

HOUSE BILL No. 2050

AN ACT concerning insurance; relating to the powers, duties and responsibilities of the commissioner of insurance; authorizing the commissioner of insurance to set the amount of certain fees; requiring the publication of certain fees in the Kansas register; reducing the number of board members appointed by the commissioner of insurance on certain insurance-related boards and the frequency of the meetings of the committee on surety bonds and insurance; renaming the Kansas insurance department as the Kansas department of insurance; requiring the commissioner of insurance to maintain a list of eligible nonadmitted insurers; authorizing certain nonadmitted insurers to transact business in Kansas with vehicle dealers and to provide excess coverage insurance on Kansas risks; renaming the office of the securities commissioner as the department of insurance assistant commissioner, securities division; eliminating the requirement that the senate confirm the department of insurance assistant commissioner, securities division appointee; amending K.S.A. 8-2405, 40-205a, 40-218, 40-246b, 40-246e, 40-252, 40-2133, 40-504, 40-956, 40-2102, 40-2109, 40-22a04, 40-2604, 40-2702, 40-3116, 40-3213, 40-3304, 40-3413, 40-3812, 40-3813, 40-3814, 40-4103, 40-4116, 40-4323, 40-4334, 40-4503, 40-5003, 40-5509 and 75-4101 and K.S.A. 2024 Supp. 40-102, 40-3823, 40-3824, 40-4209, 40-4302, 40-4903 and 75-6301 and repealing the existing sections; also repealing K.S.A. 40-3217, 75-6302, 75-6303, 75-6304, 75-6305, 75-6306 and 75-6307.

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

New Section 1. (a) The Kansas insurance department, as established by K.S.A. 42-102, and amendments thereto, is hereby renamed the Kansas department of insurance. All powers, duties and functions of the Kansas insurance department are hereby transferred and imposed upon the Kansas department of insurance.

(b) Whenever the Kansas insurance department, or words of like effect, are referred to or designated by a statute, contract or other document, and such reference or designation is in regard to any function, power or duty of the Kansas insurance department, such reference or designation shall be deemed to apply to the Kansas department of insurance.

(c) All rules and regulations, order and directives of the commissioner of insurance of the Kansas insurance department that are in effect on July 1, 2025, shall continue to be effective and shall be deemed to be rules and regulations, orders and directives of the commissioner of insurance of the Kansas department of insurance until amended, revoked or nullified pursuant to law.

New Sec. 2. (a) (1) The office of the securities commissioner of Kansas, as established by K.S.A. 75-6301, and amendments thereto, is hereby renamed the department of insurance, securities division. All powers, duties and functions of the office of the securities commissioner of Kansas are hereby transferred and imposed upon the department of insurance, securities division.

(2) The securities commissioner is hereby renamed the department of insurance assistant commissioner, securities division. All powers, duties and functions of the securities commissioner are hereby transferred and imposed upon the department of insurance assistant commissioner, securities division.

(b) (1) Whenever the office of the securities commissioner of Kansas, or words of like effect, are referred to or designated by a statute, contract or other document, and such reference or designation is in regard to any function, power or duty of the office of the securities commissioner of Kansas, such reference or designation shall be deemed to apply to the department of insurance, securities division.

(2) Whenever the securities commissioner, or words of like effect, are referred to or designated by statute, contract or other document, and such reference or designation is in regard to any function, power or duty of the securities commissioner of Kansas, such reference or designation shall be deemed to apply to the department of insurance assistant commissioner, securities division.

(c) All rules and regulations, orders and directives of the securities commissioner of Kansas that are in effect on July 1, 2025, shall continue to be effective and shall be deemed to be rules and regulations, orders and directives of the department of insurance assistant commissioner, securities division until amended, revoked or nullified pursuant to law.

Sec. 3. K.S.A. 8-2405 is hereby amended to read as follows: 8-2405. No dealer's license shall be issued or renewed unless the applicant or holder of the license shall have on file with the division an ~~approved~~ insurance policy, issued by an insurance carrier authorized to transact business within the state of Kansas *or issued by an eligible nonadmitted insurer pursuant to K.S.A. 40-246e, and amendments thereto.* The term of ~~the such~~ policy shall be continuous and shall remain in full force and effect until canceled under proper notice. All policies ~~must~~ *shall* be issued in the name of the holder or applicant for the vehicle dealer's license and shall provide public liability and property damage insurance for the operation of any vehicle by prospective purchasers, owned or being offered for sale by the dealer when being operated by the owner or seller, the seller's agent, servants, employees, prospective customers or other persons. The limits of liability shall correspond to the amount required by law in this state for bodily injury or death of any one person, bodily injury or death in any one accident and property damage. Such insurance, *when issued by an authorized insurer,* may not be cancelled unless 30 days' notice by the insurance carrier has been given in writing to the director. Upon the effective date of cancellation of any insurance policy required under this section, the license to engage in business as a dealer shall be void.

Sec. 4. K.S.A. 2024 Supp. 40-102 is hereby amended to read as follows: 40-102. There is hereby established ~~a department to be known as the Kansas department of insurance—department, and such department shall have a.~~ *The chief officer—entitled of the department shall be the commissioner of insurance.* The commissioner of insurance shall be charged with the administration of all laws relating to insurance, insurance companies and fraternal benefit societies doing business in this state and all other duties that are or may be imposed upon such officer by law.

Sec. 5. K.S.A. 40-205a is hereby amended to read as follows: 40-205a. (a) No person shall ~~do~~ *perform* any act toward selling the stock of any insurance company or health maintenance organization unless such person first obtains from the commissioner of insurance written authority to engage in the business of selling the stock of such company. Such applicant shall first be appointed in writing by the president or secretary of the company for which such applicant intends to sell stock. The applicant for such license shall file with the commissioner of insurance the applicant's written application for a license authorizing the applicant to engage in the business of selling such stock. The applicant shall make sworn answers to such interrogatories as the commissioner of insurance shall require. The fee charged for the issuance of such license shall ~~be not exceed~~ \$100 and shall be paid to the commissioner of insurance by the company requesting such license.

(b) *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fee required pursuant to this section for the next calendar year.*

Sec. 6. K.S.A. 40-218 is hereby amended to read as follows: 40-218. (a) Every insurance company, or fraternal benefit society, on applying for authority to transact business in this state, and as a condition precedent to obtaining such authority, shall file in the insurance department its *irrevocable* written consent, ~~irrevocable~~, that any action or garnishment proceeding may be commenced against such company or fraternal benefit society in the proper court of any county in this state in which the cause of action shall arise or in which the plaintiff may reside by the service of process on the commissioner of insurance of this state, and stipulating and agreeing that such service shall be taken and held in all courts to be as valid and binding as if due service had been made upon the president or chief officer of such corporation. Such consent shall be executed by the president and secretary of the company and shall be accompanied by a duly certified copy of the order or resolution of the board of directors, trustees or managers authorizing the president and secretary to execute the same.

The summons or order of garnishment, accompanied by a fee ~~of not to exceed~~ \$25, shall be directed to the commissioner of insurance, and shall require the defendant or garnishee to answer or otherwise respond by a certain day, not less than 40 days from the date the summons or order of garnishment is served on the commissioner. *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fee required pursuant to this subsection for the next calendar year.*

(b) Service on the commissioner of insurance of any process, notice or demand against an insurance company or fraternal benefit society shall be made by delivering to and leaving with the commissioner or the commissioner's designee, the original of the process and two copies of the process and the petition, notice of demand, or the clerk of the court may send the original process and two copies of both the process and petition, notice or demand directly to the commissioner by certified mail, return receipt requested. In the event that any process, notice or demand is served on the commissioner, the commissioner shall immediately cause a copy thereof to be forwarded by certified mail, return receipt requested to the insurance company or fraternal benefit society address to its general agent if such agent resides in this state or to the secretary of the insurance company or fraternal benefit society sued at its registered or principal office in any state in which it is domesticated. The commissioner of insurance shall make return of the summons to the court from whence it issued, showing the date of its receipt, the date of forwarding such copies, and the name and address of each person to whom a copy was forwarded. Such return shall be under the hand and seal of office, and shall have the same force and effect as a due and sufficient return made on process directed to a sheriff. The commissioner of insurance shall keep a suitable record in which shall be docketed every action commenced against an insurance company, the time when commenced, the date and manner of service; also the date of the judgment, its amount and costs, and the date of payment thereof, which shall be certified from time to time by the clerk of the court.

Sec. 7. K.S.A. 40-246b is hereby amended to read as follows: 40-246b. (a) Upon receipt of a proper application, the commissioner of insurance may issue an excess lines coverage license to any licensed property and casualty agent of this state or any other state. Any agent so licensed may negotiate for insureds whose home state is this state, the types of contracts of fire insurance enumerated in K.S.A. 40-901, and amendments thereto, and the type of casualty insurance contracts enumerated in K.S.A. 40-1102, and amendments thereto, or reinsurance, ~~or to place risks; or to effect insurance or reinsurance for persons or corporations other than such agent; with insurers not authorized to do business in this state~~ *nonadmitted insurers eligible pursuant to K.S.A. 40-246e, and amendments thereto.* An agent, as defined in K.S.A. 40-4902, and amendments thereto, may place the kind ~~or kinds~~ of business specified in this act for which such agent is licensed pursuant to K.S.A. 40-4903 and ~~subsection (d) of 40-4906, and amendments thereto, with an insurer not authorized to do business in this state~~ *eligible nonadmitted insurer* by placing such business with a person licensed pursuant to the provisions of this act and may share in the applicable commissions on such business. Before any such license shall be issued, the applicant shall submit proper application on a form prescribed by the commissioner, which application shall be accompanied by a fee of \$50. Such license shall be renewable each year on May 1, upon the payment of a \$50 fee.

(b) The agent so licensed shall on or before March 1 of each year, file with the insurance department of this state, a sworn affidavit or statement to the effect that, after diligent effort, such agent has been unable to secure the amount of insurance required to protect the property, person, or firm described in such agent's affidavit or statement from loss or damage in regularly admitted companies during the preceding year. Mere rate differential shall not be grounds for placing a

particular risk ~~in~~ with a nonadmitted ~~carrier insurer~~ when an admitted ~~carrier insurer~~ would accept such risk at a different rate. The licensed excess coverage agent ~~must~~ *shall*, prior to placing insurance with an *eligible nonadmitted insurer not authorized to do business in this state*, obtain the written consent of the prospective named insured and provide such insured the following information in a form promulgated by the commissioner:

(1) A statement that the coverage will be obtained from an ~~insurer not authorized to do business in this state~~ *eligible nonadmitted insurer*;

(2) a statement that the ~~insurer's name appears on the list of companies maintained by the commissioner~~ *insurer is eligible* pursuant to K.S.A. 40-246e, and amendments thereto;

(3) a notice that the insurer's financial condition, policy forms, rates and trade practices are not subject to the review or jurisdiction of the commissioner;

(4) a statement that the protection of the guaranty associations is not afforded to policyholders of the insurer; and

(5) a statement or notice with respect to any other information deemed necessary by the commissioner pertinent to insuring with an ~~insurer not authorized to do business in this state~~ *eligible nonadmitted insurer*.

(c) In the event the insured desires that coverage be bound with an ~~insurer not admitted to this state~~ *eligible nonadmitted insurer* and it is not possible to obtain the written consent of the insured prior to binding the coverage, the excess lines agent may bind the coverage after advising the insured of the information set out above and shall obtain written confirmation that the insured desires that coverage be placed with an ~~insurer not admitted to this state~~ *eligible nonadmitted insurer* within 30 days after binding coverage.

(d) (1) When business comes to a licensed excess lines agent in which this state is the home state for placement with an ~~insurer not authorized to do business in this state~~ *eligible nonadmitted insurer* from an agent not licensed as an excess lines agent, it shall be the responsibility of the licensed excess lines agent to ascertain that the insured has been provided the preceding information and has consented to being insured with an ~~insurer not authorized to do business in this state~~ *eligible nonadmitted insurer*. Each excess lines agent shall keep a separate record book in such agent's office showing the transactions of fire and casualty insurance and reinsurance placed in ~~companies not authorized to do business in this state~~ *eligible nonadmitted insurers*, the amount of gross premiums charged thereon, the insurer with which the policy was placed, the date, term and number of the policy, the location and nature of the risk, the name of the insured and such other information as the commissioner may require and such record shall be available at all times for inspection by the commissioner of insurance or the commissioner's authorized representatives. The commissioner may revoke or suspend any license issued pursuant to the provisions of this act in the same manner and for the same reasons prescribed by K.S.A. 40-4909, and amendments thereto.

(2) Any policy issued under the provisions of this statute shall have stamped or endorsed in a prominent manner thereon, the following: This policy is issued by an ~~insurer not authorized to do business~~ *eligible nonadmitted insurer* in Kansas and, as such, the form, financial condition and rates are not subject to review by the commissioner of insurance and the insured is not protected by any guaranty fund.

(3) If business is placed with a nonadmitted company that is subsequently determined to be insolvent, the excess lines agent placing such business with such company is relieved of any responsibility to the insured as it relates to such insolvency, if the excess lines agent has satisfactorily complied with all requirements of this section pertaining to notification of the insured, has properly obtained the written consent of the insured and has used due diligence in selecting the insurer. It shall be presumed that due diligence was used in selecting the insurer if

such insurer was on the list compiled pursuant to K.S.A. 40-246e, and amendments thereto, at the time coverage first became effective.

Sec. 8. K.S.A. 40-246e is hereby amended to read as follows: 40-246e. (a) The commissioner shall maintain a list of ~~insurers not authorized to do business in this state~~ *eligible nonadmitted insurers* for review by any interested person. Only those insurers who have filed a certified copy of their most recent annual statement with the commissioner in the form prescribed by K.S.A. 40-225, and amendments thereto, or, if domiciled outside the United States, have filed their most recent annual statement with the national association of insurance commissioners may appear on the list. ~~No excess lines agent shall place insurance on a Kansas domiciled risk with an insurer whose name does not appear on this list.~~ No company shall appear on the list whose capital or surplus as shown on the annual statement does not equal or exceed ~~\$4,500,000~~ *\$15,000,000*. Individual unincorporated insurers not listed by the national association of insurance commissioners may appear on the list if they are authorized to transact an insurance business in at least one state of the United States; *and* possess assets ~~which~~ *that* are held in trust for the benefit of American policyholders in the sum of not less than \$50,000,000 ~~and pay the filing fee required by this section.~~ Insurance exchanges ~~who~~ *that* issue contracts on behalf of their members and pay the filing fee required by this section may appear on the list if their individual members have a capital or surplus equal to or in excess of \$1,500,000 and the aggregate capital or surplus of all members of the exchange is at least \$15,000,000. ~~A nonrefundable filing fee of \$200 shall be required of any insurer submitting its annual statement for review by the commissioner for inclusion on such list.~~

(b) The commissioner shall remove an insurer's name from the listing only when: ~~(a) the:~~

~~The~~ (1) Insurer requests such removal;
~~or (b) the~~ (2) insurer fails to file its latest annual statement ~~and required filing fee~~ prior to May 1 of each year as required by this section; ~~or (c) the~~

(3) commissioner is notified by the insurance supervisory authority of any state of the United States that such insurer has had its authority to transact business restricted; or has been declared insolvent or placed in receivership, conservatorship, rehabilitation or any similar status wherein the business of the insurer is formally supervised by an insurance supervisory authority; ~~or (d) the~~

(4) commissioner is notified by the N.A.I.C. that any insurer domiciled outside the United States has been declared insolvent or placed in receivership, conservatorship, rehabilitation or any similar status ~~wherein in which~~ the business of the insurer is formally supervised by an insurance supervisory authority pursuant to an order by any court of competent jurisdiction; ~~or (e) the~~

(5) insurer has failed to effectuate reasonably prompt, fair and equitable payment of just losses and claims in this state; or

~~(f) the~~ (6) insurer encourages, promotes or rewards an agent to violate the provisions of K.S.A. 40-246b, and amendments thereto.

(c) *Notwithstanding its inclusion on the list, a nonadmitted insurer shall be eligible to place insurance in accordance with K.S.A. 40-246b, and amendments thereto, if such insurer meets the eligibility requirements of 15 U.S.C. § 8204, as in effect on July 1, 2025.*

(d) There shall be no liability on the part of and no cause of action of any nature shall arise against the commissioner, the commissioner's employees; or the state of Kansas as a result of any insurer's name appearing or not appearing on the list required by this section if such list is constructed and maintained in good faith and without malice.

Sec. 9. K.S.A. 40-252 is hereby amended to read as follows: 40-252. *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fees required pursuant to this section for the next calendar year.*

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 *not to exceed the amounts* 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
 Annual fees:
 Filing annual statement.....100
 Continuation of certificate of authority.....10

In addition to the above fees and as a condition precedent to the continuation of the certificate of authority provided in this code, all such companies shall pay ~~a fee of \$2 for each agent certified by the company and one-time fee of \$2 for each newly certified agent. Such fee shall be non-recurrent and constitute the only appointment fee charged for the duration of such newly certified agent's employment with the appointing company.~~ Such companies shall also pay a tax annually upon all premiums received on risk located in this state at the rate of 1% for tax year 1997, and 2% for all tax years thereafter per annum less (1) for tax years prior to 1984, any taxes paid on business in this state pursuant to the provisions of K.S.A. 40-1701 to 40-1707, inclusive, and 75-1508, and amendments thereto, and (2) for tax years 1984 and thereafter, any taxes paid on business in this state pursuant to the provisions of K.S.A. 75-1508, and amendments thereto, and the amount of the firefighters relief tax credit determined by the commissioner of insurance. The amount of the firefighters relief tax credit for a company for the current tax year shall be determined by the commissioner of insurance by dividing: (A) The total amount of credits against the tax imposed by this section for taxes paid by all such companies on business in this state under K.S.A. 40-1701 ~~to through~~ 40-1707, inclusive, and amendments thereto, for tax year 1983, by (B) the total amount of taxes paid by all such companies on business in this state under K.S.A. 40-1703, and amendments thereto, for the tax year immediately preceding the current tax year, and by multiplying the result so obtained by (C) the amount of taxes paid by the company on business in this state under K.S.A. 40-1703, and amendments thereto, for the current tax year.

In the computation of the gross premiums all such companies shall be entitled to deduct any premiums returned on account of cancellations, including funds accepted before January 1, 1997, and declared and taxed as annuity premiums ~~which that~~, on or after January 1, 1997, are withdrawn before application to the purchase of annuities,

all premiums received for reinsurance from any other company authorized to do business in this state, dividends returned to policyholders and premiums received in connection with the funding of a pension, deferred compensation, annuity or profit-sharing plan qualified or exempt under sections 401, 403, 404, 408, 457 or 501 of the United States internal revenue code of 1986. Funds received by life insurers for the purchase of annuity contracts and funds applied by life insurers to the purchase of annuities shall not be deemed taxable premiums or be subject to tax under this section for tax years commencing on or after January 1, 1997.

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

Annual fees:

Filing annual statement.....	100
Continuation of certificate of authority.....	10

5. Nonprofit pharmacy 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

In addition to the above fees and as a condition precedent to the continuation of the certificate of authority, provided in this code, every corporation or association shall pay annually to the commissioner of insurance a tax in an amount equal to ~~1% for tax year 1997, and 2% for all tax years thereafter~~ per annum of the total of all premiums, subscription charges, or any other term ~~which~~ *that* may be used to describe the charges made by such corporation or association to subscribers for hospital, medical or other health services or indemnity received during the preceding year. In such computations all such corporations or associations shall be entitled to deduct any premiums or subscription charges returned on account of cancellations and dividends returned to members or subscribers.

D

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

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

In addition to the above fees, all such companies shall pay ~~\$5 for each agent certified by the company~~ *a one-time fee of \$5 for each newly certified agent. Such fee shall be non-recurrent and constitute the only appointment fee charged for the duration of such newly certified agent's employment with the appointing company, except as otherwise provided by law.*

As a condition precedent to the continuation of the certificate of authority, provided in this code, every company organized under the laws of any other state of the United States or of any foreign country shall pay a tax upon all premiums received during the preceding year at the rate of 2% per annum.

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

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

In addition to the above fees, every such company organized under the laws of any other state of the United States shall pay ~~\$5 for each agent certified by the company, and shall~~ *a one-time fee of \$5 for each newly certified agent. Such fee shall be non-recurrent and constitute the only appointment fee charged for the duration of such newly*

certified agent's employment with the appointing company. Such companies shall pay a tax annually upon all premiums received at the rate of 2% per annum.

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

3. Mutual fire, casualty and multiple line insurers and reciprocal or interinsurance exchanges:

Admission fees:

Examination of charter and other documents and issuance of certificate of authority.....	\$500
Filing annual statement.....	100
Certificate of authority.....	10

Annual fees:

Filing annual statement.....	100
Continuation of certificate of authority.....	10

In addition to the above fees, every such company or association organized under the laws of any other state of the United States shall pay a ~~fee of \$5 for each agent certified by the company and one-time fee of \$5 for each newly certified agent. Such fee shall be non-recurrent and constitute the only appointment fee charged for the duration of such newly certified agent's employment with the appointing company.~~ Such companies shall also pay a tax annually upon all premiums received at the rate of 2% per annum.

For tax years 1998 and thereafter, the annual tax shall be reduced by the "applicable percentage" of: (1) Any taxes paid on business in this state pursuant to the provisions of K.S.A. 75-1508, and amendments thereto; and (2) the amount of the firefighters relief tax credit determined by the commissioner of insurance. The amount of the firefighters relief tax credit for a company taxable under this subsection for the current tax year shall be determined by the commissioner of insurance by dividing (A) the total amount of taxes paid by all such companies on business in this state under K.S.A. 40-1701 to 40-1707, and amendments thereto, for tax year 1983 as then in effect, by (B) the total amount of taxes paid by all such companies on business in this state under K.S.A. 40-1703, and amendments thereto, for the tax year immediately preceding the current tax year, and by multiplying the result so obtained by (C) the amount of taxes paid by the company on business in this state under K.S.A. 40-1703, and amendments thereto, for the current tax year. The "applicable percentage" shall be as follows:

Tax Year	Applicable Percentage
1998	10%
1999	20%
2000	40%
2002	50%
2003	60%
2004	70%
2005	80%
2006	90%
2007 and thereafter	100%

In the computation of the gross premiums all such companies shall

be entitled to deduct any premiums returned on account of cancellations, all premiums received for reinsurance from any other company authorized to do business in this state, and dividends returned to policyholders.

E

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

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

F

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 any other state, territory or country:

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, nonprofit dental service corporations, nonprofit optometric service corporations and nonprofit pharmacy 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

In addition to the above fees and as a condition precedent to the continuation of the certificate of authority, provided in this code, every corporation or association shall pay annually to the commissioner of insurance a tax in an amount equal to 2% per annum of the total of all premiums, subscription charges, or any other term ~~which~~ *that* may be used to describe the charges made by such corporation or association to subscribers in this state for hospital, medical or other health services or indemnity received during the preceding year. In such computations all such corporations or associations shall be entitled to deduct any premiums or subscription charges returned on account of cancellations and dividends returned to members or subscribers.

G

Payment of Taxes.

For the purpose of insuring the collection of the tax upon premiums, assessments and charges as set out in subsection A, C, D or F, every insurance company, corporation or association shall at the time it files its annual statement, as required by the provisions of K.S.A. 40-225, and amendments thereto, make a return, generated by or at the direction of its president and secretary or other chief officers, under penalty of K.S.A. 21-5824, and amendments thereto, to the commissioner of insurance, stating the amount of all premiums, assessments and charges received by the companies or corporations in this state, whether in cash or notes, during the year ending on the December 31 next preceding.

Commencing in 1985 and annually thereafter the estimated taxes shall be paid as follows: On or before June 15 and December 15 of such year an amount equal to 50% of the full amount of the prior year's

taxes as reported by the company shall be remitted to the commissioner of insurance. As used in this paragraph, "prior year's taxes" includes: (1) Taxes assessed pursuant to this section for the prior calendar year;; (2) fees and taxes assessed pursuant to K.S.A. 40-253, and amendments thereto, for the prior calendar year;; and (3) taxes paid for maintenance of the department of the state fire marshal pursuant to K.S.A. 75-1508, and amendments thereto, for the prior calendar year.

Upon the receipt of such returns the commissioner of insurance shall verify the same and assess the taxes upon such companies, corporations or associations on the basis and at the rate provided herein and the balance of such taxes shall thereupon become due and payable giving credit for amounts paid pursuant to the preceding paragraph, or the commissioner shall make a refund if the taxes paid in the prior June and December are in excess of the taxes assessed.

H

The fee prescribed for the examination of charters and other documents shall apply to each company's initial application for admission and shall not be refundable for any reason.

Sec. 10. K.S.A. 40-2,133 is hereby amended to read as follows: 40-2,133. (a) No insurer may utilize or continue to utilize the services of an MGA on and after the effective date of this act unless such utilization is in compliance with this act.

(b) The insurer shall have on file an independent financial examination in a form acceptable to the commissioner of each MGA with which it has done business.

(c) If an MGA establishes loss reserves, the insurer shall annually obtain the opinion of an actuary attesting to the adequacy of loss reserves established for losses incurred and outstanding on business produced by the MGA. Such requirement shall be in addition to any other required loss reserve certification.

(d) The insurer shall periodically, but not less frequently than semi-annually, conduct an on-site review of the underwriting and claims processing operations of the MGA.

(e) Binding authority for all reinsurance contracts or participation in insurance or reinsurance syndicates shall rest with an officer of the insurer who shall not be affiliated with the MGA.

(f) *(1)* Within 30 days of entering into or termination of a contract with an MGA, the insurer shall provide written notification of such appointment or termination to the commissioner. Notices of appointment of an MGA shall include:

~~(1)~~*(A)* A statement of duties ~~which~~ *that* the applicant is expected to perform on behalf of the insurer;;

~~(2)~~*(B)* the lines of insurance for which the applicant is to be authorized to act;;

~~(3)~~*(C)* a notification fee in ~~the~~ *an* amount ~~of not to exceed~~ \$100; ~~(4)~~; and

(D) any other information the commissioner may request.

(2) *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fee required pursuant to this subsection for the next calendar year.*

(g) *Each calendar quarter, an insurer shall ~~each quarter~~ review its books and records to determine if any agent or broker has become, by operation of ~~subsection (d) of~~ K.S.A. 40-2,130(d), and amendments thereto, an MGA as defined in that subsection. If the insurer determines that an agent or broker has become an MGA pursuant to the above, the insurer shall promptly notify the agent or broker and the commissioner of such determination, and the insurer and agent or broker shall fully comply with the provisions of this act within 30 days.*

(h) An insurer shall not appoint to its board of directors an officer, director, employee or controlling shareholder of its MGAs. This subsection shall not apply to relationships governed by the applicable provisions of article 33 of chapter 40 of the Kansas Statutes Annotated, *and amendments thereto.*

Sec. 11. K.S.A. 40-504 is hereby amended to read as follows: 40-

504. Any corporation heretofore organized and existing pursuant to law for the purpose of making insurance on the lives of individuals, may take advantage and have the benefit of this act by filing in the office of the commissioner of insurance a declaration of the company, signed by the president and secretary, giving the name of the corporation, a copy of the bylaws, the form of application adopted by them, and a copy of the policy contract proposed to be issued to individuals, together with a fee ~~of one hundred dollars~~ *not to exceed \$100*. The commissioner of insurance shall submit all documents to the attorney general for ~~his~~ examination, and if found by ~~him~~ *the attorney general* to be in accordance with the law ~~he~~, *the attorney general* shall certify to and deliver ~~the same~~ *such documents* to the commissioner of insurance, who shall retain such documents on file; ~~and~~. Upon compliance by ~~said~~ *such* company with the provisions of this code, the commissioner of insurance shall issue ~~his~~ *a* certificate authorizing ~~said~~ *such* company to do business in this state under the provisions of this code. *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fee required pursuant to this section for the next calendar year.*

Sec. 12. K.S.A. 40-956 is hereby amended to read as follows: 40-956. (a) (1) Any corporation, association, partnership or individual whether located in or out of the state, may apply for license as a rating organization for such kinds of insurance or subdivisions thereof as are specified in its application and shall file ~~therewith~~:

~~(1)~~(A) A copy of its constitution, articles of agreement or association or certificate of incorporation, and its bylaws and rules governing the conduct of its business;

~~(2)~~(B) a list of its members and subscribers;

~~(3)~~(C) the name and address of a resident of the state upon whom service of process or orders of the commissioner may be served and an irrevocable agreement to accept such service or notices; and

~~(4)~~(D) a statement of its qualification as a rating organization.

(2) Every rating organization shall notify the commissioner promptly of every change in its organizational structure, members or subscribers and the person upon whom service or notices may be made.

(3) If the commissioner finds the applicant is qualified, the commissioner shall issue a license specifying the kinds of insurance or subdivisions thereof for which the applicant is authorized to act as a rating organization. Every such application shall be granted or denied in whole or in part by the commissioner within 60 days of the date of its filing. Licenses issued pursuant to this section shall continue in force until May 1 next after their date unless suspended or revoked by the commissioner. The fee for such license shall ~~be not exceed~~ \$25 annually. *Not later than December 1 of each year, the commissioner of insurance shall set and cause to be published in the Kansas register the fee required pursuant to this paragraph for the next calendar year.* Licenses issued pursuant to this section may be suspended or revoked by the commissioner, after hearing upon notice, in the event the rating organization ceases to meet the requirements of this section.

(b) Every rating organization shall furnish its rating services without discrimination to its members and subscribers. Subject to rules ~~which~~ *that* have been approved by the commissioner as reasonable, each rating organization shall permit any insurer or group pool, not a member, to be a subscriber to its rating service for any kind of insurance or subdivision thereof for which it is authorized to act as a rating organization. The reasonableness of any rule in its application to subscribers, or the refusal of any rating organization to admit an insurer or group pool as a subscriber, at the request of any subscriber, pool or any insurer shall be reviewed by the commissioner at a hearing.

(c) No rating organization shall adopt any rule, the effect of which would be to prohibit or regulate the payment of dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers.

(d) The commissioner, at least once in five years, shall make or

cause to be made an examination of each rating organization licensed in this state. The reasonable costs of such examination shall be paid by the rating organization examined, upon presentation to it of a detailed account of such cost. The officers, managers, agents and employees of such rating organization may be examined under oath and shall exhibit all books, records, accounts, documents or agreements governing its method of operation. The commissioner may waive such examination upon proof such rating organization has, within a reasonably recent period, been examined by the insurance supervisory official of another state, and upon filing with the commissioner a copy of the report of such examination.

(e) Cooperation among rating organizations or among rating organizations and insurers in rate making or in other matters within the scope of this act is hereby authorized, ~~provided except that~~ the filings resulting from such cooperation are subject to all the provisions of this act ~~which that~~ are applicable to filings generally. The commissioner may review such cooperative activities and practices and if, after a hearing, the commissioner finds any such activity or practice is unfair, unreasonable or otherwise inconsistent with this act or other provision of the insurance laws of this state, the commissioner may issue a written order requiring discontinuance of such activities or practices.

(f) Any rating organization may provide for the examination of policies, daily reports, binders and other transaction with its members or subscribers, ~~providing if~~ it makes reasonable rules governing those activities, ~~which. Such~~ rules shall be approved by the commissioner. ~~Such rules and~~ shall contain a provision that in the event any insurer does not within 60 days furnish satisfactory evidence to the rating organization of the correction of any error or omissions previously called to its attention by the rating organization, it shall be the duty of the rating organization to notify the commissioner thereof. All information submitted for examination shall be confidential.

(g) Any rating organization may subscribe for or purchase actuarial, technical or other services, and such services shall be available to all members and subscribers without discrimination. Any rating organization may collect, compile and distribute past and current premiums of individual insurers.

Sec. 13. K.S.A. 40-2102 is hereby amended to read as follows: 40-2102. (a) Every insurer undertaking to transact in the state of Kansas the business of automobile and motor vehicle bodily injury and property damage liability insurance and every rating organization ~~which that~~ files rates for such insurance shall cooperate in ~~the preparation and submission preparing and submitting a plan to the commissioner of insurance of a plan or plans~~ for the equitable apportionment among insurers of applicants for insurance who ~~are~~, in good faith; ~~are~~ entitled to, but ~~who~~ are unable to procure ~~such insurance~~ through ordinary methods, ~~such insurance~~. Such plan or plans shall provide:

(a)(1) Reasonable rules governing the equitable distribution of risks by direct insurance, reinsurance or otherwise and their assignment to insurers, including provisions requiring, at the request of the applicant, an immediate assumption of the risk by an insurer or insurers upon completion of an application, payment of the specified premium and deposit the application and the premium in the United States mail, postage prepaid and addressed to the plan's office;

(b)(2) rates and rate modifications applicable to such risks ~~which that~~ shall be reasonable, adequate and not unfairly discriminatory;

(c)(3) the limits of liability ~~which that~~ the insurer shall be required to assume;

(d)(4) a method ~~whereby~~ by which applicants for insurance, insureds and insurers may have a hearing on grievances and the right of appeal to the commissioner;

(e) ~~for every such plan or plans, there shall be~~ (5) a governing board to be appointed by the commissioner of insurance ~~which that~~ shall meet at least annually to review and prescribe operating rules, ~~and~~

~~which shall consist of the following members:~~

~~(1)(b)~~ (1) *Prior to January 1, 2026, such board shall consist of the following nine members:*

(A) (i) *Seven members who shall be appointed prior to December 31, 2025, as follows:*

(a) ~~Three of such~~ members shall be representatives of foreign insurance companies;

(b) two members shall be representatives of domestic insurance companies; and

(c) two members shall be licensed independent insurance agents;

(ii) *such seven members shall be appointed for a term of three years, except that the initial appointment shall include two members appointed for a two-year term and two members appointed for a one-year term as designated by the commissioner; and*

~~(2)(B)~~ two members ~~representative~~ shall be representatives of the general public interest with such members to be appointed for a term of two years.

(2) *The terms of the members appointed and serving on the governing board as of July 1, 2025, shall expire on December 31, 2025.*

(c) (1) *The commissioner shall appoint a governing board for the plan that shall serve on and after January 1, 2026, and that shall have the same powers, duties and functions as its predecessor. On and after January 1, 2026, all members of such governing board shall serve three-year terms, except that such members shall be removable by the commissioner for inefficiency, neglect of duty or malfeasance. Such governing board shall consist of five members to be appointed as follows:*

(A) *Three members shall be representatives of insurers;*

(B) *one member shall be a representative of independent insurance agents; and*

(C) *one member shall be a representative of the general public.*

(2) *In making appointments to the governing board, the commissioner shall consider if foreign and domestic insurers are fairly represented.*

(d) (1) The commissioner shall review the plan as soon as reasonably possible after filing in order to determine whether it meets the requirements set forth in ~~(a), (b), (c) and (d) above~~ subsections (a) (1) through (a)(4). As soon as reasonably possible after the plan has been filed the commissioner shall, in writing, approve or disapprove ~~the same such plan~~. Any plan shall be deemed approved unless disapproved within 45 days. Subsequent to the waiting period the commissioner may disapprove any plan on the ~~ground~~ grounds that ~~it~~ such plan does not meet the requirements set forth in ~~(a), (b), (c) and (d) above~~ subsections (a)(1) through (a)(4), but only after a hearing held upon not less than 10 days' written notice to every insurer and rating organization affected specifying the matter to be considered at such hearing; and only by an order specifying in what respect the commissioner finds that such plan fails to meet such requirements, and stating when within a reasonable period thereafter such plan shall be deemed no longer effective. Such order shall not affect any assignment made or policy issued or made prior to the expiration of the period set forth in such order. Amendments to such plan or plans shall be prepared, ~~and~~ filed and reviewed in the same manner as ~~herein~~ provided in this section with respect to the original plan or plans.

(2) If no plan meeting the standards set forth in ~~(a), (b), (c) and (d)~~ subsections (a)(1) through (a)(4) is submitted to the commissioner within the period stated in any order disapproving an existing plan, the commissioner shall, if necessary to carry out the purpose of this section after hearing, prepare and promulgate a plan meeting such requirements. If, after a hearing conducted in accordance with the provisions of the Kansas administrative procedure act, the commissioner finds that any activity or practice of any insurer or rating organization in connection with the operation of such plan or plans is

unfair or unreasonable or otherwise inconsistent with the provisions of this subsection, the commissioner may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this subsection and requiring discontinuance of such activity or practice.

Sec. 14. K.S.A. 40-2109 is hereby amended to read as follows: 40-2109. *(a)* Every insurer undertaking to transact in this state the business of either workers compensation or employer's liability insurance or both, and every rating organization ~~which that~~ files rates for such insurance shall cooperate in ~~the preparation and submission~~ *preparing and submitting a plan* to the commissioner of insurance ~~of a plan or plans~~, for the equitable apportionment among insurers of applicants for insurance who ~~are~~, in good faith, *are* entitled to but ~~who~~ are unable to procure *such insurance* through ordinary methods, ~~such insurance~~. Such plan or plans shall provide:

~~(a)(1)~~ Reasonable rules governing the equitable distribution of risks by direct insurance, reinsurance or otherwise and their assignment to insurers;

~~(b)(2)~~ rates and rate modifications applicable to such risks ~~which that~~ shall be reasonable, adequate and not unfairly discriminatory;

~~(c)(3)~~ a method ~~whereby~~ *by which* applicants for insurance, insured and insurers may have a hearing on grievances and the right of appeal to the commissioner; *and*

~~(d) for every such plan or plans, there shall be~~ *(4)* a governing board to be appointed by the commissioner of insurance ~~which that~~ shall meet at least annually to review and prescribe operating rules; ~~and which shall consist of the following members:~~

(b) (1) Prior to January 1, 2026, such board shall consist of the following nine members:

~~(1)(A)~~ *(i)* Seven members who shall be appointed *prior to December 31, 2025*, as follows:

(a) Three ~~of such~~ members shall be representatives of foreign insurance companies;

(b) two members shall be representatives of domestic insurance companies; *and*

(c) two members shall be licensed independent insurance agents.

(ii) Such *seven* members shall be appointed for a term of three years, except that the initial appointment shall include two members appointed for a two-year term and two members appointed for a one-year term, as designated by the commissioner; *and*

~~(2)(B)~~ two members representative of the general public interest with such members to be appointed for a term of two years.

(2) The terms of the members appointed and serving on the governing board as of July 1, 2025, shall expire on December 31, 2025.

(c) (1) The commissioner shall appoint a governing board for the plan that shall serve on and after January 1, 2026, and that shall have the same powers, duties and functions as its predecessor. On and after January 1, 2026, all members of such governing board shall serve three-year terms, except that such members shall be removable by the commissioner for inefficiency, neglect of duty or malfeasance. Such governing board shall consist of seven members to be appointed as follows:

(A) Four members shall be representatives of insurance companies;

(B) two members shall be licensed insurance agents; and

(C) one member shall be a representative of the general public interest.

(2) In selecting the members who shall be representatives of insurers, the commissioner shall consider if foreign and domestic insurers are fairly represented.

(d) (1) The commissioner shall review the plan as soon as reasonably possible after filing in order to determine whether it meets the requirements set forth in subsections (a) ~~and (c) above~~ (1) through

(a)(3). As soon as reasonably possible after the plan has been filed the commissioner shall in writing approve or disapprove ~~the same such plan~~, except that any plan shall be deemed approved unless disapproved within 45 days. Subsequent to the waiting period the commissioner may disapprove any plan on the ground that it does not meet the requirements set forth in subsections (a), ~~(b) and (c) above~~ (1) through (a)(3), but only after a hearing held upon not less than 10 days' written notice to every insurer and rating organization affected specifying the matter to be considered at such hearing, and only by an order specifying in what respect the commissioner finds that such plan fails to meet such requirements and stating when within a reasonable period thereafter such plan shall be deemed no longer effective. Such order shall not affect any assignment made or policy issued or made prior to the expiration of the period set forth in such order. Amendments to such plan or plans shall be prepared, ~~and~~ filed and reviewed in the same manner as ~~herein~~ provided in this section with respect to the original plan or plans.

(2) If no plan meeting the standards set forth in subsections (a), ~~(b) and (c)~~ (1) through (a)(3) is submitted to the commissioner within the period stated in any order, disapproving an existing plan the commissioner shall, if necessary to carry out the purpose of this section after hearing, prepare and promulgate a plan meeting such requirements. When such plan or plans or amendments thereto have been approved or promulgated, no insurer shall thereafter issue a policy of workers compensation or employer's liability insurance or undertake to transact such business in this state unless such insurer shall participate in such an approved or promulgated plan. If, after a hearing conducted in accordance with the provisions of the Kansas administrative procedure act, the commissioner finds that any activity or practice of any insurer or rating organization in connection with the operation of such plan or plans is unfair or unreasonable or otherwise inconsistent with the provisions of this section, the commissioner may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this section and requiring discontinuance of such activity or practice.

(e) The commissioner shall approve rates and rate modifications for each plan that provides workers compensation insurance. This provision shall not prohibit the application of surcharges, experience modifications or other rating variables.

Sec. 15. K.S.A. 40-22a04 is hereby amended to read as follows: 40-22a04. (a) The commissioner shall adopt rules and regulations establishing standards governing the conduct of utilization review activities performed in this state or affecting residents or healthcare providers of this state by utilization review organizations. Unless granted an exemption under K.S.A. 40-22a06, and amendments thereto, no utilization review organization may conduct utilization review services in this state or affecting residents of this state without first obtaining a certificate from the commissioner.

(b) The commissioner shall not issue a certificate to a utilization review organization until the applicant:

(1) Files a formal application for certification in such form and detail as required by the commissioner and such application has been executed under oath by the chief executive officer, president or other head official of the applicant;

(2) files with the commissioner a certified copy of its charter or articles of incorporation and bylaws, if any;

(3) states the location of the office or offices of the utilization review organization where utilization review affecting residents or health care providers of this state will be principally performed;

(4) provides a summary of the qualifications and experience of persons performing utilization review affecting the persons and at the locations identified pursuant to paragraph (3);

(5) makes payment of a certification fee ~~of~~ not to exceed \$100 to

the commission; and

(6) provides such other information or documentation as the commissioner requires.

(c) Certificates issued by the commissioner pursuant to this act shall remain effective until suspended, surrendered or revoked subject to payment of an annual continuation fee ~~of not to exceed~~ \$50.

(d) The commissioner may suspend or revoke the certificate or any exemption from certification requirements upon determination that the interests of Kansas insureds are not being properly served under such certificate or exemption. Any such action shall be taken only after a hearing conducted in accordance with the provisions of the Kansas administrative procedure act.

(e) *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fee required pursuant to this paragraph for the next calendar year.*

Sec. 16. K.S.A. 40-2604 is hereby amended to read as follows: 40-2604. (a) No person shall engage in the business of financing insurance premiums under this act in this state without first having obtained a license as a premium finance company from the commissioner of insurance. Every violation of any of the provisions of this act shall subject the person violating ~~the same such provisions~~ to a penalty not to exceed \$500 for each violation or by imprisonment not to exceed six months in jail or both.

(b) (1) (A) The license continuation fee shall ~~be not exceed~~ \$100. The fee for such continuation shall be paid to the commissioner to be deposited in the state general fund.

(B) Licenses may be continued from year to year as of May 1 of each year upon payment of the continuation fee. Every licensee shall, on or before the first day of April, pay to the commissioner ~~the sum of~~ an amount not to exceed \$100 as a continuation fee for the succeeding year. Failure to pay the continuation fee within the time prescribed shall automatically revoke the license.

(2) *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fees required pursuant to this subsection for the next calendar year.*

(c) The applicant for such license shall file with the commissioner written application and shall make sworn answers to such interrogatories as the commissioner may require on forms prepared by the commissioner. The commissioner shall have authority, at any time, to require the applicant fully to disclose the identity of all stockholders, partners, officers and employees, and the commissioner may, in the exercise of discretion, refuse to issue or renew a license in the name of any firm, partnership, or corporation if not satisfied that any officer, employee, stockholder, or partner thereof who may materially influence the applicant's conduct meets the standards of this act.

Sec. 17. K.S.A. 40-2702 is hereby amended to read as follows: 40-2702. (a) As used in this act, unless the context otherwise requires, the term "insurer" means and includes all corporations, companies, associations, societies, fraternal benefit societies, mutual nonprofit hospital service and nonprofit medical service companies, partnerships and persons engaged as principals in the business of insurance of the kinds enumerated in articles 4, 5, 6, 7, 11, 18, 19, 19a, 19b, 19c, 22, 32 and 38 of chapter 40 of the Kansas Statutes Annotated, and ~~any~~ amendments thereto, insofar as the business of insurance of the kinds enumerated in such articles relate to life and accident or sickness. Whenever in this section there is reference to an act effected or committed by mail, the venue of such act shall be at the point where the matter transmitted by mail is delivered and takes effect.

It shall be unlawful for any insurer to transact insurance business in this state, as set forth in subsection (b) ~~of this section~~, without a certificate of authority from the commissioner of insurance. This section shall not apply to:

(1) The lawful transaction of insurance procured by agents under the authority of K.S.A. 40-246b, 40-246c and 40-246d, and

amendments thereto, relating to accident and sickness insurance;

(2) contracts of reinsurance issued by an insurer not organized under the laws of this state;

(3) transactions in this state involving a policy lawfully solicited, written and delivered outside of this state, covering only subjects of insurance not resident in this state at the time of issuance and which transactions are subsequent to the issuance of such policy;

(4) attorneys acting in the ordinary relation of attorney and client in the adjustment of claims or losses;

(5) transactions in this state involving group life and group sickness and accident or blanket sickness and accident insurance or group annuities, where the master policy of such groups was lawfully issued and delivered in and pursuant to the laws of a state in which the insurer was authorized to do an insurance business to a group organized for purposes other than the procurement of insurance and where the policyholder is domiciled or otherwise has a bona fide residence;

(6) transactions in this state involving any policy of life or accident and health insurance or annuity contract issued prior to the effective date of this act;

(7) contracts of insurance written by certain lodges, societies, persons and associations specified in K.S.A. 40-202, and amendments thereto, and organizations preempted from state jurisdiction as a result of compliance with both the employees retirement income security act of 1974, as amended, including all bonding provisions, and paragraph (9) of subsection (c) of section 501 of the internal revenue code; and

(8) any life insurance company organized and operated, without profit to any private shareholder or individual, exclusively for the purpose of aiding and strengthening educational institutions, organized and operated without profit to any private shareholder or individual, by issuing insurance and annuity contracts directly from the home office of the company, without insurance agents or insurance representatives in this state, only to or for the benefit of such institutions and individuals engaged in the services of such institutions, but this exemption shall be conditioned upon any such company complying with the following requirements:

~~(i)(A)~~ Payment of an annual registration fee—~~of not to exceed \$500~~; *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register such fee for the next calendar year;*

~~(ii)(B)~~ filing a copy of the form of any policy or contract issued to Kansas residents with the commissioner of insurance;

~~(iii)(C)~~ filing a copy of its annual statement prepared pursuant to the laws of its state of domicile, as well as such other financial material as may be requested, with the commissioner of insurance; and

~~(iv)(D)~~ providing, in such form as may be prescribed by the commissioner of insurance, for the appointment of the commissioner of insurance as its true and lawful attorney upon whom may be served all lawful process in any action or proceeding against such company arising out of any policy or contract it has issued to, or which is currently held by, a Kansas citizen and process so served against such company shall have the same force and validity as if served upon the company.

(b) Any of the following acts in this state effected by mail or otherwise by or on behalf of an unauthorized insurer ~~is~~ *shall be* deemed to constitute the transaction of an insurance business in this state:

(1) The making of or proposing to make, as an insurer, an insurance contract;

(2) the taking or receiving of any application for insurance;

(3) the receiving or collection of any premium, commission, membership fees, assessments, dues or other consideration for any insurance or any part thereof;

(4) the issuance or delivery of contracts of insurance to residents of this state or to persons authorized to do business in this state;

(5) ~~(A)~~ directly or indirectly acting as an agent for or otherwise

representing or aiding on behalf of ~~another~~ any *other* person or insurer in the:

(i) solicitation, negotiation, procurement or effectuation of insurance or renewals thereof ~~or in the~~;

(ii) dissemination of *coverage or rate* information ~~as to coverage or rates, or~~;

(iii) forwarding of applications or delivery of policies or contracts ~~or~~;

(iv) investigation or adjustment of claims or losses or in the transaction of matters subsequent to effectuation of the contract and rising out of it; or

(v) in any other manner representing or assisting a person or insurer in the transaction of insurance with respect to subjects of insurance resident in this state.

(B) Nothing ~~herein~~ *in this paragraph* shall be construed to prohibit full-time salaried employees of a corporate insured from acting in the capacity of an insurance manager or buyer in placing insurance ~~in~~ *on* behalf of such employer;

(6) the transaction of any kind of insurance business specifically recognized as transacting an insurance business within the meaning of the statutes relating to insurance; or

(7) the transacting of or proposing to transact any insurance business, in substance equivalent to any of the foregoing, in a manner designed to evade the provisions of this act.

(c) (1) The failure of an insurer transacting insurance business in this state to obtain a certificate of authority from the commissioner of insurance shall not impair the validity of any act or contract of such insurer and shall not prevent such insurer from defending any action at law or suit in equity in any court of this state, but no insurer transacting insurance business in this state without a certificate of authority shall be permitted to maintain an action in any court of this state to enforce any right, claim or demand arising out of the transaction of such business until such insurer shall have obtained a certificate of authority.

(2) In the event of failure of any such unauthorized insurer to pay any claim or loss within the provisions of such insurance contract, any person who assisted or in any manner aided, directly or indirectly, in the procurement of such insurance contract shall be liable to the insured for the full amount of the claim or loss in the manner provided by the provisions of such insurance contract.

Sec. 18. K.S.A. 40-3116 is hereby amended to read as follows: 40-3116. (a) Insurers and self-insurers are hereby directed to organize and maintain an assigned claims plan to provide that any person; who suffers injury in this state may obtain personal injury protection benefits through such plan if:

(1) Personal injury protection benefits are not available to the injured person, except that personal injury protection benefits shall not be deemed unavailable to any person suffering injury while such person was the operator of a motorcycle or motor-driven cycle, for which the owner thereof has rejected personal injury protection benefits pursuant to ~~subsection (f) of~~ K.S.A. 40-3107, and amendments thereto;

(2) Motor vehicle liability insurance or self-insurance applicable to the injury cannot be identified;

(3) Personal injury protection benefits applicable to the injury are inadequate to provide the contracted-for benefits because of financial inability of an insurer or self-insurer to fulfill its obligation; ~~however,~~ *except that* benefits available through the assigned claims plan shall be excess over any benefits paid or payable through the Kansas insurance guaranty association. If the personal injury protection benefits are not paid by the Kansas insurance guaranty association within the limitation of time specified in this act, such benefits shall be paid by the assigned claims plan. Payments made by the assigned claims plan pursuant to this section shall constitute covered claims under K.S.A. 40-2901et seq., and amendments thereto.

(b) If a claim qualifies for assignment under this section, the

assigned claims plan or any insurer or self-insurer to whom the claim is assigned shall be subrogated to all of the rights of the claimant against any insurer or self-insurer, its successor in interest or substitute, legally obligated to provide personal injury protection benefits to the claimant, for any of such benefits provided by the assignment.

(c) A person shall not be entitled to personal injury protection benefits through the assigned claims plan with respect to injury ~~which~~ *that* such person has sustained if, at the time of such injury, such person was the owner of a motor vehicle for which a policy of motor vehicle liability insurance is required under this act and such person failed to have such policy in effect.

(d) The assigned claims plan shall be governed by such rules and regulations as are necessary for its operation and for the assessment of costs, which shall be approved by the commissioner. Any claim brought through said plan shall be assigned to an insurer or self-insurer, in accordance with the approved regulations of operation, and such insurer or self-insurer, after the assignment, shall have the same rights and obligations *as* it would have if, prior to such assignment, it had issued a motor vehicle liability insurance policy providing personal injury protection benefits applicable to the loss or expenses incurred or was a self-insurer providing such benefits. Any party accepting benefits ~~hereunder~~ *under this section* shall have such rights and obligations as such person would have if a motor vehicle liability insurance policy providing personal injury protection benefits were issued to such person.

(e) No insurer shall write any motor vehicle liability insurance policy in this state unless the insurer participates in the assigned claims plan organized pursuant to this section, nor shall any person qualify as a self-insurer pursuant to ~~subsection (f) of~~ K.S.A. 40-3104, and amendments thereto, unless such person agrees to participate in such assigned claims plan. Any insurer or self-insurer required to participate in the assigned claims plan who violates this subsection shall be assessed a civil penalty of not more than \$5,000 for each policy issued or self-insurance certificate obtained in violation thereof.

(f) (1) On and after January 1, 2026, the governing committee of the assigned claims plan shall consist of five members, who shall be removable by the commissioner for inefficiency, neglect of duty or malfeasance. Members shall be appointed as follows:

- (A) Three members shall be representatives of insurers;*
 - (B) one member shall be a representative of independent insurance agents; and*
 - (C) one member shall be a representative of the general public.*
- (2) In selecting the members who shall be representatives of insurers, the commissioner shall consider whether foreign and domestic insurers are fairly represented.*

Sec. 19. K.S.A. 40-3213 is hereby amended to read as follows: 40-3213. (a) *(1)* Every health maintenance organization and medicare provider organization subject to this act shall pay to the commissioner the following fees:

- ~~(+)~~*(A)* For filing an application for a certificate of authority, *an amount not to exceed \$150;*
- ~~(2)~~*(B)* for filing each annual report, *an amount not to exceed \$50;*
- and*
- ~~(3)~~*(C)* for filing an amendment to the certificate of authority, *an amount not to exceed \$10.*

(2) Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fees required pursuant to this subsection for the next calendar year.

(b) Every health maintenance organization subject to this act shall pay annually to the commissioner at the time such organization files its annual report, a privilege fee in an amount equal to the following percentages of the total of all premiums, subscription charges or any other term that may be used to describe the charges made by such organization to enrollees: 3.31% during the reporting period beginning

January 1, 2015, and ending December 31, 2017; and 5.77% on and after January 1, 2018. In such computations all such organizations shall be entitled to deduct therefrom any premiums or subscription charges returned on account of cancellations and dividends returned to enrollees. If the commissioner shall determine at any time that the application of the privilege fee, or a change in the rate of the privilege fee, would cause a denial of, reduction in or elimination of federal financial assistance to the state or to any health maintenance organization subject to this act, the commissioner is hereby authorized to terminate the operation of such privilege fee or the change in such privilege fee.

(c) For the purpose of insuring the collection of the privilege fee provided for by subsection (b), every health maintenance organization subject to this act and required by subsection (b) to pay such privilege fee shall at the time it files its annual report, as required by K.S.A. 40-3220, and amendments thereto, make a return, generated by or at the direction of its chief officer or principal managing director, under penalty of K.S.A. 21-5824, and amendments thereto, to the commissioner, stating the amount of all premiums, assessments and charges received by the health maintenance organization, whether in cash or notes, during the year ending on the last day of the preceding calendar year. Upon the receipt of such returns the commissioner of insurance shall verify such returns and reconcile the fees pursuant to subsection (f) upon such organization on the basis and at the rate provided in this section.

(d) Premiums or other charges received by an insurance company from the operation of a health maintenance organization subject to this act shall not be subject to any fee or tax imposed under the provisions of K.S.A. 40-252, and amendments thereto.

(e) Fees charged under this section shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the medical assistance fee fund created by K.S.A. 40-3236, and amendments thereto.

(f) (1) ~~On and after January 1, 2018,~~ In addition to any other filing or return required by this section, each health maintenance organization shall submit a report to the commissioner on or before March 31 and September 30 of each year containing an estimate of the total amount of all premiums, subscription charges or any other term that may be used to describe the charges made by such organization to enrollees that the organization expects to collect during the current calendar year. Upon filing each March 31 report, the organization shall submit payment equal to $\frac{1}{2}$ of the privilege fee that would be assessed by the commissioner for the current calendar year based upon the organization's reported estimate. Upon filing each September 30 report, the organization shall submit payment equal to the balance of the privilege fee that would be assessed by the commissioner for the current calendar year based upon the organization's reported estimates.

(2) Any amount of privilege fees actually owed by a health maintenance organization during any calendar year in excess of estimated privilege fees paid shall be assessed by the commissioner and shall be due and payable upon issuance of such assessment.

(3) Any amount of estimated privilege fees paid by a health maintenance organization during any calendar year in excess of privilege fees actually owed shall be reconciled when the commissioner assesses privilege fees in the ensuing calendar year. The commissioner shall credit such excess amount against future privilege fee assessments. Any such excess amount paid by a health maintenance organization that is no longer doing business in Kansas and that no longer has a duty to pay the privilege fee shall be refunded by the commissioner from funds appropriated by the legislature for such purpose.

Sec. 20. K.S.A. 40-3304 is hereby amended to read as follows: 40-

3304. (a) (1) No person other than the issuer shall make a tender offer for or a request or invitation for tenders of, or enter into any agreement to exchange securities or, seek to acquire, or acquire, in the open market or otherwise, any voting security of a domestic insurer if, after the consummation thereof, such person would, directly or indirectly, or by conversion or by exercise of any right to acquire, be in control of such insurer, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer or any person controlling a domestic insurer unless, at the time any such offer, request, or invitation is made or any such agreement is entered into, or prior to the acquisition of such securities if no offer or agreement is involved, such person has filed with the commissioner of insurance and has sent to such insurer, a statement containing the information required by this section and such offer, request, invitation, agreement or acquisition has been approved by the commissioner of insurance in the manner hereinafter prescribed. The requirements of this section shall not apply to the merger or consolidation of those companies subject to the requirements of K.S.A. 40-507 and 40-1216 through 40-1225, and amendments thereto.

(2) For purposes of this section, any controlling person of a domestic insurer seeking to divest its controlling interest in the domestic insurer, in any manner, shall file with the commissioner, with a copy to the insurer, confidential notice of its proposed divestiture at least 30 days prior to the cessation of control. The commissioner shall determine those instances in which each party seeking to divest or to acquire a controlling interest in an insurer shall be required to file for and obtain approval of the transaction. The information shall remain confidential until the conclusion of the transaction unless the commissioner, in the commissioner's discretion, determines that confidential treatment will interfere with enforcement of this section. If the statement referred to in paragraph (1) is otherwise filed, this paragraph shall not apply.

(3) With respect to a transaction subject to this section, the acquiring person shall also be required to file a preacquisition notification with the commissioner, and such preacquisition notification shall contain the information in the form and manner prescribed by the commissioner through rules and regulations.

(4) ~~For the purposes of~~ *As used in this section:*

(A) ~~A "Domestic" insurer shall include~~ *includes* any person controlling a domestic insurer unless such person, as determined by the commissioner of insurance, is either directly or through its affiliates primarily engaged in business other than the business of insurance.

(B) ~~"Person" shall~~ *does not* include any securities broker holding, in the usual and customary broker's function, less than 20% of the voting securities of the insurance company or of any person ~~which~~ *that* controls the insurance company.

(b) (1) The statement to be filed with the commissioner of insurance ~~hereunder~~ shall be made under oath or affirmation, shall be accompanied by a nonrefundable filing fee ~~of not to exceed~~ \$1,000 and shall contain the following information:

(~~+~~)*(A)* The name and address of each person by whom or on whose behalf the merger or other acquisition of control referred to in subsection (a) is to be ~~affected~~ *effected*, hereinafter called "acquiring party," and:

(~~A~~)*(i)* If such person is an individual, such individual's principal occupation, all offices and positions held by such individual during the past five years and any conviction of crimes other than minor traffic violations during the past 10 years; *and*

(~~B~~)*(ii)* if such person is not an individual, a report of the nature of its business operations during the past five years or for such ~~lesser~~ *shorter* period as such person and any predecessors thereof shall have been in existence; an informative description of the business intended to be done by such person and such person's subsidiaries; and a list of all individuals who are or who have been selected to become directors

or executive officers of such person, or who perform or will perform functions appropriate to such positions. Such list shall include for each such individual the information required by ~~subparagraph (A)~~ *clause (i)*;

~~(2)~~*(B)* the source, nature and amount of the consideration used or to be used in effecting the merger or other acquisition of control, a description of any transaction wherein funds were or are to be obtained for any such purpose including any pledge of the insurer's stock, or the stock of any of its subsidiaries or controlling affiliates, and the identity of persons furnishing such consideration, except that where a source of such consideration is a loan made in the lender's ordinary course of business, the identity of the lender shall remain confidential, if the person filing such statement so requests;

~~(3)~~*(C)* fully audited financial information as to the earnings and financial condition of each acquiring party for the preceding five fiscal years of each such acquiring party or for such lesser period as such acquiring party and any predecessors thereof shall have been in existence and similar unaudited information as of a date not earlier than 90 days prior to the filing of the statement;

~~(4)~~*(D)* any plans or proposals that each acquiring party may have to liquidate such insurer, to sell its assets, merge or consolidate it with any person or to make any other material change to its business, corporate structure or management;

~~(5)~~*(E)* the number of shares of any security referred to in subsection (a) that each acquiring party proposes to acquire and the terms of the offer, request, invitation, agreement or acquisition referred to in subsection (a) and a statement regarding the method utilized to determine the fairness of the proposal;

~~(6)~~*(F)* the amount of each class of any security referred to in subsection (a) that is beneficially owned or concerning which there is a right to acquire beneficial ownership by each acquiring party;

~~(7)~~*(G)* a full description of any contracts, arrangements or understandings with respect to any security referred to in subsection (a) in which any acquiring party is involved, including, but not limited to, transfer of any of the securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. Such description shall identify the persons with whom such contracts, arrangements or understandings have been entered into;

~~(8)~~*(H)* a description of the purchase of any security referred to in subsection (a) during the 12 calendar months preceding the filing of the statement, by any acquiring party, including the dates of purchase, names of the purchasers and consideration paid or agreed to be paid therefor;

~~(9)~~*(I)* a description of any recommendations to purchase any security referred to in subsection (a) made during the 12 calendar months preceding the filing of the statement, by any acquiring party, or by anyone based upon interviews or at the suggestion of such acquiring party;

~~(10)~~*(J)* copies of all tender offers for, requests or invitations for tenders of, exchange offers for and agreements to acquire or exchange any securities referred to in subsection (a) and, if distributed, of additional soliciting material relating thereto;

~~(11)~~*(K)* the terms of any agreement, contract or understanding made with or proposed to be made with any broker-dealer as to solicitation of securities referred to in subsection (a) for tender and the amount of any fees, commissions or other compensation to be paid to broker-dealers with regard thereto;

~~(12)~~*(L)* an agreement by the person required to file the statement referred to in subsection (a) that such person ~~will~~ *shall* provide the annual report, *as* specified in K.S.A. 40-3305(l), and amendments thereto, for so long as control exists;

~~(13)~~*(M)* an acknowledgment by the person required to file the

statement referred to in subsection (a) that the person and all subsidiaries within its control in the insurance holding company system will provide to the commissioner of insurance upon request such information as the commissioner of insurance deems necessary to evaluate enterprise risk to the insurer; and

~~(14)~~(N) such additional information as the commissioner of insurance may by rule or regulation prescribe as necessary or appropriate for the protection of policyholders of the insurer or in the public interest.

(2) If the person required to file the statement referred to in subsection (a) is a partnership, limited partnership, syndicate or other group, the commissioner of insurance may require that the information ~~called for by paragraphs required pursuant to subparagraphs (1) (A) through (14) (N)~~ shall be ~~given~~ provided with respect to each partner of such partnership or limited partnership, each member of such syndicate or group and each person who controls such partner or member. If any such partner, member or person is a corporation or the person required to file the statement referred to in subsection (a) is a corporation, the commissioner of insurance may require that the information ~~called for by paragraphs required pursuant to subparagraphs (1) (A) through (14) (N)~~ shall be ~~given~~ provided with respect to such corporation, each officer and director of such corporation and each person who is directly or indirectly the beneficial owner of more than 10% of the outstanding voting securities of such corporation.

(3) If any material change occurs in the facts set forth in the statement filed with the commissioner of insurance and sent to such insurer pursuant to this section, an amendment setting forth such change, together with copies of all documents and other material relevant to such change, shall be filed with the commissioner of insurance and sent to such insurer within two business days after ~~the~~ such person learns of such change.

(4) *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fee required pursuant to this subsection for the next calendar year.*

(c) If any offer, request, invitation, agreement or acquisition referred to in subsection (a) is proposed to be made by means of a registration statement under the securities act of 1933 or in circumstances requiring the disclosure of similar information under the securities exchange act of 1934, or under a state law requiring similar registration or disclosure, the person required to file the statement referred to in subsection (a) may utilize such documents in furnishing the information called for by that statement.

(d) (1) The commissioner of insurance shall approve any merger or other acquisition of control referred to in subsection (a) unless, after a public hearing thereon conducted in accordance with the provisions of the Kansas administrative procedure act, the commissioner of insurance finds that:

(A) After the change of control the domestic insurer referred to in subsection (a) would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(B) the financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer or prejudice the interest of its policyholders;

(C) the plans or proposals which the acquiring party has to liquidate the insurer, sell its assets, consolidate or merge it with any person, or to make any other material change in its business, corporate structure or management, are unfair and unreasonable to policyholders of the insurer or are not in the public interest;

(D) the competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer or of the public to permit the merger or other acquisition of control; or

(E) the acquisition is likely to be hazardous or prejudicial to the

insurance-buying public.

(2) The public hearing referred to in subsection (d)(1) shall be held as soon as ~~practical~~ *practicable* after the statement required by this subsection (a) is filed, and at least 20 days' notice thereof shall be given by the commissioner of insurance to the person filing the statement. Not less than seven days' notice of such public hearing shall be given by the person filing the statement to the insurer and to such other persons as may be designated by the commissioner of insurance. At such hearing, the person filing the statement, the insurer, any person to whom notice of hearing was sent and any other person whose interests may be affected thereby shall have the right to present evidence, examine and cross-examine witnesses and offer oral and written arguments in accordance with the Kansas administrative procedure act. In the absence of intervention, such insurer or person shall have the right to present oral or written statements in accordance with K.S.A. 77-523(c), and amendments thereto.

(3) If the proposed acquisition of control will require the approval of more than one commissioner of insurance, the public hearing referred to in paragraph (2) may be held on a consolidated basis upon request of the person filing the statement referred to in subsection (a). Such person shall file the statement referred to in subsection (a) with the national association of insurance commissioners within five days of making the request for a public hearing. A commissioner of insurance may opt out of a consolidated hearing and shall provide notice to the applicant of the opt-out within 10 days of the receipt of the statement referred to in subsection (a). A hearing conducted on a consolidated basis shall be public and shall be held within the United States before the commissioners of insurance of the states in which the insurers are domiciled. Such commissioners of insurance shall hear and receive evidence. A commissioner of insurance may attend such hearing in person or by telecommunication.

(4) As a condition of a change of control of a domestic insurer, any determination by the commissioner of insurance that the person acquiring control of the insurer shall be required to maintain or restore the capital of the insurer to the level required by the laws and regulations of this state shall be made not later than 60 days after the date of notification of the change in control submitted pursuant to subsection (a).

(5) The commissioner of insurance may retain at the acquiring person's expense any attorneys, actuaries, accountants and other experts not otherwise a part of the staff of the commissioner of insurance as the commissioner of insurance deems to be reasonably necessary to assist the commissioner of insurance in reviewing the proposed acquisition of control.

(e) The provisions of this section shall not apply to any offer, request, invitation, agreement or acquisition that the commissioner of insurance by order shall exempt therefrom as:

(1) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer; or

(2) as otherwise not comprehended within the purposes of this section.

(f) The following shall be violations of this section:

(1) The failure to file any statement, amendment or other material required to be filed pursuant to subsection (a) or (b); or

(2) the effectuation or any attempt to effectuate an acquisition of control of, or merger with, a domestic insurer unless the commissioner of insurance has given the requisite approval thereto.

(g) The courts of this state are hereby vested with jurisdiction over every securityholder of a domestic insurer and every person not resident, domiciled or authorized to do business in this state who files a statement with the commissioner of insurance under this section and over all actions involving such person arising out of violations of this section. Each such person shall be deemed to have performed acts

equivalent to and constituting an appointment by such a person of the commissioner of insurance to be such person's true and lawful attorney upon whom may be served all lawful process in any action, suit or proceeding arising out of violations of this section. Copies of all such lawful process shall be served on the commissioner of insurance and transmitted by registered or certified mail by the commissioner of insurance to such person at such person's last known address.

Sec. 21. K.S.A. 40-3413 is hereby amended to read as follows: 40-3413. (a) Every insurer and every rating organization shall cooperate in ~~the preparation of~~ *preparing* a plan or plans for the equitable apportionment among such insurers of applicants for professional liability insurance and such other liability insurance as may be included in or added to the plan, who ~~are~~, in good faith, *are* entitled to such insurance but are unable to procure ~~the same~~ through ordinary methods. Such plan or plans shall be prepared and filed with the commissioner and the board of governors within a reasonable time but not exceeding 60 calendar days ~~from the effective date of this act~~. Such plan or plans shall provide:

(1) Reasonable rules governing the equitable distribution of risks by direct insurance, reinsurance or otherwise including the authority to make assessments against the insurers participating in the plan or plans;

(2) rates and rate modifications applicable to such risks ~~which that~~ shall be reasonable, adequate and not unfairly discriminatory;

(3) a method whereby periodically the plan shall compare the premiums earned to the losses and expenses sustained by the plan. If there is any surplus of premiums over losses and expenses received for that year such surplus shall be transferred to the fund. If there is any excess of losses and expenses over premiums earned such losses shall be transferred from the fund, ~~however except that~~ such transfers shall not occur more often than once each three months;

(4) the limits of liability ~~which that~~ the plan shall be required to provide, ~~but in no event shall except that~~ such limits *shall not* be less than those limits provided for in ~~subsection (a) of~~ K.S.A. 40-3402, and amendments thereto; *and*

(5) a method ~~whereby~~ *by which* applicants for insurance, insureds and insurers may have a hearing on grievances and the right of appeal to the commissioner.

(b) (1) For every such plan or plans, there shall be a governing board ~~which that~~ shall meet at least annually to review and prescribe operating rules. *Prior to December 31, 2025*, such board of directors shall consist of nine members to be appointed, for terms of four years, by the commissioner as follows:

~~(1)~~(A) Two members *who* shall be representatives of foreign insurers;

~~(2)~~(B) two members *who* shall be representatives of domestic insurers;

~~(3)~~(C) two members *who* shall be ~~health care~~ *healthcare* providers;

~~(4)~~(D) one member *who* shall be a licensed insurance agent actively engaged in the solicitation of casualty insurance;

~~(5)~~(E) one member *who* shall be the chairperson of the board of governors or the chairperson's designee; and

~~(6)~~(F) one member *who* shall be a representative of the general public.

(2) *The members of the governing board appointed on or before July 1, 2025, shall serve their current terms that shall expire on December 31, 2025. On and after January 1, 2026, the governing board shall consist of five members who shall be appointed for a term of four years except that such members shall be removable by the commissioner for inefficiency, neglect of duty or malfeasance as follows:*

(A) One member who shall be a representative of foreign insurers;

(B) one member who shall be a representative of domestic insurers;

(C) *one member shall be a healthcare provider;*

(D) *one member who shall be a licensed insurance agent engaged in the solicitation of casualty insurance; and*

(E) *one member who shall be chairperson of the board or the chairperson's designee.*

(c) The commissioner and ~~board of directors governing board~~ shall review the plan as soon as reasonably possible after filing in order to determine whether ~~it~~ *if such plan* meets the requirements set forth in subsection (a). As soon as reasonably possible after the plan has been filed, the commissioner, consistent with the recommendations of the ~~board of directors governing board~~, shall ~~in writing~~ approve or disapprove the plan *in writing*. Any plan shall be deemed approved unless disapproved within 30 days. Subsequent to the waiting period the commissioner may disapprove any plan on the ~~ground~~ *grounds* that ~~it~~ *such plan* does not meet the requirements set forth in subsection (a), but only after a hearing held upon not less than 10 days' written notice to every insurer and rating organization affected specifying in what respect the commissioner finds that such plan fails to meet such requirements; and stating when, within a reasonable period thereafter, such plan shall be deemed no longer effective. Such order shall not affect any assignment made or policy issued or made prior to the expiration of the period set forth in the order. Amendments to such plan or plans shall be prepared, ~~and~~ filed and reviewed in the same manner as ~~herein~~ *provided in this section* with respect to the original plan or plans.

(d) If no plan meeting the standards set forth in subsection (a) is submitted to the commissioner and board of directors within 60 calendar days from ~~the effective date of this act~~ *July 1, 1982*, or within the period stated in any order disapproving an existing plan, the commissioner with the assistance of the board of directors shall after a hearing, if necessary to carry out the purpose of this act, prepare and promulgate a plan meeting such requirements.

(e) If, after a hearing conducted in accordance with the provisions of the Kansas administrative procedure act, the commissioner and board of directors find that any activity or practice of any insurer or rating organization in connection with the operation of such plan or plans is unfair or unreasonable or otherwise inconsistent with the provisions of this act, the commissioner and board of directors may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this act and requiring discontinuance of such activity or practice.

(f) An insurer participating in the plan approved by the commissioner may pay a commission with respect to insurance written under the plan to an insurance agent licensed for any other insurer participating in the plan or to any insurer participating in the plan. Such commission shall be reasonably equivalent to the usual customary commission paid on similar types of policies issued in the voluntary market.

~~(g) Notwithstanding the provisions of K.S.A. 40-3402, and amendments thereto, the plan shall make available policies of professional liability insurance covering prior acts. Such professional liability insurance policies shall have limits of coverage not exceeding \$1,000,000 per claim, subject to not more than \$3,000,000 annual aggregate liability for all claims made as a result of personal injury or death arising out of the rendering of or the failure to render professional services within this state on or before December 31, 2014. Such professional liability insurance policies shall be made available only to physician assistants licensed by the state board of healing arts, licensed advanced practice registered nurses authorized by the state board of nursing to practice as an advanced practice registered nurse in the classification of a nurse-midwife, nursing facilities licensed by the state of Kansas, assisted living facilities licensed by the state of Kansas and residential health care facilities licensed by the state of Kansas that will~~

~~be in compliance with K.S.A. 40-3402, and amendments thereto, on January 1, 2015. The premiums for such professional liability insurance policies shall be based upon reasonably prudent actuarial principles. The provisions of this subsection shall expire on January 1, 2016.~~

Sec. 22. K.S.A. 40-3812 is hereby amended to read as follows: 40-3812. (a) A person shall apply to be an administrator in its home state and shall receive a license from the regulatory authority of its home state prior to performing any function of an administrator in this state.

(b) A person applying to Kansas as its home state shall apply for licensure by submitting to the commissioner an application in the form prescribed by the commissioner that shall include or be accompanied by the following information and documents:

(1) All basic organizational documents of the applicant, including any articles of incorporation, articles of association, partnership agreement, trade name certificate, trust agreement, shareholder agreement, certificate of existence from the Kansas secretary of state and other applicable documents and all amendments to such documents;

(2) the bylaws, rules, regulations or similar documents regulating the internal affairs of the applicant;

(3) NAIC biographical affidavits for the individuals who are directly or indirectly responsible for the conduct of affairs of the applicant, including all members of the board of directors, board of trustees, executive committee or other governing board or committee, the principal officers in the case of a corporation or the partners or members in the case of a partnership, association or limited liability company, any shareholders or members holding directly or indirectly 10% or more of the voting stock, voting securities or voting interest of the applicant and any other person who directly or indirectly exercises control or influence over the affairs of the applicant;

(4) audited annual financial statements or reports for the two most recent fiscal years that demonstrate that the applicant has a positive net worth. If the applicant has been in existence for less than two fiscal years, the uniform application shall include financial statements or reports, certified by at least two officers, owners or directors of the applicant and prepared in accordance with GAAP, for any completed fiscal years and for any month during the current fiscal year for which such financial statements or reports have been completed. An audited annual financial report prepared on a consolidated basis shall include a columnar consolidating or combining worksheet that shall be filed with the report and include the following:

(A) Amounts shown on the consolidated audited financial report shown on the worksheet;

(B) amounts for each entity stated separately; and

(C) explanations of consolidating and eliminating entries included.

The applicant shall also include such other information as the commissioner may require in order to review the current financial condition of the applicant;

(5) in lieu of submitting audited financial statements, and upon written application by an applicant and good cause shown, the commissioner may grant a hardship exemption from filing audited financial statements and allow the submission of unaudited financial statements. Acceptable formats for unaudited financial statements, that shall include notes, are:

(A) Reports compiled or reviewed by a certified public accountant; or

(B) (i) internal financial reports prepared in accordance with GAAP, certified by at least two officers, owners or directors of the administrator.

(ii) If unaudited financial statements are submitted, the applicant ~~must~~ shall also secure and maintain a surety bond in a form prescribed by the commissioner for the use and benefit of the commissioner to be held in trust for the benefit and protection of covered persons and any payor or self-funded plan against loss by reason of acts of fraud or

dishonesty, for the greater of 10% of funds handled for the benefit of Kansas residents or \$20,000. Administrators of self-funded plans in Kansas ~~are~~ *shall be* subject to the mandatory surety bond requirement ~~found~~ *described* in subsection (h), regardless of whether they file audited or unaudited financial reports;

(6) a statement describing the business plan, including information on staffing levels and activities, proposed in this state and nationwide. The plan shall provide details setting forth the applicant's capability for providing a sufficient number of experienced and qualified personnel in the areas of claims processing, record keeping and underwriting;

(7) a license application fee ~~in the amount of~~ *not to exceed* \$400; and

(8) such other pertinent information as may be required by the commissioner.

(c) An administrator licensed or applying for licensure under the provisions of this section shall make available for inspection by the commissioner, copies of all contracts with payors or other persons utilizing the services of the administrator.

(d) An administrator licensed or applying for licensure under the provisions of this section shall produce its accounts, records and files for examination, and makes its officers available to give information with respect to its affairs, as often as reasonably required by the commissioner.

(e) The commissioner may refuse to issue a license if the commissioner determines that the applicant or any individual responsible for the conduct of affairs of the applicant is not competent, trustworthy, financially responsible or of good personal and business reputation, or has had an insurance or an administrator certificate of authority or license denied or revoked for cause by any jurisdiction, or if the commissioner determines that any of the grounds set forth in K.S.A. 40-3810, and amendments thereto, exist with respect to the applicant.

(f) A license issued under this section shall remain valid, unless surrendered, suspended or revoked by the commissioner, for so long as the administrator continues in business in this state and remains in compliance with the provisions of this act and any applicable rules and regulations.

(g) An administrator licensed or applying for licensure under the provisions of this section shall immediately notify the commissioner of any material change in its ownership, control or other fact or circumstance affecting its qualification for a license in this state.

(h) An administrator licensed or applying for a home state license that administers or will administer governmental or church self-insured plans in this state or any other state shall maintain a surety bond for the use and benefit of the commissioner to be held in trust for the benefit and protection of covered persons and any payor or self-funded plan against loss by reason of acts of fraud or dishonesty. The bond shall be in the greater of the following amounts:

(1) \$100,000; or

(2) an amount equal to 10% of the aggregate total amount of self-funded coverage under church plans or governmental plans handled in this state and all additional states in which the administrator is authorized to do business.

(i) *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fee required pursuant to this section for the next calendar year.*

Sec. 23. K.S.A. 40-3813 is hereby amended to read as follows: 40-3813. (a) Unless an administrator has obtained a home state license in this state, any administrator who performs duties as an administrator in this state shall obtain a nonresident administrator license in accordance with the provisions of this section by filing with the commissioner the uniform application, accompanied by a letter of certification. In lieu of requiring an administrator to file a letter of certification with the uniform application, the commissioner may verify the nonresident

administrator's home state certificate of authority or license status through an electronic database maintained by the NAIC, its affiliates or subsidiaries.

(b) An administrator shall not be eligible for a nonresident administrator license under the provisions of this section if ~~it~~ *such administrator* does not hold a license in a home state that has adopted a substantially similar law governing administrators.

(c) Except as provided in subsections (b) and (h), the commissioner shall issue to the administrator a nonresident administrator license promptly upon receipt of a complete application.

(d) Each nonresident administrator shall file biennially, as a part of its application for renewal of its license, a statement that its home state administrator license remains in force and has not been revoked or suspended by its home state during the preceding years. Each nonresident administrator renewal application shall be accompanied by a renewal application fee ~~in the amount of~~ *not to exceed* \$200.

(e) At the time of filing the application for licensure required under the provisions of this section, the nonresident administrator shall pay a license application fee ~~in the amount of~~ *not to exceed* \$400.

(f) An administrator licensed or applying for licensure under the provisions of this section shall produce its accounts, records and files for examination, and make its officers available to give information with respect to its affairs, as often as reasonably required by the commissioner.

(g) A nonresident administrator is not required to hold a nonresident administrator license in this state if the administrator is licensed in its home state and the administrator's duties in this state are limited to:

(1) The administration of a group policy or plan and ~~no~~ *not* more than a total of 20% of covered persons, for all plans the administrator services, reside in this state; and

(2) the total number of covered persons residing in this state is ~~less~~ *fewer* than 100.

(h) The commissioner may refuse to issue a nonresident administrator license, or delay the issuance of a nonresident administrator license, if the commissioner determines that, due to events or information obtained subsequent to the home state's licensure of the administrator, the nonresident administrator cannot satisfy the requirements of this act or that grounds exist for the home state's revocation or suspension of the administrator's home state certificate of authority or license.

(i) *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fees required pursuant to this section for the next calendar year.*

Sec. 24. K.S.A. 40-3814 is hereby amended to read as follows: 40-3814. (a) Each administrator licensed under the provisions of this act shall file an annual report for the preceding calendar year with the commissioner on or before July 1 of each year, or within such extension of time as the commissioner may grant for good cause, accompanied by an annual report fee ~~in the amount of~~ *not to exceed* \$100. *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register such fee for the next calendar year.*

(b) The annual report shall include:

(1) *The complete names and addresses of all payors, and for self-funded plans, all employers and trusts with which the administrator had agreements during the preceding fiscal year.*

(2) *the number of Kansas residents covered by each of the plans; and*

(3) (A) an audited financial statement attested to by an independent certified public accountant. An audited annual financial report prepared on a consolidated basis shall include a columnar consolidating or combining worksheet ~~that shall be filed with the report and.~~ *Such worksheet shall include the following:*

(A)(i) Amounts shown on the consolidated audited financial report shown on the worksheet;

(B)(ii) amounts for each entity stated separately; and

(C)(iii) explanations of consolidating and eliminating entries included.

(2)(B) In lieu of submitting an audited financial statement, and upon written application by an administrator and good cause shown, the commissioner may grant a hardship exemption from filing audited financial statements and allow the submission of unaudited financial statements. Acceptable formats for unaudited financial statements, ~~that~~ *which* shall include notes, are:

(A)(i) Reports compiled or reviewed by a certified public accountant; or

(B)(ii) internal financial reports prepared in accordance with GAAP, certified by at least two officers, owners or directors of the administrator.

(C) If unaudited financial statements are submitted, the administrator ~~must~~ *shall* secure and maintain a surety bond in a form prescribed by the commissioner for the use and benefit of the commissioner to be held in trust for the benefit and protection of covered persons and any payor or self-funded plan against loss by reason of acts of fraud or dishonesty, for the greater of 10% of funds handled for the benefit of Kansas residents or \$20,000.

(B)(c) The annual report shall be in the form and contain such matters as the commissioner prescribes and shall be verified by at least two officers, owners or directors of the administrator.

~~(e) The annual report shall include the complete names and addresses of all payors and for self-funded plans, all employers and trusts, with which the administrator had agreements during the preceding fiscal year. The report shall also include the number of Kansas residents covered by each of the plans.~~

Sec. 25. K.S.A. 2024 Supp. 40-3823 is hereby amended to read as follows: 40-3823. (a) No person shall act or operate as a pharmacy benefits manager without first obtaining a valid license issued by the commissioner.

(b) Each person seeking a license to act as a pharmacy benefits manager shall file with the commissioner an application for a license upon a form to be furnished by the commissioner. At a minimum, the application form shall include the following information:

(1) The name, address and telephone number of the pharmacy benefits manager;

(2) the name, address, official position and professional qualifications of each individual who is responsible for the conduct of the affairs of the pharmacy benefits manager, including all members of the board of directors, board of trustees, executive committee, other governing board or committee, the principal officers in the case of a corporation, the partners or members in the case of a partnership or association;

(3) the name and address of the applicant's agent for service of process in the state;

(4) the name, address, phone number, email address and official position of the employee who will serve as the primary contact for the department;

(5) a copy of the pharmacy benefits manager's corporate charter, articles of incorporation or other charter document;

(6) a template contract, ~~which shall include~~ *including* a dispute resolution process, that ultimately involves an independent fact finder between:

(A) The pharmacy benefits manager and the health insurer; or

(B) the pharmacy benefits manager and the pharmacy or a pharmacy's contracting agent; *and*

(7) a network adequacy report on a form prescribed by the department through rules and regulations.

(c) A nonrefundable application fee ~~of not to exceed~~ \$2,500. *Not*

later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register such fee for the next calendar year.

(d) The licensee shall inform the commissioner, by any means acceptable to the commissioner, of any material change in the information required by this subsection within 90 days of such change. Failure to timely inform the commissioner of a material change may result in a penalty against the licensee in the amount of \$500.

(e) Within 90 days after receipt of a completed application, the network adequacy report and the applicable license fee, the commissioner shall review the application and issue a license if the applicant is deemed qualified under this section. If the commissioner determines that the applicant is not qualified, the commissioner shall notify the applicant and shall specify the reason for the denial.

(f) (1) All documents, materials or other information and copies thereof in the possession or control of the department or any other governmental entity that are obtained by or disclosed to the commissioner or any other person in the course of an application, examination or investigation made pursuant to this act shall be confidential by law and privileged, shall not be subject to any open records, freedom of information, sunshine or other public record disclosure laws; and shall not be subject to subpoena or discovery.

(2) The provisions of paragraph (1) shall only apply to the disclosure of the confidential documents described in paragraph (1) by the department or any other governmental entity and shall not be construed to create any privilege in favor of any other party.

(3) The provisions of this subsection shall expire on July 1, 2027, unless the legislature reviews and reenacts this provision pursuant to K.S.A. 45-229, and amendments thereto, prior to July 1, 2027.

Sec. 26. K.S.A. 2024 Supp. 40-3824 is hereby amended to read as follows: 40-3824. (a) Each pharmacy benefits manager license shall expire on March 31 of each year and may be renewed annually on the request of the licensee. The application for renewal shall be submitted on a form furnished by the commissioner and accompanied by a renewal fee ~~of not to exceed~~ \$2,500. The application for renewal shall be in such form and contain such matters as the commissioner prescribes.

(b) If a license renewal fee is not paid by the prescribed date, the amount of the fee, plus a penalty fee ~~of not to exceed~~ \$2,500 shall be paid. The pharmacy benefits manager's license may be revoked or suspended by the commissioner until the renewal fee and any penalty assessed has been paid.

(c) Any person who performs or is performing any pharmacy benefits management service shall be required to obtain a license as a pharmacy benefits manager from the commissioner not later than January 1, 2023, in order to continue to do business in Kansas.

(d) Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fees required pursuant to this section for the next calendar year.

Sec. 27. K.S.A. 40-4103 is hereby amended to read as follows: 40-4103. Risk retention groups chartered in states other than this state seeking to do business as a risk retention group in this state shall observe and abide by the laws of this state as follows:

(a) *Notice of operations and designation of commissioner as agent.* Before offering insurance in this state, a risk retention group shall submit to the commissioner:

(1) A statement identifying the state or states in which the risk retention group is chartered and licensed as a liability insurance company, date of chartering, its principal place of business and such other information, including information on its membership, as the commissioner of this state may require to verify that the risk retention group is qualified under K.S.A. 40-4101(k), and amendments thereto;

(2) a copy of its plan of operations or a feasibility study and revisions of such plan or study submitted to its state of domicile, except

that the provision relating to the submission of a plan of operation or a feasibility study shall not apply with respect to any line or classification of liability insurance that was:

(A) ~~Was~~ Defined in the product liability risk retention act of 1981 before October 27, 1986; and

(B) ~~was~~ offered before such date by any risk retention group that had been chartered and operating for not less than three years before such date;

(3) a statement of registration that designates the commissioner as its agent for the purpose of receiving service of legal documents or process; and

(4) a notification fee ~~in the amount of~~ *not to exceed \$250. Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register such fee for the next calendar year.*

(b) *Financial condition.* Any risk retention group doing business in this state shall submit to the commissioner:

(1) A copy of the group's financial statement submitted to its state of domicile that contains a statement of opinion on loss and loss adjustment expense reserves made by a member of the American academy of actuaries or a qualified loss reserve specialist under criteria established by the national association of insurance commissioners;

(2) a copy of each examination of the risk retention group as certified by the commissioner or public official conducting the examination;

(3) upon request by the commissioner, a copy of any audit performed with respect to the risk retention group; and

(4) such information as may be required to verify its continuing qualification as a risk retention group under K.S.A. 40-4101(k), and amendments thereto.

(c) *Taxation.* (1) All premiums paid for coverages within this state to risk retention groups chartered outside this state shall be subject to taxation at the same rate and subject to the same interest, fines and penalties for nonpayment as that provided by K.S.A. 40-246c, and amendments thereto. Risk retention groups chartered or licensed in this state shall be taxed in accordance with K.S.A. 40-252, and amendments thereto.

(2) To the extent agents or brokers are utilized, they shall report and pay the taxes for the premiums for risks that they have placed with or on behalf of a risk retention group not chartered in this state.

(3) To the extent agents or brokers are not utilized or fail to pay the tax, each risk retention group shall pay the tax for risks insured within the state. Each risk retention group shall report all premiums paid to it for risks insured within the state.

(d) *Compliance with unfair claims settlement practices law.* Any risk retention group, its agents and representatives, shall comply with K.S.A. 40-2404(9), and amendments thereto.

(e) *Deceptive, false or fraudulent practices.* Any risk retention group shall comply with the laws of this state regarding deceptive, false or fraudulent acts or practices, except that if the commissioner seeks an injunction regarding such conduct, the injunction shall be obtained from a court of competent jurisdiction.

(f) *Examination regarding financial condition.* Any risk retention group shall submit to an examination in accordance with K.S.A. 40-222 and 40-223, and amendments thereto, by the commissioner to determine its financial condition if the commissioner of the jurisdiction in which the group is chartered has not initiated an examination or does not initiate an examination within 60 days after a request by the commissioner of this state.

(g) *Notice to purchasers.* Any policy issued by a risk retention group shall contain in 10 point type on the front page and the declaration page, the following notice:

NOTICE

This policy is issued by your risk retention group. Your risk

retention group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your risk retention group.

(h) *Prohibited acts regarding solicitation or sale.* The following acts by a risk retention group are hereby prohibited:

(1) The solicitation or sale of insurance by a risk retention group to any person who is not eligible for membership in such group; and

(2) the solicitation or sale of insurance by, or operation of, a risk retention group that is in a hazardous financial condition or is financially impaired.

(i) *Prohibition on ownership by an insurance company.* No risk retention group shall be allowed to do business in this state if an insurance company is directly or indirectly a retention group all of whose members are insurance companies.

(j) *Prohibited coverage.* No risk retention group may offer insurance policy coverage prohibited by the laws of this state or declared unlawful by the supreme court of the state of Kansas.

(k) *Delinquency proceedings.* A risk retention group not chartered in this state and doing business in this state must comply with a lawful order issued in a voluntary dissolution proceeding or in a delinquency proceeding commenced by a state insurance commissioner if there has been a finding of financial impairment after an examination under subsection (f).

Sec. 28. K.S.A. 40-4116 is hereby amended to read as follows: 40-4116. (a) (1) A purchasing group ~~which that~~ intends to do business in this state shall furnish notice to the commissioner ~~which shall~~:

~~(1)(A) identify~~Identifying the state in which the group is domiciled;

~~(2)(B) specify~~specifying the lines and classifications of liability insurance ~~which that~~ the purchasing group intends to purchase;

~~(3)(C) identify~~identifying the insurance company from which the group intends to purchase its insurance and the domicile of such company;

~~(4)(D) identify~~identifying the principal place of business of the group; and

~~(5)(E) provide~~providing such other information as may be required by the commissioner to verify that the purchasing group is qualified under ~~subsection (j) of K.S.A. 40-4101(j)~~, and amendments thereto.

(2) The notice submitted to the commissioner shall be accompanied by a notification fee ~~of not to exceed~~ \$250.

(b) The purchasing group shall file with the insurance department its written consent, irrevocable, that any action or garnishment proceeding may be commenced against such group in the proper court of any county in this state in which the cause of action shall arise or in which the plaintiff may reside by the service of process on the commissioner of insurance of this state and stipulating and agreeing that such service shall be taken and held in all courts to be as valid and binding as if due service had been made upon the president or chief officer of such corporation. Such consent shall be executed by the president of the company and shall be accompanied by a certified copy of the order or resolution of the board of directors, trustees or managers authorizing the president to execute the same. The summons, accompanied by a fee ~~of not to exceed~~ \$25, shall be directed to the commissioner of insurance and shall require the defendant to answer not less than 40 days from its date. Such summons, and a certified copy of the petition shall be ~~forthwith~~ immediately forwarded by the clerk of the court to the commissioner of insurance, who shall immediately forward a copy of the summons and the certified copy of the petition, to the president of the group sued, and thereupon the commissioner of insurance shall make return of the summons to the court from which it issued, showing the date of the receipt by the commissioner, the date of forwarding of such copies and the name and address of the person to whom the commissioner forwarded the copy. Such return shall be made

under the commissioner's hand and seal of office; and ~~shall~~ have the same force and effect as a due and sufficient return made by the sheriff on process directed to the sheriff. The foregoing shall not apply in the case of a purchasing group ~~which~~ *that*:

- (1) (A) Was domiciled before April 2, 1986; and
- (B) is domiciled on and after October 27, 1986, in any state of the United States;
- (2) (A) before October 27, 1986, purchased insurance from an insurance carrier licensed in any state; and
- (B) since October 27, 1986, purchased its insurance from an insurance carrier licensed in any state;
- (3) was a purchasing group under the requirements of the product liability retention act of 1981 before October 27, 1986; and
- (4) does not purchase insurance that was not authorized for purposes of an exemption under that act, as in effect before October 27, 1986.

(c) Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fees required pursuant to this section for the next calendar year.

Sec. 29. K.S.A. 2024 Supp. 40-4209 is hereby amended to read as follows: 40-4209. (a) (1) No person shall act as or hold such person out to be a prepaid service plan in this state unless such person holds a certificate of registration as a prepaid service plan issued by the commissioner of insurance. An application for such certificate may be made to the commissioner of insurance on forms prescribed by the commissioner and shall include:

- (A) The completed application form;
- (B) a list of each individual who solicits memberships on behalf of such prepaid service plan; and
- (C) a filing fee ~~of~~ *not to exceed* \$100.

(2) The certificate of registration may be continued for successive annual periods by notifying the commissioner of such intent, paying an annual continuation fee ~~of~~ *not to exceed* \$50 and advising the commissioner of insurance of any additions to or deletions from the list of individuals who solicit memberships on behalf of such prepaid service plan since the last reporting date.

(b) The certificate of registration shall be issued to or continued for a prepaid service plan by the commissioner of insurance unless the commissioner of insurance, after due notice and hearing, determines that the prepaid service plan is not competent, trustworthy, financially responsible or of good personal and business reputation; or has had a previous application for a certificate of registration denied for cause since January 1, 1988, or within five years of the date of application, whichever is later.

(c) Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fees required pursuant to this section for the next calendar year.

Sec. 30. K.S.A. 2024 Supp. 40-4302 is hereby amended to read as follows: 40-4302. (a) Any captive insurance company, when permitted by its organizational documents, may apply to the commissioner for a certificate of authority to do any and all insurance comprised in K.S.A. 40-901 et seq., 40-1102(1)(a); *and* (1)(c) through (1)(n), and amendments thereto, and to issue life, accident and health insurance policies provided that:

- (1) No pure captive insurance company shall insure any risks other than those of its parent and affiliated companies and, upon prior approval of the commissioner, any controlled unaffiliated business up to 5% of total direct written premium;
- (2) no association captive insurance company shall insure any risks other than those of its association and those of the member organizations of its association. No association captive insurance company shall expose itself to loss on any one risk or hazard in an amount exceeding 10% of its paid-up capital and surplus;
- (3) no captive insurance company shall provide personal lines of

insurance, workers' compensation, employers' liability insurance coverage, long-term care coverage, critical care coverage, surety, title insurance, credit insurance or any component thereof, except that a technology-enabled fiduciary financial institution insurance company shall be permitted to provide contracts of suretyship and credit insurance in accordance with K.S.A. 2024 Supp. 40-4354, and amendments thereto;

(4) no captive insurance company shall accept or cede reinsurance except as provided in K.S.A. 40-4311, and amendments thereto;

(5) no captive insurance company shall provide accident and health, life insurance or annuities on a direct basis;

(6) no captive insurance company authorized as a life insurance company shall transact business other than life insurance; and

(7) no captive insurance company authorized to transact business under article 9 or 11 of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, shall engage in the business of life insurance.

(b) No captive insurance company organized under the laws of this state shall do any insurance business in this state unless:

(1) It first obtains from the commissioner a certificate of authority authorizing it to do insurance business in this state;

(2) its board of directors, members, partners, managers, committee of managers or other governing body holds at least one meeting each year in this state;

(3) it maintains its principal place of business in this state; and

(4) it authorizes the commissioner to accept service of process on its behalf in accordance with K.S.A. 40-218, and amendments thereto.

(c) Before receiving a certificate of authority, an applicant captive insurance company shall file with the commissioner:

(1) A copy of the applicant captive insurance company's organizational documents; and

(2) a plan of operation or a feasibility study describing the anticipated activities and results of the applicant captive insurance company that shall include:

(A) The company's loss prevention program of its parent and insureds, as applicable;

(B) historical and expected loss experience of the risks to be insured or reinsured by the applicant captive insurance company;

(C) pro forma financial statements and projections of the proposed business operations of the applicant captive insurance company;

(D) an analysis of the adequacy of the applicant captive insurance company's proposed premiums, assets and capital and surplus levels relative to the risks to be insured or reinsured by the captive insurance company;

(E) a statement of the applicant captive insurance company's net retained limited liability on any contract of insurance or reinsurance it intends to issue and the nature of any reinsurance it intends to cede;

(F) a statement certifying that the applicant captive insurance company's investment policy is in compliance with this act and specifying the type of investments to be made;

(G) a statement identifying the geographic areas in which the applicant captive insurance company intends to operate;

(H) a statement identifying the persons or organizations that will perform the applicant captive insurance company's major operational functions, including management, underwriting, accounting, asset investment, claims adjusting and loss control and the adequacy of the expertise, experience and character of such persons or organizations; and

(I) whenever required by the commissioner, an appropriate opinion by a qualified independent actuary regarding the adequacy of the applicant captive insurance company's proposed capital, surplus and premium levels;

(3) a description of the coverages, deductibles, coverage limits, rates and forms, together with any additional information that the commissioner may require;

(4) such other items deemed relevant by the commissioner in ascertaining whether the proposed captive insurance company will be able to meet its obligations; and

(5) any modification or change in the items required under this subsection that shall require the prior approval of the commissioner.

(d) Each captive insurance company not in existence on January 1, 2018, shall pay to the commissioner a nonrefundable fee ~~of not to exceed~~ \$10,000 for examining, investigating and processing its application for a certificate of authority. The commissioner is authorized to retain legal, financial, actuarial, analysis and examination services from outside the department, the reasonable costs of which shall be charged against the applicant. In addition, it shall pay a renewal fee for each year thereafter ~~of not to exceed~~ \$10,000. *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fee required by this subsection for the next calendar year.*

~~(e) Each captive insurance company already in existence on January 1, 2018, shall pay an annual renewal fee of \$110 until January 1, 2028, after which date the provisions of subsection (d) shall apply.~~

(f) If the commissioner is satisfied that the documents and statements that such captive insurance company has filed comply with the provisions of this act, the commissioner may grant a certificate of authority authorizing a:

(1) Captive insurance company other than a technology-enabled fiduciary financial institution to do insurance business in this state until March 1 thereafter, which certificate of authority may be renewed; and

(2) technology-enabled fiduciary financial institution insurance company to do insurance business in this state until the later of March 1 thereafter or the maturity date of the last payment-in-kind asset held by such technology-enabled fiduciary financial institution insurance company pursuant to this act.

~~(g)~~(f) Information submitted under this section shall be and remain confidential, and shall not be made public by the commissioner or any employee or agent of the commissioner without the written consent of the company, except that:

(1) Such information may be discoverable by a party in a civil action or contested case to which the captive insurance company that submitted such information is a party, upon a showing by the party seeking to discover such information that:

(A) The information sought is relevant to and necessary for the furtherance of such action or case;

(B) the information sought is unavailable from other non-confidential sources;

(C) a subpoena issued by a judicial or administrative officer or competent jurisdiction has been submitted to the commissioner; and

(D) the privacy of a qualified policyholder shall be protected in any court proceeding concerning such qualified policyholder if the technology-enabled fiduciary financial institution insurance company so petitions the court. Upon the filing of such petition, any information, including, but not limited to, an instrument, inventory, statement or verified report produced by the technology-enabled fiduciary financial institution insurance company regarding a policy issued to a qualified policyholder or payment-in-kind assets held by the technology-enabled fiduciary financial institution insurance company to satisfy claims of such qualified policyholder, all payment-in-kind policies, all petitions relevant to such information and all court orders thereon, shall be sealed upon filing and shall not be made a part of the public record of the proceeding, except that such petition shall be available to the court, the commissioner, the technology-enabled fiduciary financial institution insurance company, their attorneys and to such other interested persons as the court may order upon a showing of good cause;

(2) the commissioner may disclose such information to a public officer having jurisdiction over the regulation of insurance in another

state, ~~provided that if:~~

(A) Such public official shall agree in writing to maintain the confidentiality of such information; and

(B) the laws of the state in which such public official serves requires such information to be and to remain confidential;

(3) access may also be granted to the national association of insurance commissioners and its affiliates, and the international association of supervisors and its affiliates. Such parties ~~must~~ *shall* agree in writing prior to receiving the information to provide to it the same confidential treatment as required by this section, unless the company gives prior written consent; and

(4) the privacy of those who have established an affiliated fidfin trust or alternative asset custody account shall be protected in any court proceeding concerning such trust or custody account if the acting trustee, custodian, trustor or any beneficiary so petition the court. Upon the filing of such a petition, the instrument, inventory, statement filed by any trustee or custodian, annual verified report of the trustee or custodian and all petitions relevant to trust administration and all court orders thereon shall be sealed upon filing and shall not be made a part of the public record of the proceeding, except that such petition shall be available to the court, the trustor, the trustee, the custodian, any beneficiary, their attorneys and to such other interested persons as the court may order upon a showing of good cause.

Sec. 31. K.S.A. 40-4323 is hereby amended to read as follows: 40-4323. (a) As used in this section, unless the context requires otherwise, "dormant captive insurance company" means a captive insurance company that has:

(1) Ceased transacting the business of insurance, including the issuance of insurance policies; and

(2) no remaining liabilities associated with insurance business transactions or insurance policies issued prior to the filing of its application for a certificate of dormancy under this section.

(b) A captive insurance company domiciled in Kansas that meets the criteria of subsection (a) may apply to the commissioner for a certificate of dormancy. The certificate of dormancy shall be subject to renewal every five years and shall be forfeited if not renewed within such time.

(c) A dormant captive insurance company that has been issued a certificate of dormancy shall:

(1) Possess and thereafter maintain unimpaired, paid-in capital and surplus of not less than \$25,000;

(2) prior to March 15 of each year, submit to the commissioner a report of its financial condition, verified by oath by two of its executive officers, in a form as may be prescribed by the commissioner; and

(3) pay a license renewal fee ~~of not to exceed~~ \$500. *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register such fee required pursuant to this paragraph.*

(d) A dormant captive insurance company shall not be subject to or liable for the payment of any tax under K.S.A. 40-4314, and amendments thereto, or as provided in article 28 of chapter 40 of the Kansas Statutes Annotated, and amendments thereto.

(e) A dormant captive insurance company shall apply to the commissioner for approval to surrender its certificate of dormancy and resume conducting the business of insurance prior to issuing any insurance policies.

(f) A certificate of dormancy shall be revoked if a dormant captive insurance company no longer meets the criteria of subsection (a).

(g) The commissioner may promulgate rules and regulations as necessary to carry out the provisions of this section.

Sec. 32. K.S.A. 40-4334 is hereby amended to read as follows: 40-4334. (a) To transact business in Kansas, a special purpose insurance captive shall:

(1) Obtain from the commissioner a certificate of authority

authorizing it to conduct reinsurance business in Kansas;

(2) hold at least one meeting of its board of directors each year within Kansas;

(3) maintain its principal place of business in Kansas;

(4) authorize the commissioner to accept service of process on its behalf in accordance with K.S.A. 40-218, and amendments thereto;

(5) maintain unimpaired paid-in capital and surplus of not less than \$5,000,000;

(6) maintain a risk-based capital of at least 200%; and

(7) pay all applicable fees as required by this act.

(b) A special purpose insurance captive, when permitted by its organizational documents, may apply to the commissioner for a certificate of authority to conduct reinsurance in Kansas as authorized by this section.

(1) An authorized special purpose insurance captive may only reinsure the risks of its ceding company. A special purpose insurance captive may reinsure risks of more than one ceding company, ~~provided if all ceding companies from which a special purpose insurance captive assumes risks shall be~~ *are* affiliated with one another.

(2) An authorized special purpose insurance captive may cede all or a portion of its assumed risks under ceded reinsurance agreements.

(3) An authorized special purpose insurance captive may take credit or a reduction from liability for the reinsurance of risks or portions of risks ceded to a reinsurer in accordance with K.S.A. 40-221a, and amendments thereto, or as otherwise approved by the commissioner.

(c) To obtain a certificate of authority to transact business as a special purpose insurance captive in Kansas, the special purpose insurance captive shall:

(1) File an application, ~~which~~ *that* shall include the following:

(A) Certified copies of its organizational documents;

(B) a statement under oath from any of the applicant's officers as to the financial condition of the applicant as of the time the application is filed;

(C) evidence of the applicant's assets as of the time of the application;

(D) complete biographical sketches for each officer and director on forms created by the NAIC;

(E) a plan of operation as described in K.S.A. 40-4335, and amendments thereto;

(F) an affidavit signed by the applicant that the special purpose insurance captive will operate only in accordance with the provisions of this section and its plan of operation;

(G) a description of the investment strategy the special purpose insurance captive will follow; and

(H) a description of the source and form of the initial minimum capital proposed in the plan of operation; and

(2) have deposited with the commissioner of insurance pursuant to K.S.A. 40-229a, and amendments thereto, securities authorized by K.S.A. 40-2a01 et seq., and amendments thereto, in an amount equal to not less than the minimum capital stock required of such company for the protection of its policyholders or creditors, or both;

(3) demonstrate that the minimum surplus required is established and held in Kansas; and

(4) provide copies of any filings made by the ceding company with the ceding company's domiciliary insurance regulator to obtain approval for the ceding company to enter into the special purpose insurance captive contract and copies of any filings made by any affiliate of the special purpose insurance captive to obtain regulatory approval to contribute capital to the special purpose insurance captive or to acquire direct or indirect ownership of the special purpose insurance captive. The special purpose insurance captive shall provide copies of any letters of approval or disapproval received from the insurance regulator responding to such filing.

(d) The commissioner may require the special purpose insurance captive to revise its plan of operation under K.S.A. 40-4335, and amendments thereto, and meet all requirements imposed by a revised plan of operation as approved by the commissioner thereunder.

(e) The department shall act upon a complete application within 30 days of its filing. Upon good cause shown, the commissioner may extend the time to act on the application by 30 days.

(f) In the event *that* the ceding company is not required to make filings with its domiciliary insurance regulator as described in subsection (c)(4), no such filing shall be required under subsection (c)(4) in Kansas, ~~provided if~~ the applicant provides the commissioner with a certification signed by one of its officers attesting that no such filing is required with the ceding company's domiciliary regulator.

(g) Once granted, a certificate of authority under this section shall continue until March 1 of each year. At such time, the certificate of authority may be renewed at the discretion of the commissioner.

(h) A special purpose insurance captive shall pay to the commissioner a nonrefundable application fee ~~of not to exceed~~ \$10,000 for examining, investigating and processing its application for certificate of authority, and the commissioner is authorized to retain legal, financial, actuarial and examination services from outside the department, the reasonable costs of which may be additionally charged against the applicant. In addition, each special purpose insurance captive shall pay a renewal fee ~~for each year thereafter of not to exceed~~ \$10,000 *for each subsequent year. Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fee required pursuant to this subsection for the next calendar year.*

Sec. 33. K.S.A. 40-4503 is hereby amended to read as follows: 40-4503. (a) No person, firm, association or corporation shall act as a reinsurance broker in this state if the reinsurance broker maintains an office either directly or as a member or employee of a firm or association, or as an officer, director or employee of a corporation:

(1) In this state, unless such reinsurance broker is a licensed producer in this state; or

(2) in another state, unless such reinsurance broker is a licensed producer in this state or another state having a law substantially similar to this act or such reinsurance broker is licensed in this state as a nonresident reinsurance intermediary.

(b) No person, firm, association or corporation shall act as a reinsurance manager:

(1) For a reinsurer domiciled in this state, unless such reinsurance manager is a licensed producer in this state;

(2) in this state, if the reinsurance manager maintains an office either directly or as a member or employee of a firm or association, or an officer, director or employee of a corporation in this state, unless such reinsurance manager is a licensed producer in this state;

(3) in another state for a nondomestic insurer, unless such reinsurance manager is a licensed producer in this state or another state having a law substantially similar to this act or such person is licensed in this state as a nonresident reinsurance intermediary.

(c) The commissioner may require a reinsurance manager subject to subsection (b) to file a bond in an amount from an insurer acceptable to the commissioner for the protection of each reinsurer represented.

(d) (1) The commissioner may issue a reinsurance intermediary license to any person, firm, association or corporation who has complied with the requirements of this act. Before any such license may be issued, the applicant shall submit proper application therefor on a form prescribed by the commissioner ~~which that~~ shall be accompanied by an initial fee ~~of not to exceed~~ \$150. Any license so issued shall remain in effect until suspended, revoked, voluntarily surrendered or otherwise terminated by the commissioner or licensee subject to payment of an annual continuation fee ~~of not to exceed~~ \$100 on or before May 1 of each year. Any such license issued to a firm or

association will authorize all the members of such firm or association and any designated employees to act as reinsurance intermediaries under the license, and all such persons shall be named in the application and any supplements thereto. Any such license issued to a corporation shall authorize all of the officers; and any designated employees and directors thereof; to act as reinsurance intermediaries on behalf of such corporation, and all such persons shall be named in the application and any supplements thereto.

(2) If the applicant for a reinsurance intermediary license is a nonresident, such applicant, as a condition precedent to receiving or holding a license, shall designate the commissioner as agent for service of process in the manner, and with the same legal effect, as is provided for by this act for designation of service of process upon insurers holding a Kansas certificate of authority. Such applicant shall furnish the commissioner with the name and address of a resident of this state upon whom notices or orders of the commissioner or process affecting such nonresident reinsurance intermediary may be served. Such licensee shall promptly notify the commissioner in writing of every change in its designated agent for service of process, and such change shall not become effective until acknowledged by the commissioner.

(3) *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fee required pursuant to this subsection for the next calendar year.*

(e) The commissioner may, after a hearing conducted in accordance with the provisions of the Kansas administrative procedure act, ~~and held—on~~ not less than 20 days' notice, refuse to issue a reinsurance intermediary license if, in the judgment of the commissioner: (1) The applicant, any one named on the application, or any member, principal, officer or director of the applicant, is not trustworthy; ~~or~~; (2) any controlling person of such applicant is not trustworthy to act as a reinsurance intermediary; or (3) any of the foregoing has given cause for revocation or suspension of such license; or has failed to comply with any prerequisite for the issuance of such license.

(f) Licensed attorneys at law in this state when acting in their professional capacity as such shall be exempt from this section.

Sec. 34. K.S.A. 2024 Supp. 40-4903 is hereby amended to read as follows: 40-4903. (a) Unless denied licensure pursuant to K.S.A. 40-4909, and amendments thereto, any person who meets the requirements of K.S.A. 40-4905, and amendments thereto, shall be issued an insurance agent license. An insurance agent may receive qualifications for a license in one or more of the following lines of authority:

(1) Life: Insurance coverage on human lives including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income.

(2) Accident and health or sickness: Insurance coverage for sickness, bodily injury or accidental death, and may include benefits for disability income.

(3) Property: Insurance coverage for the direct or consequential loss or damage to property of every kind.

(4) Casualty: Insurance coverage against legal liability, including that for death, injury or disability or damage to real or personal property.

(5) Variable life and variable annuity products: Insurance coverage provided under variable life insurance contracts, variable annuities or any other life insurance or annuity product that reflects the investment experience of a separate account.

(6) Personal lines: Property and casualty insurance coverage sold primarily to an individual or family for noncommercial purposes.

(7) Credit: Limited line credit insurance.

(8) Crop insurance: Limited line insurance for damage to crops from unfavorable weather conditions, fire, lightning, flood, hail, insect infestation, disease or other yield-reducing conditions or any other peril subsidized by the federal crop insurance corporation, including multi-

peril crop insurance.

(9) Title insurance: Limited line insurance that insures titles to property against loss by reason of defective titles or encumbrances.

(10) (A) Travel insurance: Limited line insurance for personal risks incidental to planned travel, including, but not limited to:

- (i) Interruption or cancellation of trip or event;
- (ii) loss of baggage or personal effects;
- (iii) damages to accommodations or rental vehicles;
- (iv) sickness, accident, disability or death occurring during travel;
- (v) emergency evacuation;
- (vi) repatriation of remains; or
- (vii) any other contractual obligations to indemnify or pay a specified amount to the traveler upon determinable contingencies related to travel as approved by the commissioner.

(B) Travel insurance does not include major medical plans that provide comprehensive medical protection for travelers with trips lasting six months or longer, for example, persons working overseas, including military personnel deployed overseas.

(11) Pre-need funeral insurance: Limited line insurance that allows for the purchase of a life insurance or annuity contract by or on behalf of the insured solely to fund a pre-need contract or arrangement with a funeral home for specific services.

(12) Bail bond insurance: Limited line insurance that provides surety for a monetary guarantee that an individual released from jail will be present in court at an appointed time.

(13) Self-service storage unit insurance: Limited line insurance relating to the rental of self-service storage units, including:

(A) Personal effects insurance that provides coverage to renters of storage units at the same facility for the loss of, or damage to, personal effects that occurs at the same facility during the rental period; and

(B) any other coverage that the commissioner may approve as meaningful and appropriate in connection with the rental of storage units. Such insurance may only be issued in accordance with K.S.A. 40-241, and amendments thereto.

(14) Any other line of insurance permitted under the provisions of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, and any rules and regulations promulgated thereunder.

(b) Unless suspended, revoked or refused renewal pursuant to K.S.A. 40-4909, and amendments thereto, an insurance agent license shall remain in effect as long as:

- (1) Education requirements for resident individual agents are met by such insurance agent's biennial due date;
- (2) such insurance agent submits an application for renewal on a form prescribed by the commissioner; and
- (3) such insurance agent pays a biennial renewal application fee ~~of~~ *not to exceed* \$4.

(c) Except as provided in paragraphs (1) through (4), each licensed insurance agent shall biennially obtain a minimum of 18 C.E.C.s that include at least three hours of instruction in insurance ethics that also may include regulatory compliance.

(1) Each licensed insurance agent who is an individual and holds only a crop qualification shall biennially obtain a minimum of two C.E.C.s in courses certified as crop C.E.C.s under the property and casualty category.

(2) Each licensed insurance agent who is an individual and is licensed only for title insurance shall biennially obtain a minimum of four C.E.C.s in courses certified by the board of abstract examiners as title C.E.C.s under the property and casualty category.

(3) Each licensed insurance agent who is an individual and holds a life insurance license solely for the purpose of selling pre-need funeral insurance or annuity products shall file a report on or before such agent's biennial due date affirming that such agent transacted no other insurance business during the period covered by the report and shall provide certification from an officer of each insurance company that

has appointed such agent that the agent transacted no other insurance business during the period covered by the report. Agents who have offered to sell or sold only pre-need funeral insurance are exempt from the requirement to obtain C.E.C.s.

(4) Each licensed insurance agent who is an individual and holds only a bail bond, self-service storage unit or travel insurance qualification is exempt from the requirement to obtain C.E.C.s.

(5) (A) A licensed insurance agent who is a member of the national guard or any reserve component of the armed services of the United States who serves on active duty for at least 90 consecutive days shall be exempt from the requirement to obtain C.E.C.s during the time that such insurance agent is on active duty.

(B) The commissioner shall grant an extension to any licensed insurance agent described in subparagraph (A) until the biennial due date that occurs in the year next succeeding the year in which such active duty ceases.

(d) An instructor of an approved subject shall be entitled to the same C.E.C. as a student completing the study.

(e) (1) An individual insurance agent who has been licensed for more than one year, on or before such insurance agent's biennial due date, shall file a report with the commissioner certifying that such insurance agent has met the continuing education requirements for the previous biennium ending on such insurance agent's biennial due date. Each individual insurance agent shall maintain a record of all courses attended together with a certificate of attendance for the remainder of the biennium in which the courses were attended and the entire next succeeding biennium.

(2) If the required report showing proof of continuing education completion is not received by the commissioner by the individual insurance agent's biennial due date, such individual insurance agent's qualification and each and every corresponding license shall be suspended automatically for a period of 90 calendar days or until such time as the producer satisfactorily demonstrates completion of the continuing education requirement, whichever is sooner. In addition, the commissioner shall assess a penalty of \$100 for each license suspended. If such insurance agent fails to furnish to the commissioner the required proof of continuing education completion and the monetary penalty within 90 calendar days of such insurance agent's biennial due date, such individual insurance agent's qualification and each and every corresponding license shall expire on such insurance agent's biennial due date. If after more than three but less than 12 months from the date the license expired, the insurance agent wants to reinstate such insurance agent's license, such individual shall provide the required proof of continuing education completion and pay a reinstatement fee in the amount of \$100 for each license suspended. If after more than 12 months from the date an insurance agent's license has expired, such insurance agent wants to reinstate such insurance agent's license, such individual shall apply for an insurance agent's license, provide the required proof of continuing education completion and pay a reinstatement fee in the amount of \$100 for each license suspended. Upon receipt of a written application from such insurance agent claiming extreme hardship, the commissioner may waive any penalty imposed under this subsection.

(3) On and after the effective date of this act, any applicant for an individual insurance agent's license who previously held a license that expires on or after June 30, 2001, because of failure to meet continuing education requirements and who seeks to be relicensed shall provide evidence that appropriate C.E.C.s have been completed for the prior biennium.

(4) Upon receipt of a written application from an individual insurance agent, the commissioner, in cases involving medical hardship or military service, may extend the time within which to fulfill the minimum continuing educational requirements for a period of not to exceed 180 days.

(5) This section shall not apply to any inactive insurance agent during the period of such inactivity. For the purposes of this paragraph, "inactive period" or "period of inactivity" means a continuous period of time of not more than four years starting from the date inactive status is granted by the commissioner. Before returning to active status, such inactive insurance agent shall:

(A) File a report with the commissioner certifying that such agent has met the continuing education requirement; and

(B) pay the renewal fee. If the required proof of continuing education completion and the renewal fee is not furnished at the end of the inactive period, such individual insurance agent's qualification and each and every corresponding license shall expire at the end of the period of inactivity. For issuance of a new license, the individual shall apply for a license and pass the required examination.

(6) Any individual who allows such individual's insurance agent license in this state and *in* all other states ~~in which~~ *where* such individual is licensed as an insurance agent to expire for a period of four or more consecutive years; shall apply for a new insurance agent license and pass the required examination.

(f) (1) Each course, program of study, or subject shall be submitted to and certified by the commissioner in order to qualify for purposes of continuing education.

(2) Each request for certification of any course, program of study or subject shall contain the following information:

(A) The name of the provider or provider organization;

(B) the title of such course, program of study or subject;

(C) the date the course, program of study or subject will be offered;

(D) the location where the course, program of study or subject will be offered;

(E) an outline of each course, program of study or subject, including a schedule of times when such material will be presented;

(F) the names and qualifications of instructors;

(G) the number of C.E.C.s requested;

(H) a nonrefundable C.E.C. qualification fee ~~in the amount of~~ *not to exceed* \$50 per course, program of study or subject or *not to exceed* \$250 per year for all courses, programs of study or subjects submitted by a specific provider or provider organization; and

(I) a nonrefundable annual provider fee ~~of~~ *not to exceed* \$100.

(3) Upon receipt of such information, the commissioner shall grant or deny certification of any submitted course, program of study or subject as an approved subject, program of study or course and indicate the number of C.E.C.s that will be recognized for each approved course, program of study or subject. Each approved course, program of study or subject shall be assigned by the commissioner to one or both of the following classes:

(A) Property and casualty; or

(B) life insurance, including annuity and variable contracts, and accident and health insurance.

(4) Each course, program of study or subject shall have a value of at least one C.E.C.

(5) (A) Each provider seeking approval of a course, program of study or subject for continuing education credit shall issue or cause to be issued to each person who attends a course, program of study or subject offered by such provider a certificate of attendance. The certificate shall be signed by either the instructor who presents the course, program of study or course or such provider's authorized representative. Each provider shall maintain a list of all individuals who attend courses offered by such provider for continuing education credit for the remainder of the biennium in which the courses are offered and the entire next succeeding biennium.

(B) The commissioner shall accept, without substantive review, any course, program of study or subject submitted by a provider that has been approved by the insurance supervisory authority of any other

state or territory accredited by the NAIC. The commissioner may disapprove any individual instructor or provider who has been the subject of disciplinary proceedings or who has otherwise failed to comply with any other state's or territory's laws or regulations.

(6) The commissioner may grant or approve any specific course, program of study or course that has appropriate merit, such as any course, programs of study or course with broad national or regional recognition, without receiving any request for certification. The fee prescribed by subsection (f)(2) shall not apply to any approval granted pursuant to this provision.

(7) The C.E.C. value assigned to any course, program of study or subject, other than a correspondence course, computer based training, interactive internet study training or other course pursued by independent study, shall in no way be contingent upon passage or satisfactory completion of any examination given in connection with such course, program of study or subject. The commissioner shall establish, by rules and regulations, *the* criteria for determining acceptability of any method used for verification of the completion of each stage of any computer based or interactive internet study training. Completion of any computer based training or interactive internet study training shall be verified in accordance with a method approved by the commissioner.

(g) Upon request, the commissioner shall provide a list of all approved continuing education courses currently available to the public.

(h) An individual insurance agent who independently studies an insurance course, program of study or subject that is not an agent's examination approved by the commissioner shall receive credit for the C.E.C.s assigned by the commissioner as recognition for the approved subject. No other credit shall be given for independent study.

(i) Any licensed individual insurance agent who is unable to comply with license renewal procedures due to military service or some other extenuating circumstances may request a waiver of those procedures from the commissioner. Such agent may also request from the commissioner a waiver of any examination requirement or any other fine or sanction imposed for failure to comply with renewal procedures.

(j) *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fees required pursuant to this section for the next calendar year.*

Sec. 35. K.S.A. 40-5003 is hereby amended to read as follows: 40-5003. (a) No person shall operate as a viatical settlement provider or viatical settlement broker without first obtaining a license from the commissioner or the insurance regulatory official of the state of residence of the viator. If there is more than one viator on a single policy and the viators are residents of different states, the viatical settlement shall be governed by the law of the state in which the viator having the largest percentage ownership resides or, if the viators hold equal ownership, the state of residence of one viator agreed upon in writing by all viators.

(b) Application for a viatical settlement provider license shall be made to the commissioner by the applicant on a form prescribed by the commissioner, and these applications shall be accompanied by a nonrefundable fee ~~of not to exceed~~ \$1,000.

(c) Licenses for viatical settlement providers may be renewed from year to year on the anniversary date upon payment of the annual renewal fee ~~of not to exceed~~ \$500. Failure to pay the fees by the renewal date results in expiration of the license.

(d) Application for a viatical settlement broker license shall be made to the commissioner by the applicant on a form prescribed by the commissioner. Each application shall be accompanied by a nonrefundable application fee ~~of not to exceed~~ \$100.

(e) Licenses for a viatical settlement broker license may be renewed from year to year on the anniversary date upon payment of the

annual renewal fee ~~of not to exceed~~ \$50. Failure to pay the fees by the renewal date results in expiration of such license.

(f) The applicant shall provide information on forms required by the commissioner. The commissioner shall have authority, at any time, to require the applicant to fully disclose the identity of all stockholders, partners, officers, members and employees, and the commissioner, in the exercise of the commissioner's discretion, may refuse to issue a license in the name of a legal entity if not satisfied that any officer, employee, stockholder, partner or member thereof who may materially influence the applicant's conduct meets the standards of this act.

(g) A license issued to a legal entity authorizes all partners, officers, members and designated employees to act as viatical settlement providers or viatical settlement brokers, as applicable, under the license, and all those persons shall be named in the application and any supplements to the application.

(h) Upon the filing of an application and the payment of the license fee, the commissioner shall make an investigation of each applicant and issue a license if the commissioner finds that the applicant:

(1) If a viatical settlement provider, has provided a detailed plan of operation;

(2) is competent and trustworthy and intends to act in good faith in the capacity involved by the license applied for;

(3) has a good business reputation and has had experience, training or education so as to be qualified in the business for which the license is applied for;

(4) if a legal entity, provides a certificate of good standing from the state of its domicile; and

(5) if a viatical settlement provider or viatical settlement broker, has provided an anti-fraud plan that meets the requirements of ~~paragraph (g) of K.S.A. 40-5012(g)~~, and amendments thereto.

(i) The commissioner shall not issue a license to a nonresident applicant, unless a written designation of an agent for service of process is filed and maintained with the commissioner or the applicant has filed with the commissioner, the applicant's written irrevocable consent that any action against the applicant may be commenced against the applicant by service of process on the commissioner.

(j) A viatical settlement provider or viatical settlement broker shall provide to the commissioner new or revised information about officers, 10% or more stockholders, partners, directors, members or designated employees within 30 days of the change.

(k) *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fees required pursuant to this section for the next calendar year.*

Sec. 36. K.S.A. 40-5509 is hereby amended to read as follows: 40-5509. (a) (1) An individual who has met the requirements for licensure under this act shall be issued a public adjuster license. A public adjuster license shall remain in effect, unless revoked, terminated or suspended, as long as the request for renewal is timely submitted and a license renewal fee ~~of not to exceed~~ \$100 is paid and any other requirements for license renewal are met by the due date. The licensee shall inform the commissioner by any means acceptable to the commissioner of a change of address, change of legal name or change of information submitted on the application within 30 days of the change.

(2) *Not later than December 1 of each year, the commissioner shall set and cause to be published in the Kansas register the fees required pursuant to this subsection for the next calendar year.*

(b) A public adjuster shall be subject to the provisions ~~of subsection (9) of K.S.A. 40-2404(9)~~, and amendments thereto.

(c) A public adjuster who allows such person's license to lapse may, within 12 months from the due date of the renewal, be issued a new public adjuster license upon the commissioner's receipt of proof that the licensee has satisfactorily completed the renewal process and the licensee's payment of a reinstatement fee of \$100. The new public

adjuster license shall be effective *on* the date *that* the commissioner receives such proof and the reinstatement fee.

(d) A licensed public adjuster that is unable to comply with license renewal procedures due to military service, a long-term medical disability or some other extenuating circumstance, may request an extension of time to comply with those procedures.

(e) The public adjuster license shall contain the licensee's name, city and state of business address, personal identification number, the date of issuance, the expiration date and any other information the commissioner deems necessary.

(f) In order to assist in the performance of the commissioner's duties, the commissioner may contract with non-governmental entities, including the NAIC, to perform any ministerial functions, including the collection of fees and data related to licensing that the commissioner may deem appropriate.

Sec. 37. K.S.A. 75-4101 is hereby amended to read as follows: 75-4101. (a) There is hereby created a committee on surety bonds and insurance, which shall consist of the state treasurer, the attorney general and the commissioner of insurance or their respective designees. The commissioner of insurance shall be the chairperson of the committee and the director of purchases or the director's designee shall be the ex officio secretary. The committee shall meet upon the call of the chairperson and at such other times as the committee shall determine ~~but at least once each month on the second Monday in each month. Meetings shall be held in the office of the commissioner of insurance.~~ The members of the committee shall serve without compensation. The secretary shall be the custodian of all property, records and proceedings of the committee. Except as provided in this section and K.S.A. 74-4925, 74-4927, 75-6501 through 75-6511 and 76-749, and amendments thereto, no state agency shall purchase any insurance of any kind or nature or any surety bonds upon state officers or employees, except as provided in this act. Except as otherwise provided in this section, ~~health care~~ ~~healthcare~~ coverage and ~~health care~~ ~~healthcare~~ services of a health maintenance organization for state officers and employees designated under K.S.A. 75-6501(c), and amendments thereto, shall be provided in accordance with the provisions of K.S.A. 75-6501 through 75-6511, and amendments thereto.

(b) The Kansas turnpike authority may purchase group life, health and accident insurance or health care services of a health maintenance organization for its employees or members of the highway patrol assigned, by contract or agreement entered pursuant to K.S.A. 68-2025, and amendments thereto, to police toll or turnpike facilities, independent of the committee on surety bonds and insurance and of the provisions of K.S.A. 75-6501 through 75-6511, and amendments thereto. Such authority may purchase liability insurance covering all or any part of its operations and may purchase liability and related insurance upon all vehicles owned or operated by the authority independent of the committee on surety bonds and insurance and such insurance may be purchased without complying with K.S.A. 75-3738 through 75-3744, and amendments thereto. Any board of county commissioners may purchase such insurance or ~~health care~~ ~~healthcare~~ services, independent of such committee, for district court officers and employees any part of whose total salary is payable by the county. Nothing in any other provision of the laws of this state shall be construed as prohibiting members of the highway patrol so assigned to police toll or turnpike facilities from receiving compensation in the form of insurance or health maintenance organization coverage as herein authorized.

(c) The agencies of the state sponsoring a foster grandparent or senior companion program, or both, shall procure a policy of accident, personal liability and excess automobile liability insurance insuring volunteers participating in such programs against loss in accordance with specifications of federal grant guidelines. Such agencies may purchase such policy of insurance independent of the committee on

surety bonds and insurance and without complying with K.S.A. 75-3738 through 75-3744, and amendments thereto.

(d) Any state educational institution as defined by K.S.A. 76-711, and amendments thereto, may purchase insurance of any kind or nature except employee health insurance. Such insurance shall be purchased on a competitively bid or competitively negotiated basis in accordance with procedures prescribed by the state board of regents. Such insurance may be purchased independent of the committee on surety bonds and insurance and without complying with K.S.A. 75-3738 through 75-3744, and amendments thereto.

(e) (1) The state board of regents may enter into one or more group insurance contracts to provide health and accident insurance coverage or ~~health care~~ *healthcare* services of a health maintenance organization for all students attending a state educational institution as defined in K.S.A. 76-711, and amendments thereto, and such students' dependents, except that such insurance shall not provide coverage for elective procedures that are not medically necessary as determined by a treating physician. The participation by a student in such coverage shall be voluntary. In the case of students who are employed by a state educational institution in a student position, the level of employer contributions toward such coverage shall be determined by the board of regents.

(2) The state board of regents is hereby authorized to independently provide, through self-insurance or the purchase of insurance contracts, ~~health care~~ *healthcare* benefits for employees of a state educational institution, as such term is defined in K.S.A. 76-711, and amendments thereto, when the state ~~health care~~ *healthcare* benefits program is insufficient to satisfy the requirements of 22 C.F.R. § 62.14, as in effect upon ~~the effective date of this section~~ *April 13, 2017*. Such *healthcare* benefits shall be limited to only those for whom the state ~~health care~~ *healthcare* benefits program does not meet federal requirements.

(3) The state board of regents may purchase cybersecurity insurance as it deems necessary to protect student records, labor information and other statutorily protected data that the board maintains, independent of the committee on surety bonds and insurance and without complying with the provisions of K.S.A. 75-3738 through 75-3744, and amendments thereto. As used in this paragraph, "cybersecurity insurance" includes, but is not limited to, first-party coverage against losses such as data destruction, denial of service attacks, theft, hacking and liability coverage guaranteeing compensation for damages from errors such as the failure to safeguard data.

(4) The state board of regents may adopt rules and regulations necessary to administer and implement the provisions of this section.

Sec. 38. K.S.A. 2024 Supp. 75-6301 is hereby amended to read as follows: 75-6301. (a) There is hereby established under the jurisdiction of the commissioner of insurance ~~a division to be known as the office of the securities commissioner of Kansas~~ *the department of insurance, securities division*. The ~~office~~ *department of insurance, securities division* shall be administered by the ~~securities commissioner of Kansas~~ *department of insurance assistant commissioner, securities division* who shall be in the unclassified service under the Kansas civil service act. The ~~securities commissioner~~ *department of insurance assistant commissioner, securities division* shall be appointed by the commissioner of insurance ~~and be subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto~~. The ~~securities commissioner~~ *department of insurance assistant commissioner, securities division* shall have special training and qualifications for such position, ~~shall~~ receive such compensation as may be fixed by the commissioner of insurance and ~~shall~~ serve at the pleasure of the commissioner of insurance. ~~Except as provided by K.S.A. 46-2601, and amendments thereto, no person appointed as securities commissioner shall exercise any power, duty or function as~~

~~securities commissioner until confirmed by the senate.~~

(b) ~~The securities commissioner~~ *department of insurance assistant commissioner, securities division* shall devote full time to the performance of the duties of the ~~office of the securities commissioner~~ *department of insurance, securities division*.

(c) ~~The securities commissioner~~ *department of insurance assistant commissioner, securities division* may appoint directors and other employees within the ~~office of the securities commissioner~~ *department of insurance, securities division* as determined necessary by the ~~securities commissioner~~ *department of insurance assistant commissioner, securities division* to effectively carry out the mission of the office. All directors appointed after the effective date of this act shall be in the unclassified service under the Kansas civil service act, ~~shall~~ have special training and qualifications for such positions, ~~shall~~ serve at the pleasure of the ~~securities commissioner~~ *department of insurance assistant commissioner, securities division* and ~~shall~~ receive compensation fixed by the ~~securities commissioner~~ *department of insurance assistant commissioner, securities division* and approved by the commissioner of insurance.

(d) Nothing in subsection (c) shall affect the classified status of any person employed in the ~~office of the securities commissioner~~ *department of insurance, securities division* on the day immediately preceding the effective date of this act. The provisions of this subsection shall not be construed to limit the powers of the ~~securities commissioner~~ *department of insurance assistant commissioner, securities division* pursuant to K.S.A. 75-2948, and amendments thereto.

(e) ~~The office of the securities commissioner of Kansas~~ *department of insurance, securities division* shall cooperate with the ~~department of insurance~~ *department* to consolidate administrative functions and cross-appoint such employees as deemed necessary to provide efficiency. The commissioner of insurance and the ~~securities commissioner~~ *department of insurance assistant commissioner, securities division* are hereby authorized to enter into agreements and adopt rules and regulations as necessary to administer the provisions of this subsection.

Sec. 39. K.S.A. 8-2405, 40-205a, 40-218, 40-246b, 40-246e, 40-252, 40-2,133, 40-504, 40-956, 40-2102, 40-2109, 40-22a04, 40-2604, 40-2702, 40-3116, 40-3213, 40-3217, 40-3304, 40-3413, 40-3812, 40-3813, 40-3814, 40-4103, 40-4116, 40-4323, 40-4334, 40-4503, 40-5003, 40-5509, 75-4101, 75-6302, 75-6303, 75-6304, 75-6305, 75-6306 and 75-6307 and K.S.A. 2024 Supp. 40-102, 40-3823, 40-3824, 40-4209, 40-4302, 40-4903 and 75-6301 are hereby repealed.

Sec. 40. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and was adopted by that body

HOUSE adopted
Conference Committee Report_____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

SENATE adopted
Conference Committee Report_____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.