

SENATE BILL No. 341

By Committee on Financial Institutions and Insurance

1-22

AN ACT concerning insurance; relating to appointment and certification fees; amending K.S.A. 40-252 and K.S.A. 2003 Supp. 40-4912 and repealing the existing sections.

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

Section 1. K.S.A. 40-252 is hereby amended to read as follows: 40-252. Every insurance company or fraternal benefit society organized under the laws of this state or doing business in this state shall pay to the commissioner of insurance fees and taxes specified in the following schedule:

A

Insurance companies organized under the laws of this state:

1.	Capital stock insurance companies and mutual legal reserve life insurance companies:	
	Filing application for sale of stock or certificates of indebtedness	\$25
	Admission fees:	
	Examination of charter and other documents	500
	Filing annual statement	100
	Certificate of authority.....	10
	Annual fees:	
	Filing annual statement	100
	Continuation of certificate of authority	10
2.	Mutual life, accident and health associations:	
	Admission fees:	
	Examination of charter and other documents	\$500
	Filing annual statement	100
	Certificate of authority.....	10
	Annual fees:	
	Filing annual statement	100
	Continuation of certificate of authority	10
3.	Mutual fire, hail, casualty and multiple line insurers and reciprocal or interinsurance exchanges:	
	Admission fees:	
	Examination of charter and other documents	\$500
	Filing annual statement	100
	Certificate of authority.....	10

1 Annual fees:

2 Filing annual statement	100
3 Continuation of certificate of authority	10

4 In addition to the above fees and as a condition precedent to the con-
 5 tinuation of the certificate of authority provided in this code, all such
 6 companies shall pay a fee of ~~\$2 for each agent certified by the~~ *\$10 for*
 7 *each individual insurance agent and \$75 for each insurance agency and*
 8 *its affiliated insurance agents appointed or certified pursuant to K.S.A.*
 9 *2003 Supp. 40-4912 and amendments thereto. The company and shall also*
 10 pay a tax annually upon all premiums received on risk located in this state
 11 at the rate of 1% for tax year 1997, and 2% for all tax years thereafter per
 12 annum less (1) for tax years prior to 1984, any taxes paid on business in
 13 this state pursuant to the provisions of K.S.A. 40-1701 to 40-1707, inclu-
 14 sive, and 75-1508 and amendments thereto and (2) for tax years 1984 and
 15 thereafter, any taxes paid on business in this state pursuant to the pro-
 16 visions of K.S.A. 75-1508 and amendments thereto and the amount of
 17 the firefighters relief tax credit determined by the commissioner of in-
 18 surance. The amount of the firefighters relief tax credit for a company
 19 for the current tax year shall be determined by the commissioner of in-
 20 surance by dividing (A) the total amount of credits against the tax imposed
 21 by this section for taxes paid by all such companies on business in this
 22 state under K.S.A. 40-1701 to 40-1707, inclusive, and amendments
 23 thereto for tax year 1983, by (B) the total amount of taxes paid by all such
 24 companies on business in this state under K.S.A. 40-1703 and amend-
 25 ments thereto for the tax year immediately preceding the current tax year,
 26 and by multiplying the result so obtained by (C) the amount of taxes paid
 27 by the company on business in this state under K.S.A. 40-1703 and
 28 amendments thereto for the current tax year.

29 In the computation of the gross premiums all such companies shall be
 30 entitled to deduct any premiums returned on account of cancellations,
 31 including funds accepted before January 1, 1997, and declared and taxed
 32 as annuity premiums which, on or after January 1, 1997, are withdrawn
 33 before application to the purchase of annuities, all premiums received for
 34 reinsurance from any other company authorized to do business in this
 35 state, dividends returned to policyholders and premiums received in con-
 36 nection with the funding of a pension, deferred compensation, annuity
 37 or profit-sharing plan qualified or exempt under sections 401, 403, 404,
 38 408, 457 or 501 of the United States internal revenue code of 1986. Funds
 39 received by life insurers for the purchase of annuity contracts and funds
 40 applied by life insurers to the purchase of annuities shall not be deemed
 41 taxable premiums or be subject to tax under this section for tax years
 42 commencing on or after January 1, 1997.

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B

Fraternal benefit societies organized under the laws of this state:

Admission fees:	
Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority.....	10
Annual fees:	
Filing annual statement	100
Continuation of certificate of authority	10

C

Mutual nonprofit hospital service corporations, nonprofit medical service corporations, nonprofit dental service corporations, nonprofit optometric service corporations and nonprofit pharmacy service corporations organized under the laws of this state:

1. Mutual nonprofit hospital service corporations:	
Admission fees:	
Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority.....	10
Annual fees:	
Filing annual statement	100
Continuation of certificate of authority	10
2. Nonprofit medical service corporations:	
Admission fees:	
Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority.....	10
Annual fees:	
Filing annual statement	100
Continuation of certificate of authority	10
3. Nonprofit dental service corporations:	
Admission fees:	
Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority.....	10
Annual fees:	
Filing annual statement	100
Continuation of certificate of authority	10
4. Nonprofit optometric service corporations:	
Admission fees:	
Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority.....	10

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1	Annual fees:	
2	Filing annual statement	100
3	Continuation of certificate of authority	10
4	5. Nonprofit pharmacy service corporations:	
5	Admission fees:	
6	Examination of charter and other documents	\$500
7	Filing annual statement	100
8	Certificate of authority.....	10
9	Annual fees:	
10	Filing annual statement	100
11	Continuation of certificate of authority	10

12 In addition to the above fees and as a condition precedent to the con-
 13 tinuation of the certificate of authority, provided in this code, every cor-
 14 poration or association shall pay annually to the commissioner of insur-
 15 ance a tax in an amount equal to 1% for tax year 1997, and 2% for all tax
 16 years thereafter per annum of the total of all premiums, subscription
 17 charges, or any other term which may be used to describe the charges
 18 made by such corporation or association to subscribers for hospital, med-
 19 ical or other health services or indemnity received during the preceding
 20 year. In such computations all such corporations or associations shall be
 21 entitled to deduct any premiums or subscription charges returned on
 22 account of cancellations and dividends returned to members or subscrib-
 23 ers.

D

25 *Insurance companies organized under the laws of any other state, territory or country:*

26	1. Capital stock insurance companies and mutual legal reserve life insurance companies:	
27	Filing application for sale of stock or certificates of indebtedness	\$25
28	Admission fees:	
29	Examination of charter and other documents	500
30	Filing annual statement	100
31	Certificate of authority.....	10
32	Annual fees:	
33	Filing annual statement	100
34	Continuation of certificate of authority	10

35 In addition to the above fees all such companies shall pay ~~\$5 for each~~
 36 ~~agent certified by the company, except as otherwise provided by law \$10~~
 37 *for each individual insurance agent and \$75 for each insurance agency*
 38 *and its affiliated insurance agents appointed or certified pursuant to*
 39 *K.S.A. 2003 Supp. 40-4912 and amendments thereto.*

40 As a condition precedent to the continuation of the certificate of au-
 41 thority, provided in this code, every company organized under the laws
 42 of any other state of the United States or of any foreign country shall pay
 43 a tax upon all premiums received during the preceding year at the rate

1 of 2% per annum.

2 In the computation of the gross premiums all such companies shall be
 3 entitled to deduct any premiums returned on account of cancellations,
 4 including funds accepted before January 1, 1997, and declared and taxed
 5 as annuity premiums which, on or after January 1, 1997, are withdrawn
 6 before application to the purchase of annuities, dividends returned to
 7 policyholders and all premiums received for reinsurance from any other
 8 company authorized to do business in this state and premiums received
 9 in connection with the funding of a pension, deferred compensation, an-
 10 nuity or profit-sharing plan qualified or exempt under sections 401, 403,
 11 404, 408, 457 or 501 of the United States internal revenue code of 1986.
 12 Funds received by life insurers for the purchase of annuity contracts and
 13 funds applied by life insurers to the purchase of annuities shall not be
 14 deemed taxable premiums or be subject to tax under this section for tax
 15 years commencing on or after January 1, 1997.

16 2. Mutual life, accident and health associations:

17 Admission fees:

18 Examination of charter and other documents	\$500
19 Filing annual statement	100
20 Certificate of authority.....	10

21 Annual fees:

22 Filing annual statement	100
23 Continuation of certificate of authority	10

24 In addition to the above fees, every such company organized under the
 25 laws of any other state of the United States shall pay ~~\$5 for each agent~~
 26 ~~certified by the~~ *\$10 for each individual insurance agent and \$75 for each*
 27 *insurance agency and its affiliated insurance agents appointed or certified*
 28 *pursuant to K.S.A. 2003 Supp. 40-4912 and amendments thereto. The*
 29 ~~company, and~~ shall also pay a tax annually upon all premiums received at
 30 the rate of 2% per annum.

31 In the computation of the gross premiums all such companies shall be
 32 entitled to deduct any premiums returned on account of cancellations,
 33 including funds accepted before January 1, 1997, and declared and taxed
 34 as annuity premiums which, on or after January 1, 1997, are withdrawn
 35 before application to the purchase of annuities, dividends returned to
 36 policyholders and all premiums received for reinsurance from any other
 37 company authorized to do business in this state and premiums received
 38 in connection with the funding of a pension, deferred compensation, an-
 39 nuity or profit-sharing plan qualified or exempt under sections 401, 403,
 40 404, 408, 457 or 501 of the United States internal revenue code of 1986.
 41 Funds received by life insurers for the purchase of annuity contracts and
 42 funds applied by life insurers to the purchase of annuities shall not be
 43 deemed taxable premiums or be subject to tax under this section for tax

1 years commencing on or after January 1, 1997.
 2 3. Mutual fire, casualty and multiple line insurers and reciprocal or interinsurance ex-
 3 changes:

4 Admission fees:
 5 Examination of charter and other documents and issuance of
 6 certificate of authority..... \$500
 7 Filing annual statement 100
 8 Certificate of authority..... 10

9 Annual fees:
 10 Filing annual statement 100
 11 Continuation of certificate of authority 10

12 In addition to the above fees, every such company or association or-
 13 ganized under the laws of any other state of the United States shall pay
 14 a fee of ~~\$5 for each agent certified by the~~ *\$10 for each individual insur-*
 15 *ance agent and \$75 for each insurance agency and its affiliated insurance*
 16 *agents appointed or certified pursuant to K.S.A. 2003 Supp. 40-4912 and*
 17 *amendments thereto. The company and shall also pay a tax annually upon*
 18 all premiums received at the rate of 2% per annum.

19 For tax years 1998 and thereafter, the annual tax shall be reduced by
 20 the “applicable percentage” of (1) any taxes paid on business in this state
 21 pursuant to the provisions of K.S.A. 75-1508 and amendments thereto
 22 and (2) the amount of the firefighters relief tax credit determined by the
 23 commissioner of insurance. The amount of the firefighters relief tax credit
 24 for a company taxable under this subsection for the current tax year shall
 25 be determined by the commissioner of insurance by dividing (A) the total
 26 amount of taxes paid by all such companies on business in this state under
 27 K.S.A. 40-1701 to 40-1707 and amendments thereto for tax year 1983 as
 28 then in effect, by (B) the total amount of taxes paid by all such companies
 29 on business in this state under K.S.A. 40-1703 and amendments thereto
 30 for the tax year immediately preceding the current tax year, and by mul-
 31 tiplying the result so obtained by (C) the amount of taxes paid by the
 32 company on business in this state under K.S.A. 40-1703 and amendments
 33 thereto for the current tax year. The “applicable percentage” shall be as
 34 follows:

35 Tax Year	Applicable Percentage
36 1998	10%
37 1999	20%
38 2000	30%
39 2001	40%
40 2002	50%
41 2003	60%
42 2004	70%
43 2005	80%

1	2006	90%
2	2007 and thereafter	100%

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

7 E

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

10 Admission fees:

11	Examination of charter and other documents	\$500
12	Filing annual statement	100
13	Certificate of authority.....	10

14 Annual fees:

15	Filing annual statement	100
16	Continuation of certificate of authority	10

17 F

18 *Mutual nonprofit hospital service corporations, nonprofit medical service corporations, non-*
 19 *profit dental service corporations, nonprofit optometric service corporations and non-*
 20 *profit pharmacy service corporations organized under the laws of any other state, ter-*
 21 *ritory or country:*

22 1. Mutual nonprofit hospital service corporations:

23 Admission fees:

24	Examination of charter and other documents	\$500
25	Filing annual statement	100
26	Certificate of authority.....	10

27 Annual fees:

28	Filing annual statement	100
29	Continuation of certificate of authority	10

30 2. Nonprofit medical service corporations, nonprofit dental service corporations, nonprofit
 31 optometric service corporations and nonprofit pharmacy service corporations:

32 Admission fees:

33	Examination of charter and other documents	\$500
34	Filing annual statement	100
35	Certificate of authority.....	10

36 Annual fees:

37	Filing annual statement	100
38	Continuation of certificate of authority	10

39 In addition to the above fees and as a condition precedent to the con-
 40 tinuation of the certificate of authority, provided in this code, every cor-
 41 poration or association shall pay annually to the commissioner of insur-
 42 ance a tax in an amount equal to 2% per annum of the total of all
 43 premiums, subscription charges, or any other term which may be used to

1 describe the charges made by such corporation or association to subscrib-
2 ers in this state for hospital, medical or other health services or indemnity
3 received during the preceding year. In such computations all such cor-
4 porations or associations shall be entitled to deduct any premiums or
5 subscription charges returned on account of cancellations and dividends
6 returned to members or subscribers.

G

Payment of Taxes.

9 For the purpose of insuring the collection of the tax upon premiums,
10 assessments and charges as set out in subsection A, C, D or F, every
11 insurance company, corporation or association shall at the time it files its
12 annual statement, as required by the provisions of K.S.A. 40-225, and
13 amendments thereto, make a return, verified by affidavits of its president
14 and secretary or other chief officers, to the commissioner of insurance,
15 stating the amount of all premiums, assessments and charges received by
16 the companies or corporations in this state, whether in cash or notes,
17 during the year ending on the December 31 next preceding.

18 Commencing in 1985 and annually thereafter the estimated taxes shall
19 be paid as follows: On or before June 15 and December 15 of such year
20 an amount equal to 50% of the full amount of the prior year's taxes as
21 reported by the company shall be remitted to the commissioner of in-
22 surance. As used in this paragraph, "prior year's taxes" includes (1) taxes
23 assessed pursuant to this section for the prior calendar year, (2) fees and
24 taxes assessed pursuant to K.S.A. 40-253, and amendments thereto, for
25 the prior calendar year, and (3) taxes paid for maintenance of the de-
26 partment of the state fire marshal pursuant to K.S.A. 75-1508, and
27 amendments thereto, for the prior calendar year.

28 Upon the receipt of such returns the commissioner of insurance shall
29 verify the same and assess the taxes upon such companies, corporations
30 or associations on the basis and at the rate provided herein and the bal-
31 ance of such taxes shall thereupon become due and payable giving credit
32 for amounts paid pursuant to the preceding paragraph, or the commis-
33 sioner shall make a refund if the taxes paid in the prior June and Decem-
34 ber are in excess of the taxes assessed.

H

36 The fee prescribed for the examination of charters and other docu-
37 ments shall apply to each company's initial application for admission and
38 shall not be refundable for any reason.

39 Sec. 2. K.S.A. 2003 Supp. 40-4912 is hereby amended to read as
40 follows: 40-4912. (a) Any company authorized to transact business in this
41 state may, upon determining that the insurance agent is of good business
42 reputation and, if an individual, has had experience in insurance or will
43 immediately receive a course of instruction in insurance and on the pol-

1 icies and policy forms of such company, appoint such insurance agent as
2 the insurance agent of the company under the license in effect for the
3 insurance agent. The appointment shall be made on a form prescribed
4 by the commissioner. Such form shall be sent to the commissioner within
5 30 days of the date the company appoints such insurance agent. A non-
6 refundable appointment or certification fee set forth in K.S.A. 40-252,
7 and amendments thereto, shall be paid in accordance with the billing
8 procedures established by the commissioner. Such procedures shall re-
9 quire payment of the fees annually, based on the number of insurance
10 agents appointed during the calendar year preceding the return. The
11 certification fees required by K.S.A. 40-252, and amendments thereto,
12 shall be due for all insurance agents appointed by the company during
13 the preceding calendar year, irrespective of the number of months the
14 insurance agent was appointed for that year. The certification fee shall
15 not be returned for any reason, and failure of the company to certify an
16 insurance agent within 30 working days of such insurance agent's appoint-
17 ment shall subject the company to a penalty of not more than \$25 per
18 calendar day from the date the appropriate return was required from the
19 date of appointment to the date proper certification is recorded by the
20 insurance department.

21 (b) Certification of other than an individual insurance agent will au-
22 tomatically include each licensed insurance agent who is an officer, di-
23 rector, partner, employee or otherwise legally associated with the cor-
24 poration, association, partnership or other legal entity appointed by the
25 company. The required annual certification fee shall be paid ~~for each~~
26 ~~licensed insurance agent certified~~ by the company and the prescribed
27 reporting form shall be returned at the same time the company files its
28 tax returns as required by K.S.A. 40-252, and amendments thereto.

29 (c) With respect to insurance on growing crops, evidence satisfactory
30 to the commissioner that the insurance agent is qualified to transact in-
31 surance in accordance with standards or procedures established by any
32 branch of the federal government shall be deemed to be the equivalent
33 of certification by a company.

34 (d) Duly licensed insurance agents transacting business in accordance
35 with the provisions of article 41 of chapter 40 of the Kansas Statutes
36 Annotated, and amendments thereto, shall be deemed to be certified by
37 a company for the kinds of insurance permitted under the license in effect
38 for the insurance agent.

39 Sec. 3. K.S.A. 40-252 and K.S.A. 2003 Supp. 40-4912 are hereby
40 repealed.

41 Sec. 4. This act shall take effect and be in force from and after its
42 publication in the statute book.