HOUSE BILL No. 2681


AN ACT concerning insurance; relating to purchase of accident and sickness insurance offered by out-of-state insurers.

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

Section 1. (a) Notwithstanding any other law, insurers that issue policies, contracts, plans, coverages or evidences of coverage and that are domiciled outside of this state may transact accident and sickness insurance in this state if the insurer provides evidence to the commissioner of insurance that while providing accident and sickness insurance the insurer is subject to the jurisdiction of another state's insurance department and that the insurer's state of domicile requires the insurer to maintain financial reserves of not less than the amount required in this state.

(b) Any policy, contract, plan, coverage or evidence of coverage issued for accident and sickness coverage pursuant to subsection (a) must satisfy the actuarial standards established by the national association of insurance commissioners.

(c) The commissioner may revoke an insurer's right to issue any policy, contract, plan, coverage or evidence of coverage for accident and sickness coverage pursuant to subsection (a) if any of the following occurs:

1. The domicile state for the insurer changes that state's financial reserve requirements to less than the amount required by this state; or
2. The commissioner establishes any of the following:
   A. A pattern of complaints about denial or delays in approving care or treatment that are eventually approved;
   B. that the insurer has a pattern of complaints for failing to pay promptly for claims;
   C. a pattern of poor customer service at a level that would prompt seeking corrective action or remedies for insurers licensed in this state;
   D. a pattern of the insurer using deceptive marketing practices in this
that the insurer has been involved in a pattern of fraudulent activities; or
(F) that the insurer's domicile state has identified and repeatedly enforced penalties on the insurer for violations related to claim denials, prompt payment, poor customer service, deceptive marketing practices or fraudulent activities.
(d) Each written application for a policy, contract, plan, coverage or evidence of coverage for accident and sickness coverage issued under this section shall contain the following notice at the beginning of the document printed in at least twelve-point boldfaced type:
Notice: This policy is issued by (name of insurer) and is governed by the laws and rules of the state of (insurer's domicile state) and the policy has met the requirements of that state as determined by that state's department of insurance. This policy may be less expensive than others because it is not subject to all of the insurance laws and rules and regulations of the state of Kansas, including coverage of some services or benefits mandated by law in Kansas. Additionally, this policy is subject to all of the consumer protection laws or restrictions on rate changes of the state of (insurer's domicile state), and not the state of Kansas. As with all insurance products, before purchasing this policy, you should carefully review the policy and determine what health care services the policy covers and what benefits it provides, including any exclusions, limitations or conditions for such services or benefits.
(e) Any dispute resolution mechanism or provision for notice and hearing under chapter 40 of the Kansas Statutes Annotated, and amendments thereto, applies to insurers issuing and delivering policies, contracts, plans, coverages or evidences of coverage for accident and sickness coverage under this section.
(f) Residents of this state who obtain a policy from a company whose primary state is not this state have the right to an independent external review in this state, and the decision by the independent external review board to authorize the treatment or care is binding on the insurer.
(g) The commissioner shall adopt rules and regulations to implement this section, including standard forms for the disclosure of benefits.
Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.