



Kansas Department of Insurance

Commissioner Vicki Schmidt

Proponent Testimony for SB 21

January 28, 2025

Chairwoman Dietrich and Members of the Committee,

Thank you for the opportunity to testify in support of Senate Bill 21.

Senate Bill 21 amends K.S.A. 40-3807 and K.S.A. 40-3809, which govern the licensure regulations for third-party administrators.

Senate Bill 21 requires TPAs, who are licensed and regulated by the Kansas Department of Insurance, to notify the Department whenever the TPA files for bankruptcy. The bill also requires that separate fiduciary accounts are created for each individual client of the TPA.

This proposal stems from a situation in 2024 where a TPA filed for bankruptcy in Kansas. The Department, which licenses TPAs, had very few tools to help those businesses utilizing the TPA quickly get their funds moved to another TPA in order to avoid any disruptions in service to their employees.

Senate Bill 21 will ensure the Department is informed of any such bankruptcy and ensuring separate accounts for clients, will ease the transition for businesses.

Eric Turek
Director of Government Affairs