

HOUSE BILL No. 2461

By Committee on Insurance

Requested by Marlee Carpenter on behalf of Kansas Association of Property and
Casualty Insurance Companies

1-15

AN ACT concerning insurance; relating to public adjusters; prohibiting public adjusters from negotiating for or effectuating the settlement of any insurance claim relating to residential and personal lines of insurance; amending K.S.A. 40-5501 and 40-5503 and K.S.A. 2025 Supp. 40-5502 and repealing the existing sections.

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

New Section 1. (a) No public adjuster shall negotiate for or effectuate the settlement of any insurance claim for loss or damage arising from residential and personal lines of insurance.

(b) This section shall be a part of and supplemental to article 55 of chapter 40 of the Kansas Statutes Annotated, and amendments thereto.

Sec. 2. K.S.A. 40-5501 is hereby amended to read as follows: 40-5501. K.S.A. 40-5501 through 40-5519, and amendments thereto, *and section 1, and amendments thereto*, shall be known and may be cited as the public adjusters licensing act, ~~and it shall govern~~ *governs* the qualifications and procedures for the licensing of public adjusters, ~~on and after July 1, 2009. It.~~ *Such act* specifies the duties of and restrictions on public adjusters, ~~which include~~ *including* limiting ~~their~~ *public adjuster* licensure to assisting insureds in first party claims.

Sec. 3. K.S.A. 2025 Supp. 40-5502 is hereby amended to read as follows: 40-5502. As used in K.S.A. 40-5501 through 40-5519, and amendments thereto:

(a) "Applicant" means ~~a person~~ *an individual* who has submitted an application to become a licensed public adjuster in accordance with this act.

(b) "Business entity" means a corporation, association, partnership, limited liability company, limited liability partnership or other legal entity.

(c) "Catastrophic disaster" means, according to the federal response plan, an event:

(1) Declared by the president of the United States or governor of Kansas;

(2) results in large numbers of deaths and injuries;

(3) causes extensive damage or destruction of facilities that provide

1 and sustain human needs;

2 (4) produces an overwhelming demand on state and local response
3 resources and mechanisms;

4 (5) causes a severe long-term effect on general economic activity; and

5 (6) severely affects state, local and private sector capabilities to begin
6 and sustain response activities.

7 (d) "Commissioner" means the ~~state~~ commissioner of insurance.

8 (e) "FBI" means the federal bureau of investigation.

9 (f) "Fingerprint" means an impression of the lines on a finger taken
10 for purpose of identification. The impression may be electronic or in ink
11 converted to electronic format.

12 (g) "Home state" means the District of Columbia and any state or
13 territory of the United States in which a public adjuster's principal place of
14 residence or principal place of business is located. If neither the state in
15 which the public adjuster maintains the principal place of residence nor the
16 state in which the public adjuster maintains the principal place of business
17 has a law governing public adjusters substantially similar to this act, the
18 public adjuster may declare another state in which it becomes licensed and
19 acts as a public adjuster to be the home state.

20 (h) "KBI" means the Kansas bureau of investigation.

21 (i) "Licensed public adjuster" means a public adjuster licensed in
22 accordance with this act.

23 (j) "NAIC" means the national association of insurance
24 commissioners and its affiliates and subsidiaries.

25 (k) "Person" means an individual or a business entity.

26 (l) (1) "Public adjuster" means any individual who:

27 (⊕) (A) For compensation or any other thing of value, and solely in
28 relation to first party claims arising under insurance claims or contracts
29 that insure the real or personal property of the insured, aids or acts on
30 behalf of an insured in negotiating for, or effecting the settlement of, a
31 claim for loss or damage covered by and limited *exclusively* to commercial
32 lines insurance contracts;

33 (⊖) (B) advertises for employment as a public adjuster of insurance
34 claims or directly or indirectly solicits business or represents to the public
35 that such ~~person~~ *individual* is a public adjuster of first party insurance
36 claims for losses or damages to real or personal property covered by and
37 limited *exclusively* to commercial lines insurance contracts; or

38 (⊕) (C) for compensation or any other thing of value, investigates or
39 adjusts losses or advises an insured about first party claims for losses or
40 damages to real or personal property of the insured covered by and limited
41 to commercial lines insurance contracts, for another person engaged in the
42 business of adjusting losses or damages covered by and limited *exclusively*
43 to commercial lines insurance contracts.

1 (2) *A "public adjuster" shall not negotiate for or effectuate the*
2 *settlement of any insurance claim arising under residential and personal*
3 *lines of insurance.*

4 (m) "Uniform individual application" means the current version of
5 the NAIC uniform individual application for resident and nonresident
6 individuals.

7 (n) "Uniform business entity application" means the current version
8 of the NAIC uniform business entity application for resident and
9 nonresident business entities.

10 Sec. 4. K.S.A. 40-5503 is hereby amended to read as follows: 40-
11 5503. (a) ~~A person~~ *An individual* shall not act as or represent that such
12 ~~person individual~~ is a public adjuster in this state unless the ~~person~~
13 *individual* is an individual licensed as a public adjuster in accordance with
14 ~~this act~~ *the public adjusters licensing act.*

15 (b) A licensed public adjuster shall not:

16 (1) Misrepresent to a claimant that the individual is an adjuster
17 representing an insurer in any capacity, including acting as an employee of
18 the insurer or acting as an independent adjuster, unless so appointed by an
19 insurer in writing to act on the insurer's behalf for ~~that a~~-specific claim or
20 purpose. ~~A licensed public adjuster is prohibited from charging that;~~

21 (2) *charge a specific claimant a fee when appointed by the insurer*
22 *and the such appointment is has been accepted by the licensed public*
23 *adjuster; or*

24 (3) *negotiate for or effectuate the settlement of any insurance claim*
25 *for loss or damage arising from residential lines of insurance.*

26 (c) Notwithstanding the provisions of this section, a license as a
27 public adjuster shall not be required of the following:

28 (1) An attorney-at-law admitted to practice in this state, when acting
29 in such person's professional capacity as an attorney;

30 (2) a person who negotiates or settles claims arising under a life or
31 health insurance policy or an annuity contract;

32 (3) ~~a person~~ *an individual* employed only for the purpose of obtaining
33 facts surrounding a loss or furnishing technical assistance to a licensed
34 public adjuster, including photographers, estimators, private investigators,
35 engineers and handwriting experts;

36 (4) a licensed health care provider, or employee of a licensed health
37 care provider, who prepares or files a health claim form on behalf of a
38 patient; or

39 (5) a person who settles subrogation claims between insurers.

40 Sec. 5. K.S.A. 40-5501 and 40-5503 and K.S.A. 2025 Supp. 40-5502
41 are hereby repealed.

42 Sec. 6. This act shall take effect and be in force from and after its
43 publication in the statute book.