

Insurance Code Amendments—Surplus Lines Premium Tax Rate; Prepaid Service Plans; Setting Certain Fees; HB 2090

HB 2090 makes several changes to the Insurance Code to decrease the premium tax rate assessed for certain surplus lines business, modify reporting and fee requirements relating to prepaid service plans, and amend the Uniform Insurance Agents Licensure Act and the Public Adjusters Licensing Act to allow the Commissioner of Insurance (Commissioner) to set certain fees lower than the established statutory maximum amounts and also amend fingerprinting criteria for resident agents.

Surplus Lines, Premium Tax Rates

The bill amends a provision in the Insurance Code pertaining to the premium tax assessed for surplus lines business that is transacted on behalf of insureds (policyholders) whose home state is Kansas.

Under current law, on March 1 of each year, licensed agents are required to collect and pay to the Commissioner a tax of 6.0 percent on the total gross premiums charged, less any return premiums. The bill amends this rate to 3.0 percent, commencing with the tax year beginning January 1, 2024.

Prepaid Service Plans

The bill modifies requirements for reporting individuals who solicit memberships on behalf of prepaid service plans from semi-annually to annually. The bill also discontinues payment of annual registration fees.

Under current law, each prepaid service plan authorized to do business in the state is required to register each individual who solicits memberships on their behalf, pay an annual registration fee of \$2 per individual, and provide a list of those individuals to the Kansas Insurance Department (Department) biannually, on January and July 1 of each year.

The bill:

- Discontinues the annual registration fee of \$2 per individual who solicits memberships on behalf of the prepaid service plan;
- Changes the list reporting requirements from a biannual to an annual basis at the time the prepaid service plan files to continue its certificate of registration;
- Includes the amendments to the registration requirements into KSA 40-4209; and
- Repeals the former location of the reporting requirements in KSA 40-4203.

Commissioner of Insurance, Fees Established in Law

The bill amends provisions in the Uniform Insurance Agents Licensure Act and the Public Adjusters Licensing Act to allow the Commissioner to set fees in an amount lower than the maximum amount of the fees established in law. The bill also amends fingerprinting criteria for resident agents.

Resident Agents and Non-resident Agents

Resident agents. Under current law, an applicant for a resident agent license must pay a nonrefundable fee of \$30 to the Commissioner. The bill instead requires each applicant to pay the fee in an amount not to exceed \$30. The bill requires the Commissioner, no later than December 1, to annually set and publish the application fee for the next calendar year in the *Kansas Register*.

Continuing law permits the Commissioner to use information from an applicant's background check, fingerprinting, and criminal history for the purpose of verifying identification and fitness of the applicant to be issued a license. The bill requires, rather than allows, the Commissioner to use this information in determining whether a license should be issued.

Non-resident agents. Under current law, an applicant for a non-resident agent license must pay a nonrefundable application fee of \$30 and a biennial fee of \$50. The bill instead requires non-resident agents to pay the respective fees in an amount not to exceed \$30 and \$50. The bill also requires the Commissioner to annually set and publish this application fee for the next calendar year.

Public Adjusters

Under current law, an applicant for public adjuster licensure must pay an application fee of \$100. The bill instead requires the applicants to pay a fee in an amount not to exceed \$100. The bill also requires the Commissioner to annually set and publish this application fee for the next calendar year in the *Kansas Register*.