

HOUSE BILL No. 2049

By Committee on Insurance

Requested by Eric Turek, Kansas Insurance Department

1-21

AN ACT concerning insurance; relating to licensing requirements for insurance agents and public adjusters; pertaining to suspension, revocation, denial of licensure and licensure renewal; amending K.S.A. 40-5510 and K.S.A. 2024 Supp. 40-4909 and repealing the existing sections.

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

Section 1. K.S.A. 2024 Supp. 40-4909 is hereby amended to read as follows: 40-4909. (a) The commissioner may deny, suspend, revoke or refuse renewal of any license issued under this act if the commissioner finds that the applicant or license holder has:

(1) Provided incorrect, misleading, incomplete or untrue information in the license application.

(2) Violated:

(A) Any provision of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, or any rules and regulations promulgated thereunder;

(B) any subpoena or order of the commissioner;

(C) any insurance law or regulation of another state; or

(D) any subpoena or order issued by the regulatory official for insurance in another state.

(3) Obtained or attempted to obtain a license under this act through misrepresentation or fraud.

(4) Improperly withheld, misappropriated or converted any moneys or properties received in the course of doing insurance business.

(5) Intentionally misrepresented the provisions, terms and conditions of an actual or proposed insurance contract or application for insurance.

(6) Been convicted of a misdemeanor or felony.

(7) Admitted to or been found to have committed any insurance unfair trade practice or fraud in violation of K.S.A. 40-2404, and amendments thereto.

(8) Used any fraudulent, coercive, or dishonest practice, or demonstrated any incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.

(9) Had an insurance agent license, *public adjuster license, securities*

1 *registration, or its* their equivalent, denied, suspended or revoked in any  
2 state, district or territory.

3 (10) Forged another person's name to an application for insurance or  
4 to any document related to an insurance transaction.

5 (11) Improperly used notes or any other reference material to  
6 complete an examination for an insurance license issued under this act.

7 (12) Knowingly accepted insurance business from an individual who  
8 is not licensed.

9 (13) Failed to comply with any administrative or court order  
10 imposing a child support obligation upon the applicant or license holder.

11 (14) Failed to pay any state income tax or comply with any  
12 administrative or court order directing payment of state income tax.

13 (15) Except as otherwise permitted by law, rebated the whole or any  
14 part of any insurance premium or offered in connection with the  
15 presentation of any contract of insurance any other inducement not  
16 contained in the contract of insurance.

17 (16) Made any misleading representation or incomplete comparison  
18 of policies to any person for the purposes of inducing or tending to induce  
19 such person to lapse, forfeit or surrender such person's insurance then in  
20 force.

21 (17) Failed to respond to an inquiry from the commissioner within ~~15~~  
22 ~~business 14 calendar~~ days.

23 (b) In addition, the commissioner may deny, suspend, revoke or  
24 refuse renewal of any license issued under this act if the commissioner  
25 finds that the interests of the insurer or the insurable interests of the public  
26 are not properly served under such license.

27 (c) (1) When considering whether to deny, suspend, revoke or refuse  
28 to renew the application of an individual who has been convicted of a  
29 misdemeanor or felony, the commissioner shall consider the:

30 (A) Applicant's age at the time of the conduct;

31 (B) recency of the conduct;

32 (C) reliability of the information concerning the conduct;

33 (D) seriousness of the conduct;

34 (E) factors underlying the conduct;

35 (F) cumulative effect of the conduct or information;

36 (G) evidence of rehabilitation;

37 (H) applicant's social contributions since the conduct;

38 (I) applicant's candor in the application process; and

39 (J) materiality of any omissions or misrepresentations.

40 (2) In determining whether to reinstate or grant to an applicant a  
41 license that has been revoked, the commissioner shall consider the:

42 (A) Present moral fitness of the applicant;

43 (B) demonstrated consciousness by the applicant of the wrongful

15 business

(3) obtaining or attempting to obtain a license through misrepresentation or fraud;

(4) misappropriating, converting or improperly withholding any monies or properties received in the course of doing insurance business;

(5) intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance;

(6) having been convicted of a misdemeanor or felony;

(7) having admitted or committed any insurance unfair trade practice or insurance fraud;

(8) using fraudulent, coercive or dishonest practices or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere;

(9) having an insurance license, *public adjuster license, securities registration or its their equivalent*, denied, suspended or revoked in any other state, province, district or territory;

(10) forging another's name to an application for insurance or to any document related to an insurance transaction;

(11) cheating, including improperly using notes or any other reference material, to complete an examination for an insurance license;

(12) knowingly accepting insurance business from an individual who is not licensed but who is required to be licensed by the commissioner;

(13) failing to comply with an administrative or court order imposing a child support obligation upon the applicant or license holder; ~~or~~

(14) failing to pay state income tax or comply with any administrative or court order directing payment of state income tax; *or*

(15) *failing to respond to an inquiry from the commissioner within 15 calendar days.*

(b) In addition, the commissioner may deny, suspend, revoke or refuse renewal of a public adjuster's license if the commissioner finds that the interests of the public are not properly served under such license. Any action taken under this section which affects any license or imposes any administrative penalty shall be taken only after notice and an opportunity for a hearing conducted in accordance with the Kansas administrative procedure act.

(c) In lieu of any action under subsection (a), the commissioner may:

(1) Censure the individual; or

(2) issue an order imposing an administrative penalty up to a maximum of \$500 for each violation, but not to exceed \$2,500 for the same violation occurring within any six consecutive calendar months from the date of the original violation, unless such person knew or should have known that the violative act could give rise to disciplinary action under subsection (a). If such person knew or reasonably should have known the violative act could give rise to any disciplinary proceeding authorized by

15 business

