware of and consents to the
investment of funds owned by the client or through any mutual fund,
actively or passively managed equity fund, company or financial
institution that is engaged in ideological boycotts. Such written consent
shall consist of the following disclosure:

"The institution managing this fund is engaged in ideological boycotts.
If such boycotts are used in managing your fund, these boycotts may
reduce the fund's returns compared to the fund's historical performance or
the performance of funds that do not use ideological boycotts. You may
have the option to chose a similar fund that does not use ideological
boycotts. By signing below, you consent to have your investment managed
by this institution even if the institution engages in ideological boycott
investment practices that may reduce your returns compared to historical
performance or other funds."

(c) Conduct prohibited by this section shall be considered an act,
practice or course of business that operates or would operate as a fraud or
deceit in accordance with K.S.A. 17-12a502, and amendments thereto.

(d) Nothing in this section shall be construed to establish any
requirements for registration, capital, custody, margin, financial
responsibility, making and keeping of records, bonding or financial or
operational reporting for a registered investment adviser that differ from the requirements established under federal law to the extent that such requirements are applicable to the registered investment adviser.

(e) The provisions of this section, or any contract or practice subject to this section, may be enforced by the attorney general. The attorney general may investigate possible violations of this section in accordance with the provisions of K.S.A. 50-631, and amendments thereto.

New Sec. 29. The provisions of this act are severable. If any portion of the act is declared unconstitutional or invalid, or the application of any portion of the act to any person or circumstance is held unconstitutional or invalid, the invalidity shall not affect other portions of the act that can be given effect without the invalid portion or application, and the applicability of such other portions of the act to any person or circumstance shall remain valid and enforceable.

Sec. 30. K.S.A. 40-2404 is hereby amended to read as follows: 40-2404. The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

(1) Misrepresentations and false advertising of insurance policies. Making, issuing, circulating or causing to be made, issued or circulated, any estimate, illustration, circular, statement, sales presentation, omission or comparison that:

(a) Misrepresents the benefits, advantages, conditions or terms of any insurance policy;

(b) misrepresents the dividends or share of the surplus to be received on any insurance policy;

(c) makes any false or misleading statements as to the dividends or share of surplus previously paid on any insurance policy;

(d) is misleading or is a misrepresentation as to the financial condition of any person, or as to the legal reserve system upon which any life insurer operates;

(e) uses any name or title of any insurance policy or class of insurance policies misrepresenting the true nature thereof;

(f) is a misrepresentation for the purpose of inducing or tending to induce the lapse, forfeiture, exchange, conversion or surrender of any insurance policy;

(g) is a misrepresentation for the purpose of effecting a pledge or assignment of or effecting a loan against any insurance policy; or

(h) misrepresents any insurance policy as being shares of stock.

(2) False information and advertising generally. Making, publishing, disseminating, circulating or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio or
television station, or in any other way, an advertisement, announcement or
statement containing any assertion, misrepresentation or statement with
respect to the business of insurance or with respect to any person in the
conduct of such person's insurance business, that is untrue, deceptive or
misleading.

(3) **Defamation.** Making, publishing, disseminating or circulating,
directly or indirectly, or aiding, abetting or encouraging the making,
publishing, disseminating or circulating of any oral or written statement or
any pamphlet, circular, article or literature that is false, or maliciously
critical of or derogatory to the financial condition of any person, and that
is calculated to injure such person.

(4) **Boycott, coercion and intimidation.** Entering into any agreement
to commit, or by any concerted action committing, any act of boycott,
coercion or intimidation resulting in or tending to result in unreasonable
restraint of the business of insurance, or by any act of boycott, coercion or
intimidation monopolizing or attempting to monopolize any part of the
business of insurance.

(5) **False statements and entries.** (a) Knowingly filing with any
supervisory or other public official, or knowingly making, publishing,
disseminating, circulating or delivering to any person, or placing before
the public, or knowingly causing directly or indirectly, to be made,
published, disseminated, circulated, delivered to any person, or placed
before the public, any false material statement of fact as to the financial
condition of a person.

(b) Knowingly making any false entry of a material fact in any book,
report or statement of any person or knowingly omitting to make a true
entry of any material fact pertaining to the business of such person in any
book, report or statement of such person.

(6) **Stock operations and advisory board contracts.** Issuing or
delivering or permitting agents, officers or employees to issue or deliver,
agency company stock or other capital stock, or benefit certificates or
shares in any common-law corporation, or securities or any special or
advisory board contracts or other contracts of any kind promising returns
and profits as an inducement to insurance. Nothing herein shall prohibit
the acts permitted by K.S.A. 40-232, and amendments thereto.

(7) **Unfair discrimination.** (a) Making or permitting any unfair
discrimination between individuals of the same class and equal expectation
of life in the rates charged for any contract of life insurance or life annuity
or in the dividends or other benefits payable thereon, or in any other of the
terms and conditions of such contract.

(b) Making or permitting any unfair discrimination between
individuals of the same class and of essentially the same hazard in the
amount of premium, policy fees or rates charged for any policy or contract
of accident or health insurance or in the benefits payable thereunder, or in
any of the terms or conditions of such contract, or in any other manner
whatever.

c) Refusing to insure, or refusing to continue to insure, or limiting
the amount, extent or kind of coverage available to an individual, or
charging an individual a different rate for the same coverage solely
because of blindness or partial blindness. With respect to all other
conditions, including the underlying cause of the blindness or partial
blindness, persons who are blind or partially blind shall be subject to the
same standards of sound actuarial principles or actual or reasonably
anticipated experience as are sighted persons. Refusal to insure includes
denial by an insurer of disability insurance coverage on the grounds that
the policy defines "disability" as being presumed in the event that the
insured loses such person's eyesight. However, an insurer may exclude
from coverage disabilities consisting solely of blindness or partial
blindness when such condition existed at the time the policy was issued.

d) Refusing to insure, or refusing to continue to insure, or limiting
the amount, extent or kind of coverage available for accident and health
and life insurance to an applicant who is the proposed insured or charge a
different rate for the same coverage or excluding or limiting coverage for
losses or denying a claim incurred by an insured as a result of abuse based
on the fact that the applicant who is the proposed insured is, has been, or
may be the subject of domestic abuse, except as provided in subsection (7)
d(v). "Abuse" as used in this paragraph means one or more acts defined
in K.S.A. 60-3102, and amendments thereto, between family members,
current or former household members, or current or former intimate
partners.

(i) An insurer may not ask an applicant for life or accident and health
insurance who is the proposed insured if the individual is, has been or may
be the subject of domestic abuse or seeks, has sought or had reason to seek
medical or psychological treatment or counseling specifically for abuse,
protection from abuse or shelter from abuse.

(ii) Nothing in this section shall be construed to prohibit a person
from declining to issue an insurance policy insuring the life of an
individual who is, has been or has the potential to be the subject of abuse if
the perpetrator of the abuse is the applicant or would be the owner of the
insurance policy.

(iii) No insurer that issues a life or accident and health policy to an
individual who is, has been or may be the subject of domestic abuse shall
be subject to civil or criminal liability for the death or any injuries suffered
by that individual as a result of domestic abuse.

(iv) No person shall refuse to insure, refuse to continue to insure,
limit the amount, extent or kind of coverage available to an individual or
charge a different rate for the same coverage solely because of physical or mental condition, except where the refusal, limitation or rate differential is based on sound actuarial principles.

(v) Nothing in this section shall be construed to prohibit a person from underwriting or rating a risk on the basis of a preexisting physical or mental condition, even if such condition has been caused by abuse, provided that:

(A) The person routinely underwrites or rates such condition in the same manner with respect to an insured or an applicant who is not a victim of abuse;

(B) the fact that an individual is, has been or may be the subject of abuse may not be considered a physical or mental condition; and

(C) such underwriting or rating is not used to evade the intent of this section or any other provision of the Kansas insurance code.

(vi) Any person who underwrites or rates a risk on the basis of preexisting physical or mental condition as set forth in subsection (7)(d)(v), shall treat such underwriting or rating as an adverse underwriting decision pursuant to K.S.A. 40-2,112, and amendments thereto.

(vii) The provisions of this paragraph shall apply to all policies of life and accident and health insurance issued in this state after the effective date of this act and all existing contracts that are renewed on or after the effective date of this act.

(e) Refusing to insure, or refusing to continue to insure, or limiting the amount, extent or kind of coverage available for life insurance to an individual, or charging an individual a different rate for the same coverage, solely because of such individual's status as a living organ donor. With respect to all other conditions, persons who are living organ donors shall be subject to the same standards of sound actuarial principles or actual or reasonably anticipated experience as are persons who are not organ donors.

(8) Rebates. (a) Except as otherwise expressly provided by law, knowingly permitting, offering to make or making any contract of life insurance, life annuity or accident and health insurance, or agreement as to such contract other than as plainly expressed in the insurance contract issued thereon; paying, allowing, giving or offering to pay, allow or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving, selling, purchasing or offering to give, sell or purchase as inducement to such insurance contract or annuity or in connection therewith, any stocks, bonds or other securities of any insurance company or other corporation, association or partnership, or any dividends or profits accrued thereon, or
anything of value whatsoever not specified in the contract.

(b) Nothing in subsection (7) or (8)(a) shall be construed as including within the definition of discrimination or rebates any of the following practices:

(i) In the case of any contract of life insurance or life annuity, paying bonuses to policyholders or otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance. Any such bonuses or abatement of premiums shall be fair and equitable to policyholders and for the best interests of the company and its policyholders;

(ii) in the case of life insurance policies issued on the industrial debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount that fairly represents the saving in collection expenses; or

(iii) readjustment of the rate of premium for a group insurance policy based on the loss or expense experience thereunder, at the end of the first or any subsequent policy year of insurance thereunder, which may be made retroactive only for such policy year.

(9) *Unfair claim settlement practices.* It is an unfair claim settlement practice if any of the following or any rules and regulations pertaining thereto are either committed flagrantly and in conscious disregard of such provisions, or committed with such frequency as to indicate a general business practice:

(a) Misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue;

(b) failing to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies;

(c) failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies;

(d) refusing to pay claims without conducting a reasonable investigation based upon all available information;

(e) failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;

(f) not attempting in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear;

(g) compelling insureds to institute litigation to recover amounts due under an insurance policy by offering substantially less than the amounts ultimately recovered in actions brought by such insureds;

(h) attempting to settle a claim for less than the amount to which a reasonable person would have believed that such person was entitled by reference to written or printed advertising material accompanying or made
part of an application;

(i) attempting to settle claims on the basis of an application that was altered without notice to, or knowledge or consent of the insured;

(j) making claims payments to insureds or beneficiaries not accompanied by a statement setting forth the coverage under which payments are being made;

(k) making known to insureds or claimants a policy of appealing from arbitration awards in favor of insureds or claimants for the purpose of compelling them to accept settlements or compromises less than the amount awarded in arbitration;

(l) delaying the investigation or payment of claims by requiring an insured, claimant or the physician of either to submit a preliminary claim report and then requiring the subsequent submission of formal proof of loss forms, both of which submissions contain substantially the same information;

(m) failing to promptly settle claims, where liability has become reasonably clear, under one portion of the insurance policy coverage in order to influence settlements under other portions of the insurance policy coverage; or

(n) failing to promptly provide a reasonable explanation of the basis in the insurance policy in relation to the facts or applicable law for denial of a claim or for the offer of a compromise settlement.

(10) **Failure to maintain complaint handling procedures.** Failure of any person, who is an insurer on an insurance policy, to maintain a complete record of all the complaints that it has received since the date of its last examination under K.S.A. 40-222, and amendments thereto; but no such records shall be required for complaints received prior to the effective date of this act. The record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of the complaints, the date each complaint was originally received by the insurer and the date of final disposition of each complaint. For purposes of this subsection, "complaint" means any written communication primarily expressing a grievance related to the acts and practices set out in this section.

(11) **Misrepresentation in insurance applications.** Making false or fraudulent statements or representations on or relative to an application for an insurance policy, for the purpose of obtaining a fee, commission, money or other benefit from any insurer, agent, broker or individual.

(12) **Statutory violations.** (a) Any violation of any of the provisions of K.S.A. 40-216, 40-276a, 40-2,155 or 40-1515, and amendments thereto.

(b) Any violation of the provisions of sections 24 through 27, and amendments thereto.

(13) **Disclosure of information relating to adverse underwriting**
decisions and refund of premiums. Failing to comply with the provisions of
K.S.A. 40-2,112, and amendments thereto, within the time prescribed in
such section.
(14) Rebates and other inducements in title insurance. (a) No title
insurance company or title insurance agent, or any officer, employee,
attorney, agent or solicitor thereof, may pay, allow or give, or offer to pay,
allow or give, directly or indirectly, as an inducement to obtaining any title
insurance business, any rebate, reduction or abatement of any rate or
charge made incident to the issuance of such insurance, any special favor
or advantage not generally available to others of the same classification, or
any money, thing of value or other consideration or material inducement.
The words "charge made incident to the issuance of such insurance"
includes, without limitations, escrow, settlement and closing charges.
(b) No insured named in a title insurance policy or contract nor any
other person directly or indirectly connected with the transaction involving
the issuance of the policy or contract, including, but not limited to,
mortgage lender, real estate broker, builder, attorney or any officer,
employee, agent representative or solicitor thereof, or any other person
may knowingly receive or accept, directly or indirectly, any rebate,
reduction or abatement of any charge, or any special favor or advantage or
any monetary consideration or inducement referred to in subsection (14)
(a).
(c) Nothing in this section shall be construed as prohibiting:
(i) The payment of reasonable fees for services actually rendered to a
title insurance agent in connection with a title insurance transaction;
(ii) the payment of an earned commission to a duly appointed title
insurance agent for services actually performed in the issuance of the
policy of title insurance; or
(iii) the payment of reasonable entertainment and advertising
expenses.
(d) Nothing in this section prohibits the division of rates and charges
between or among a title insurance company and its agent, or one or more
title insurance companies and one or more title insurance agents, if such
division of rates and charges does not constitute an unlawful rebate under
the provisions of this section and is not in payment of a forwarding fee or a
finder's fee.
(e) As used in subsections (14)(e) through (14)(i), unless the context
otherwise requires:
(i) "Associate" means any firm, association, organization, partnership,
business trust, corporation or other legal entity organized for profit in
which a producer of title business is a director, officer or partner thereof,
or owner of a financial interest; the spouse or any relative within the
second degree by blood or marriage of a producer of title business who is a
natural person; any director, officer or employee of a producer of title business or associate; any legal entity that controls, is controlled by, or is under common control with a producer of title business or associate; and any natural person or legal entity with whom a producer of title business or associate has any agreement, arrangement or understanding or pursues any course of conduct, the purpose or effect of which is to evade the provisions of this section.

(ii) "Financial interest" means any direct or indirect interest, legal or beneficial, where the holder thereof is or will be entitled to 1% or more of the net profits or net worth of the entity in which such interest is held. Notwithstanding the foregoing, an interest of less than 1% or any other type of interest shall constitute a "financial interest" if the primary purpose of the acquisition or retention of that interest is the financial benefit to be obtained as a consequence of that interest from the referral of title business.

(iii) "Person" means any natural person, partnership, association, cooperative, corporation, trust or other legal entity.

(iv) "Producer of title business" or "producer" means any person, including any officer, director or owner of 5% or more of the equity or capital or both of any person, engaged in this state in the trade, business, occupation or profession of:

(A) Buying or selling interests in real property;
(B) making loans secured by interests in real property; or
(C) acting as broker, agent, representative or attorney for a person who buys or sells any interest in real property or who lends or borrows money with such interest as security.

(v) "Refer" means to direct or cause to be directed or to exercise any power or influence over the direction of title insurance business, whether or not the consent or approval of any other person is sought or obtained with respect to the referral.

(f) No title insurer or title agent may accept any order for, issue a title insurance policy to, or provide services to, an applicant if it knows or has reason to believe that the applicant was referred to it by any producer of title business or by any associate of such producer, where the producer, the associate, or both, have a financial interest in the title insurer or title agent to which business is referred unless the producer has disclosed to the buyer, seller and lender the financial interest of the producer of title business or associate referring the title insurance business.

(g) No title insurer or title agent may accept an order for title insurance business, issue a title insurance policy, or receive or retain any premium, or charge in connection with any transaction if: (i) The title insurer or title agent knows or has reason to believe that the transaction will constitute controlled business for that title insurer or title agent; and
(ii) 70% or more of the closed title orders of that title insurer or title agent during the 12 full calendar months immediately preceding the month in which the transaction takes place is derived from controlled business. The prohibitions contained in this paragraph shall not apply to transactions involving real estate located in a county that has a population, as shown by the last preceding decennial census, of 10,000 or less.

(h) Within 90 days following the end of each business year, as established by the title insurer or title agent, each title insurer or title agent shall file with the department of insurance and any title insurer with which the title agent maintains an underwriting agreement, a report executed by the title insurer's or title agent's chief executive officer or designee, under penalty of perjury, stating the percent of closed title orders originating from controlled business. The failure of a title insurer or title agent to comply with the requirements of this section, at the discretion of the commissioner, shall be grounds for the suspension or revocation of a license or other disciplinary action, with the commissioner able to mitigate any such disciplinary action if the title insurer or title agent is found to be in substantial compliance with competitive behavior as defined by federal housing and urban development statement of policy 1996-2.

(i) (1) No title insurer or title agent may accept any title insurance order or issue a title insurance policy to any person if it knows or has reason to believe that such person was referred to it by any producer of title business or by any associate of such producer, where the producer, the associate, or both, have a financial interest in the title insurer or title agent to which business is referred unless the producer has disclosed in writing to the person so referred the fact that such producer or associate has a financial interest in the title insurer or title agent, the nature of the financial interest and a written estimate of the charge or range of charges generally made by the title insurer or agent for the title services. Such disclosure shall include language stating that the consumer is not obligated to use the title insurer or agent in which the referring producer or associate has a financial interest and shall include the names and telephone numbers of not less than three other title insurers or agents that operate in the county in which the property is located. If fewer than three insurers or agents operate in that county, the disclosure shall include all title insurers or agents operating in that county. Such written disclosure shall be signed by the person so referred and must have occurred prior to any commitment having been made to such title insurer or agent.

(2) No producer of title business or associate of such producer shall require, directly or indirectly, as a condition to selling or furnishing any other person any loan or extension thereof, credit, sale, property, contract, lease or service, that such other person shall purchase title insurance of any kind through any title agent or title insurer if such producer has a financial
interest in such title agent or title insurer.

(3) No title insurer or title agent may accept any title insurance order or issue a title insurance policy to any person it knows or has reason to believe that the name of the title company was pre-printed in the sales contract, prior to the buyer or seller selecting that title company.

(4) Nothing in this paragraph shall prohibit any producer of title business or associate of such producer from referring title business to any title insurer or title agent of such producer's or associate's choice, and, if such producer or associate of such producer has any financial interest in the title insurer, from receiving income, profits or dividends produced or realized from such financial interest, so long as:

(a) Such financial interest is disclosed to the purchaser of the title insurance in accordance with paragraphs (i)(1) through (i)(4);

(b) the payment of income, profits or dividends is not in exchange for the referral of business; and

(c) the receipt of income, profits or dividends constitutes only a return on the investment of the producer or associate.

(5) Any producer of title business or associate of such producer who violates the provisions of paragraphs (i)(2) through (i)(4), or any title insurer or title agent who accepts an order for title insurance knowing that it is in violation of paragraphs (i)(2) through (i)(4), in addition to any other action that may be taken by the commissioner of insurance, shall be subject to a fine by the commissioner in an amount equal to five times the premium for the title insurance and, if licensed pursuant to K.S.A. 58-3034 et seq., and amendments thereto, shall be deemed to have committed a prohibited act pursuant to K.S.A. 58-3602, and amendments thereto, and shall be liable to the purchaser of such title insurance in an amount equal to the premium for the title insurance.

(6) Any title insurer or title agent that is a competitor of any title insurer or title agent that, subsequent to the effective date of this act, has violated or is violating the provisions of this paragraph, shall have a cause of action against such title insurer or title agent and, upon establishing the existence of a violation of any such provision, shall be entitled, in addition to any other damages or remedies provided by law, to such equitable or injunctive relief as the court deems proper. In any such action under this subsection, the court may award to the successful party the court costs of the action together with reasonable attorney fees.

(7) The commissioner shall also require each title agent to provide core title services as required by the real estate settlement procedures act.

(j) The commissioner shall adopt any regulations necessary to carry out the provisions of this act.

(15) Disclosure of nonpublic personal information. (a) No person shall disclose any nonpublic personal information contrary to the
provisions of title V of the Gramm-Leach-Bliley act of 1999 (public law 106-102). The commissioner may adopt rules and regulations necessary to carry out this subsection. Such rules and regulations shall be consistent with and not more restrictive than the model regulation adopted on September 26, 2000, by the national association of insurance commissioners entitled "Privacy of consumer financial and health information regulation".

(b) Nothing in this subsection shall be deemed or construed to authorize the promulgation or adoption of any regulation that preempts, supersedes or is inconsistent with any provision of Kansas law concerning requirements for notification of, or obtaining consent from, a parent, guardian or other legal custodian of a minor relating to any matter pertaining to the health and medical treatment for such minor.

Sec. 31. K.S.A. 75-4208 is hereby amended to read as follows: 75-4208. (a) Except as provided in subsection (b), the board shall follow the procedure prescribed in rules and regulations adopted under the provisions of K.S.A. 75-4232, and amendments thereto, in designating banks to receive deposit of state moneys in operating accounts and investment accounts. The board shall determine which banks shall receive state operating and investment accounts and shall designate the types of accounts to be awarded each such bank and the initial amount of each award. Such initial awards which are operating accounts shall be made as provided in K.S.A. 75-4205, and amendments thereto. Such initial awards which are investment accounts shall be awarded as is provided in K.S.A. 75-4209, and amendments thereto. Upon making the awards provided for above, the board shall notify each bank of its award, and that the same is subject to approval of securities to be pledged as prescribed in this act.

(b) The board shall not designate a bank to receive deposit of state moneys in operating accounts or investment accounts if such bank has been listed by the state treasurer as a restricted financial institution as provided in section 15, and amendments thereto. Any agreement awarding the deposit of state moneys in operating accounts or investment accounts for a term commencing on or after July 1, 2024, shall comply with the provisions of section 18, and amendments thereto.

Sec. 32. K.S.A. 75-4208 and K.S.A. 2022 Supp. 40-2404 are hereby repealed.

Sec. 33. This act shall take effect and be in force from and after its publication in the statute book.