

SENATE BILL No. 141

By Committee on Financial Institutions and Insurance

1-26

AN ACT concerning insurance; relating to the fraudulent insurance act; amending K.S.A. 40-2,118 and repealing the existing section.

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

Section 1. K.S.A. 40-2,118 is hereby amended to read as follows: 40-2,118. (a) For purposes of this act a “fraudulent insurance act” means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.

(b) Except as otherwise specifically provided in K.S.A. 21-3718 and amendments thereto and K.S.A. 44-5,125 and amendments thereto, a fraudulent insurance act shall constitute a severity level 6, nonperson felony if the amount involved is \$25,000 or more; a severity level 7, nonperson felony if the amount is at least \$5,000 but less than \$25,000; a severity level 8, nonperson felony if the amount is at least \$1,000 but less than \$5,000; a severity level 9, nonperson felony if the amount is at least \$500 but less than \$1,000; and a class C nonperson misdemeanor if the amount is less than \$500.

(c) In addition to any other penalty, a person who violates this statute shall be ordered to make restitution to the insurer or any other person or entity for any financial loss sustained as a result of such violation. An insurer shall not be required to provide coverage or pay any *first party* claim involving a fraudulent insurance act.

(d) This act shall apply to all insurance applications, ratings, claims and other benefits made pursuant to any insurance policy.

Sec. 2. K.S.A. 40-2,118 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.