

**As Amended by House Committee**

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***As Amended by Senate Committee***

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*Session of 2025*

**SENATE BILL No. 22**

By Committee on Financial Institutions and Insurance

1-16

1 AN ACT concerning insurance; relating to title insurance; requiring title  
2 agents to make their audit reports available for inspection upon request  
3 of the commissioner of insurance instead of submitting such reports  
4 annually; requiring the amount of surety bonds filed with the  
5 commissioner to be \$100,000; eliminating the controlled business  
6 exemption in certain counties; amending K.S.A. 40-1139 and K.S.A.  
7 2024 Supp. 40-1137 and 40-2404 and repealing the existing sections.  
8

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

10 Section 1. K.S.A. 2024 Supp. 40-1137 is hereby amended to read as  
11 follows: 40-1137. A title insurance agent may operate as an escrow,  
12 settlement or closing agent, provided that:

13 (a) All funds deposited with the title insurance agent in connection  
14 with an escrow, settlement or closing shall be submitted for collection to,  
15 invested in or deposited in a separate fiduciary trust account or accounts in  
16 a qualified financial institution no later than the close of the next business  
17 day, in accordance with the following requirements:

18 (1) The funds shall be the property of the person or persons entitled to  
19 them under the provisions of the escrow, settlement or closing agreement  
20 and shall be segregated for each depository by escrow, settlement or  
21 closing in the records of the title insurance agent in a manner that permits  
22 the funds to be identified on an individual basis;

23 (2) the funds shall be applied only in accordance with the terms of the  
24 individual instructions or agreements under which the funds were  
25 accepted; and

26 (3) an agent shall not retain any interest on any money held in an  
27 interest-bearing account without the written consent of all parties to the  
28 transaction.

29 (b) Funds held in an escrow account shall be disbursed only:

30 (1) Pursuant to written authorization of buyer and seller;

31 (2) pursuant to a court order; or

32 (3) when a transaction is closed according to the agreement of the  
33 parties.

34 (c) A title insurance agent shall not commingle the agent's personal

1 funds or other moneys with escrow funds. In addition, the agent shall not  
2 use escrow funds to pay or to indemnify against the debts of the agent or  
3 of any other party. The escrow funds shall be used only to fulfill the terms  
4 of the individual escrow and none of the funds shall be utilized until the  
5 necessary conditions of the escrow have been met. All funds deposited for  
6 real estate closings, including closings involving refinances of existing  
7 mortgage loans, which exceed \$2,500 shall be in one of the following  
8 forms:

9 (1) Lawful money of the United States;

10 (2) wire transfers such that the funds are unconditionally received by  
11 the title insurance agent or the agent's depository;

12 (3) cashier's checks, certified checks, teller's checks or bank money  
13 orders issued by a federally insured financial institution and  
14 unconditionally held by the title insurance agent;

15 (4) funds received from governmental entities, federally chartered  
16 instrumentalities of the United States or drawn on an escrow account of a  
17 real estate broker licensed in the state or drawn on an escrow account of a  
18 title insurer or title insurance agent licensed to do business in the state;

19 (5) other negotiable instruments that have been on deposit in the  
20 escrow account at least 10 days; or

21 (6) a real-time or instant payment through the FedNow service  
22 operated by the federal reserve banks or the clearing house payment  
23 company's real-time payments (RTP) system.

24 (d) Each title insurance agent shall have an annual audit made of its  
25 escrow, settlement and closing deposit accounts, conducted by a certified  
26 public accountant or by a title insurer for which the title insurance agent  
27 has a licensing agreement. The title insurance agent shall provide a copy of  
28 the audit report to the commissioner ~~within 30 days after the close of the~~  
29 ~~calendar year for which an audit is required~~ *upon request*. Title insurance  
30 agents who are attorneys and who issue title insurance policies as part of  
31 their legal representation of clients are exempt from the requirements of  
32 this subsection. However, the title insurer, at its expense, may conduct or  
33 cause to be conducted an annual audit of the escrow, settlement and  
34 closing accounts of the attorney. Attorneys who are exclusively in the  
35 business of title insurance are not exempt from the requirements of this  
36 subsection.

37 (e) The commissioner may promulgate rules and regulations setting  
38 forth the standards of the audit and the form of audit report required.

39 (f) If the title insurance agent is appointed by two or more title  
40 insurers and maintains fiduciary trust accounts in connection with  
41 providing escrow and closing settlement services, the title insurance agent  
42 shall allow each title insurer reasonable access to the accounts and any or  
43 all of the supporting account information in order to ascertain the safety

1 and security of the funds held by the title insurance agent.

2 (g) Nothing in this section is intended to amend, alter or supersede  
3 other laws of this state or the United States, regarding an escrow holder's  
4 duties and obligations.

5 Sec. 2. K.S.A. 40-1139 is hereby amended to read as follows: 40-  
6 1139. (a) ~~The A~~ title insurance agent ~~who~~ *that* handles escrow, settlement  
7 or closing accounts shall file with the commissioner a *\$100,000* surety  
8 bond or irrevocable letter of credit in a form acceptable to the  
9 commissioner. *Such surety bond or irrevocable letter of credit shall be*  
10 *issued by an insurance company or financial institution that is* authorized  
11 to conduct business in this state; securing the applicant's or the title  
12 insurance agent's faithful performance of all duties and obligations set out  
13 in K.S.A. 40-1135 through 40-1141, and amendments thereto.

14 (b) ~~The terms of the bond or irrevocable letter of credit shall be:~~

15 ~~(1) The~~ surety bond shall provide that such bond may not be  
16 terminated without 30 days prior written notice to the commissioner.

17 ~~(2) An~~ (c) The irrevocable letter of credit shall:

18 (1) Be issued by a bank ~~which~~ *that* is insured by the federal deposit  
19 insurance corporation or its successor ~~if such letter of credit is;~~ *and*

20 (2) initially *be* issued for a term of at least one year and by its terms is  
21 automatically renewed at each expiration date for at least an additional  
22 one-year term unless at least 30 days prior written notice of intention not  
23 to renew is ~~given~~ *provided* to the commissioner of insurance.

24 (e) ~~The amount of the surety bond or irrevocable letter of credit for~~  
25 ~~those agents servicing real estate transactions on property located in~~  
26 ~~counties having a certain population shall be required as follows:~~

27 ~~(1) \$100,000 surety bond or irrevocable letter of credit in counties~~  
28 ~~having a population of 40,001 and over;~~

29 ~~(2) \$50,000 surety bond or irrevocable letter of credit in counties~~  
30 ~~having a population of 20,001 to 40,000; and~~

31 ~~(3) \$25,000 surety bond or irrevocable letter of credit in counties~~  
32 ~~having a population of 20,000 or under.~~

33 (d) The surety bond or irrevocable letter of credit shall be for the  
34 benefit of any person suffering a loss if the title insurance agent converts  
35 or misappropriates money received or held in escrow, deposit or trust  
36 accounts while acting as a title insurance agent providing any escrow or  
37 settlement services.

38 Sec. 3. K.S.A. 2024 Supp. 40-2404 is hereby amended to read as  
39 follows: 40-2404. The following are hereby defined as unfair methods of  
40 competition and unfair or deceptive acts or practices in the business of  
41 insurance:

42 (1) *Misrepresentations and false advertising of insurance policies.*  
43 Making, issuing, circulating or causing to be made, issued or circulated,

1 any estimate, illustration, circular, statement, sales presentation, omission  
2 or comparison that:

3 (a) Misrepresents the benefits, advantages, conditions or terms of any  
4 insurance policy;

5 (b) misrepresents the dividends or share of the surplus to be received  
6 on any insurance policy;

7 (c) makes any false or misleading statements as to the dividends or  
8 share of surplus previously paid on any insurance policy;

9 (d) is misleading or is a misrepresentation as to the financial  
10 condition of any person, or as to the legal reserve system upon which any  
11 life insurer operates;

12 (e) uses any name or title of any insurance policy or class of  
13 insurance policies misrepresenting the true nature thereof;

14 (f) is a misrepresentation for the purpose of inducing or tending to  
15 induce the lapse, forfeiture, exchange, conversion or surrender of any  
16 insurance policy;

17 (g) is a misrepresentation for the purpose of effecting a pledge or  
18 assignment of or effecting a loan against any insurance policy; or

19 (h) misrepresents any insurance policy as being shares of stock.

20 (2) *False information and advertising generally.* Making, publishing,  
21 disseminating, circulating or placing before the public, or causing, directly  
22 or indirectly, to be made, published, disseminated, circulated or placed  
23 before the public, in a newspaper, magazine or other publication, or in the  
24 form of a notice, circular, pamphlet, letter or poster, or over any radio or  
25 television station, or in any other way, an advertisement, announcement or  
26 statement containing any assertion, misrepresentation or statement with  
27 respect to the business of insurance or with respect to any person in the  
28 conduct of such person's insurance business, that is untrue, deceptive or  
29 misleading.

30 (3) *Defamation.* Making, publishing, disseminating or circulating,  
31 directly or indirectly, or aiding, abetting or encouraging the making,  
32 publishing, disseminating or circulating of any oral or written statement or  
33 any pamphlet, circular, article or literature that is false, or maliciously  
34 critical of or derogatory to the financial condition of any person, and that  
35 is calculated to injure such person.

36 (4) *Boycott, coercion and intimidation.* Entering into any agreement  
37 to commit, or by any concerted action committing, any act of boycott,  
38 coercion or intimidation resulting in or tending to result in unreasonable  
39 restraint of the business of insurance, or by any act of boycott, coercion or  
40 intimidation monopolizing or attempting to monopolize any part of the  
41 business of insurance.

42 (5) *False statements and entries.* (a) Knowingly filing with any  
43 supervisory or other public official, or knowingly making, publishing,

1 disseminating, circulating or delivering to any person, or placing before  
2 the public, or knowingly causing directly or indirectly, to be made,  
3 published, disseminated, circulated, delivered to any person, or placed  
4 before the public, any false material statement of fact as to the financial  
5 condition of a person.

6 (b) Knowingly making any false entry of a material fact in any book,  
7 report or statement of any person or knowingly omitting to make a true  
8 entry of any material fact pertaining to the business of such person in any  
9 book, report or statement of such person.

10 (6) *Stock operations and advisory board contracts.* Issuing or  
11 delivering or permitting agents, officers or employees to issue or deliver,  
12 agency company stock or other capital stock, or benefit certificates or  
13 shares in any common-law corporation, or securities or any special or  
14 advisory board contracts or other contracts of any kind promising returns  
15 and profits as an inducement to insurance. Nothing herein shall prohibit  
16 the acts permitted by K.S.A. 40-232, and amendments thereto.

17 (7) *Unfair discrimination.* (a) Making or permitting any unfair  
18 discrimination between individuals of the same class and equal expectation  
19 of life in the rates charged for any contract of life insurance or life annuity  
20 or in the dividends or other benefits payable thereon, or in any other of the  
21 terms and conditions of such contract.

22 (b) Making or permitting any unfair discrimination between  
23 individuals of the same class and of essentially the same hazard in the  
24 amount of premium, policy fees or rates charged for any policy or contract  
25 of accident or health insurance or in the benefits payable thereunder, ~~or~~ in  
26 any of the terms or conditions of such contract; or in any other manner  
27 whatever.

28 (c) Refusing to insure, ~~or~~ refusing to continue to insure, ~~or~~ limiting  
29 the amount, extent or kind of coverage available to an individual; or  
30 charging an individual a different rate for the same coverage solely  
31 because of blindness or partial blindness. With respect to all other  
32 conditions, including the underlying cause of the blindness or partial  
33 blindness, persons who are blind or partially blind shall be subject to the  
34 same standards of sound actuarial principles or actual or reasonably  
35 anticipated experience as are sighted persons. Refusal to insure includes  
36 denial by an insurer of disability insurance coverage on the grounds that  
37 the policy defines "disability" as being presumed in the event that the  
38 insured loses such person's eyesight. However, an insurer may exclude  
39 from coverage disabilities consisting solely of blindness or partial  
40 blindness when such condition existed at the time the policy was issued.

41 (d) Refusing to insure, ~~or~~ refusing to continue to insure; or limiting  
42 the amount, extent or kind of coverage available for accident and health  
43 and life insurance to an applicant who is the proposed insured ~~or charge,~~

1 *charging* a different rate for the same coverage ~~or~~, excluding or limiting  
2 coverage for losses or denying a claim incurred by an insured as a result of  
3 abuse based on the fact that the applicant who, is the proposed insured, is,  
4 has been, or may be the subject of domestic abuse, except as provided in  
5 subsection (7)(d)(v).—"Abuse" As used in this paragraph, "abuse" means  
6 one or more acts defined in K.S.A. 60-3102, and amendments thereto,  
7 between family members, current or former household members; or  
8 current or former intimate partners.

9 (i) An insurer ~~may~~ *shall* not ask an applicant for life or accident and  
10 health insurance who is the proposed insured if the individual is, has been  
11 or may be the subject of domestic abuse, or seeks, has sought or had  
12 reason to seek medical or psychological treatment or counseling  
13 specifically for abuse, protection from abuse or shelter from abuse.

14 (ii) Nothing in this section shall be construed to prohibit a person  
15 from declining to issue an insurance policy insuring the life of an  
16 individual who is, has been or has the potential to be the subject of abuse if  
17 the perpetrator of the abuse is the applicant or would be the owner of the  
18 insurance policy.

19 (iii) No insurer that issues a life or accident and health policy to an  
20 individual who is, has been or may be the subject of domestic abuse shall  
21 be subject to civil or criminal liability for the death or any injuries suffered  
22 by that individual as a result of domestic abuse.

23 (iv) No person shall refuse to insure, refuse to continue to insure,  
24 limit the amount, extent or kind of coverage available to an individual or  
25 charge a different rate for the same coverage solely because of physical or  
26 mental condition, except where the refusal, limitation or rate differential is  
27 based on sound actuarial principles.

28 (v) Nothing in this section shall be construed to prohibit a person  
29 from underwriting or rating a risk on the basis of a preexisting physical or  
30 mental condition, even if such condition has been caused by abuse,  
31 provided that:

32 (A) The person routinely underwrites or rates such condition in the  
33 same manner with respect to an insured or an applicant who is not a victim  
34 of abuse;

35 (B) the fact that an individual is, has been or may be the subject of  
36 abuse may not be considered a physical or mental condition; and

37 (C) such underwriting or rating is not used to evade the intent of this  
38 section or any other provision of the Kansas insurance code.

39 (vi) Any person who underwrites or rates a risk on the basis of  
40 preexisting physical or mental condition as set forth in subsection (7)(d)  
41 (v), shall treat such underwriting or rating as an adverse underwriting  
42 decision pursuant to K.S.A. 40-2,112, and amendments thereto.

43 (vii) The provisions of this paragraph shall apply to all policies of life

1 and accident and health insurance issued in this state after the effective  
2 date of this act and all existing contracts that are renewed on or after the  
3 effective date of this act.

4 (e) Refusing to insure, or refusing to continue to insure, or limiting  
5 the amount, extent or kind of coverage available for life insurance to an  
6 individual, or charging an individual a different rate for the same coverage,  
7 solely because of such individual's status as a living organ donor. With  
8 respect to all other conditions, persons who are living organ donors shall  
9 be subject to the same standards of sound actuarial principles or actual or  
10 reasonably anticipated experience as are persons who are not organ  
11 donors.

12 (8) *Rebates.* (a) Except as otherwise expressly provided by law,  
13 knowingly permitting, offering to make or making any contract of life  
14 insurance, life annuity or accident and health insurance, or agreement as to  
15 such contract other than as plainly expressed in the insurance contract  
16 issued thereon; paying, allowing, giving or offering to pay, allow or give,  
17 directly or indirectly, as inducement to such insurance, or annuity, any  
18 rebate of premiums payable on the contract, any special favor or advantage  
19 in the dividends or other benefits thereon, or any valuable consideration or  
20 inducement whatever not specified in the contract; or giving, selling,  
21 purchasing or offering to give, sell or purchase as inducement to such  
22 insurance contract or annuity or in connection therewith, any stocks, bonds  
23 or other securities of any insurance company or other corporation,  
24 association or partnership, or any dividends or profits accrued thereon, or  
25 anything of value whatsoever not specified in the contract.

26 (b) Nothing in subsection (7)(a) or (8)(a) shall be construed as  
27 including within the definition of discrimination or rebates any of the  
28 following practices:

29 (i) In the case of any contract of life insurance or life annuity, paying  
30 bonuses to policyholders or otherwise abating their premiums in whole or  
31 in part out of surplus accumulated from nonparticipating insurance. Any  
32 such bonuses or abatement of premiums shall be fair and equitable to  
33 policyholders and for the best interests of the company and its  
34 policyholders;

35 (ii) in the case of life insurance policies issued on the industrial debit  
36 plan, making allowance to policyholders who have continuously for a  
37 specified period made premium payments directly to an office of the  
38 insurer in an amount that fairly represents the saving in collection  
39 expenses;

40 (iii) readjustment of the rate of premium for a group insurance policy  
41 based on the loss or expense experience thereunder, at the end of the first  
42 or any subsequent policy year of insurance thereunder, which may be  
43 made retroactive only for such policy year;

1 (iv) engaging in an arrangement that would not violate section 106 of  
2 the bank holding company act amendments of 1972, as interpreted by the  
3 board of governors of the federal reserve system or section 5(q) of the  
4 home owners' loan act;

5 (v) the offer or provision by insurers or producers, by or through  
6 employees, affiliates or third-party representatives, of value-added  
7 products or services at no or reduced cost when such products or services  
8 are not specified in the policy of insurance if the product or service:

9 (A) Relates to the insurance coverage; and

10 (B) is primarily designed to satisfy one or more of the following:

11 (1) Provide loss mitigation or loss control;

12 (2) reduce claim costs or claim settlement costs;

13 (3) provide education about liability risks or risk of loss to persons or  
14 property;

15 (4) monitor or assess risk, identify sources of risk or develop  
16 strategies for eliminating or reducing risk;

17 (5) enhance health;

18 (6) enhance financial wellness through items such as education or  
19 financial planning services;

20 (7) provide post-loss services;

21 (8) (a) incentivize behavioral changes to improve the health or reduce  
22 the risk of death or disability of a customer;

23 (b) as used in this section, "customer" means a policyholder, potential  
24 policyholder, certificate holder, potential certificate holder, insured,  
25 potential insured or applicant; or

26 (9) assist in the administration of the employee or retiree benefit  
27 insurance coverage.

28 (C) The cost to the insurer or producer offering the product or service  
29 to any given customer shall be reasonable in comparison to such  
30 customer's premiums or insurance coverage for the policy class.

31 (D) If the insurer or producer is providing the product or service  
32 offered, the insurer or producer shall ensure that the customer is provided  
33 with contact information, upon request, to assist the customer with  
34 questions regarding the product or service.

35 (E) The commissioner may adopt rules and regulations when  
36 implementing the permitted practices set forth in this section to ensure  
37 consumer protection. Such rules and regulations, consistent with  
38 applicable law, may address, among other issues, consumer data  
39 protections and privacy, consumer disclosure and unfair discrimination.

40 (F) The availability of the value-added product or service shall be  
41 based on documented objective criteria and offered in a manner that is not  
42 unfairly discriminatory. The documented criteria shall be maintained by  
43 the insurer or producer and produced upon request by the commissioner.



1 (G) If an insurer or producer does not have sufficient evidence but  
2 has a good-faith belief that the product or service meets the criteria in  
3 subsection (8)(b)(v)(B), the insurer or producer may provide the product or  
4 service in a manner that is not unfairly discriminatory as part of a pilot or  
5 testing program for not more than one year. An insurer or producer shall  
6 notify the commissioner of such a pilot or testing program offered to  
7 consumers in this state prior to launching and may proceed with the  
8 program unless the commissioner objects within 21 days of notice.

9 (vi) An insurer or a producer may:

10 (A) Offer or give non-cash gifts, items or services, including meals to  
11 or charitable donations on behalf of a customer, in connection with the  
12 marketing, sale, purchase or retention of contracts of insurance, as long as  
13 the cost does not exceed an amount determined to be reasonable by the  
14 commissioner per policy year per term. The offer shall be made in a  
15 manner that is not unfairly discriminatory. The customer shall not be  
16 required to purchase, continue to purchase or renew a policy in exchange  
17 for the gift, item or service.

18 (B) Conduct raffles or drawings to the extent permitted by state law,  
19 as long as there is no financial cost to entrants to participate, the drawing  
20 or raffle does not obligate participants to purchase insurance, the prizes are  
21 not valued in excess of a reasonable amount determined by the  
22 commissioner and the drawing or raffle is open to the public. The raffle or  
23 drawing shall be offered in a manner that is not unfairly discriminatory.  
24 The customer shall not be required to purchase, continue to purchase or  
25 renew a policy in exchange for the gift, item or service.

26 (c) An insurer, producer or representative of an insurer or producer  
27 shall not offer or provide insurance as an inducement to the purchase of  
28 another policy.

29 (9) *Unfair claim settlement practices.* It is an unfair claim settlement  
30 practice if any of the following or any rules and regulations pertaining  
31 thereto are either committed flagrantly and in conscious disregard of such  
32 provisions, or committed with such frequency as to indicate a general  
33 business practice:

34 (a) Misrepresenting pertinent facts or insurance policy provisions  
35 relating to coverages at issue;

36 (b) failing to acknowledge and act reasonably promptly upon  
37 communications with respect to claims arising under insurance policies;

38 (c) failing to adopt and implement reasonable standards for the  
39 prompt investigation of claims arising under insurance policies;

40 (d) refusing to pay claims without conducting a reasonable  
41 investigation based upon all available information;

42 (e) failing to affirm or deny coverage of claims within a reasonable  
43 time after proof of loss statements have been completed;

1 (f) not attempting in good faith to effectuate prompt, fair and  
2 equitable settlements of claims in which liability has become reasonably  
3 clear;

4 (g) compelling insureds to institute litigation to recover amounts due  
5 under an insurance policy by offering substantially less than the amounts  
6 ultimately recovered in actions brought by such insureds;

7 (h) attempting to settle a claim for less than the amount to which a  
8 reasonable person would have believed that such person was entitled by  
9 reference to written or printed advertising material accompanying or made  
10 part of an application;

11 (i) attempting to settle claims on the basis of an application that was  
12 altered without notice to, or knowledge or consent of the insured;

13 (j) making claims payments to insureds or beneficiaries not  
14 accompanied by a statement setting forth the coverage under which  
15 payments are being made;

16 (k) making known to insureds or claimants a policy of appealing from  
17 arbitration awards in favor of insureds or claimants for the purpose of  
18 compelling them to accept settlements or compromises less than the  
19 amount awarded in arbitration;

20 (l) delaying the investigation or payment of claims by requiring an  
21 insured, claimant or the physician of either to submit a preliminary claim  
22 report and then requiring the subsequent submission of formal proof of  
23 loss forms, both of which submissions contain substantially the same  
24 information;

25 (m) failing to promptly settle claims, where liability has become  
26 reasonably clear, under one portion of the insurance policy coverage in  
27 order to influence settlements under other portions of the insurance policy  
28 coverage; or

29 (n) failing to promptly provide a reasonable explanation of the basis  
30 in the insurance policy in relation to the facts or applicable law for denial  
31 of a claim or for the offer of a compromise settlement.

32 (10) *Failure to maintain complaint handling procedures.* Failure of  
33 any person, who is an insurer on an insurance policy, to maintain a  
34 complete record of all the complaints that it has received since the date of  
35 its last examination under K.S.A. 40-222, and amendments thereto; but no  
36 such records shall be required for complaints received prior to the effective  
37 date of this act. The record shall indicate the total number of complaints,  
38 their classification by line of insurance, the nature of each complaint, the  
39 disposition of the complaints, the date each complaint was originally  
40 received by the insurer and the date of final disposition of each complaint.  
41 For purposes of this subsection, "complaint" means any written  
42 communication primarily expressing a grievance related to the acts and  
43 practices set out in this section.

1       (11) *Misrepresentation in insurance applications.* Making false or  
2 fraudulent statements or representations on or relative to an application for  
3 an insurance policy, for the purpose of obtaining a fee, commission,  
4 money or other benefit from any insurer, agent, broker or individual.

5       (12) *Statutory violations.* Any violation of any of the provisions of  
6 K.S.A. 40-216, 40-276a, 40-2,155 or 40-1515, and amendments thereto.

7       (13) *Disclosure of information relating to adverse underwriting*  
8 *decisions and refund of premiums.* Failing to comply with the provisions of  
9 K.S.A. 40-2,112, and amendments thereto, within the time prescribed in  
10 such section.

11       (14) *Rebates and other inducements in title insurance.* (a) No title  
12 insurance company or title insurance agent, or any officer, employee,  
13 attorney, agent or solicitor thereof, may pay, allow or give, or offer to pay,  
14 allow or give, directly or indirectly, as an inducement to obtaining any title  
15 insurance business, any rebate, reduction or abatement of any rate or  
16 charge made incident to the issuance of such insurance, any special favor  
17 or advantage not generally available to others of the same classification, or  
18 any money, thing of value or other consideration or material inducement.  
19 The words "charge made incident to the issuance of such insurance"  
20 includes, without limitations, escrow, settlement and closing charges.

21       (b) No insured named in a title insurance policy or contract nor any  
22 other person directly or indirectly connected with the transaction involving  
23 the issuance of the policy or contract, including, but not limited to,  
24 mortgage lender, real estate broker, builder, attorney or any officer,  
25 employee, agent representative or solicitor thereof, or any other person  
26 may knowingly receive or accept, directly or indirectly, any rebate,  
27 reduction or abatement of any charge, or any special favor or advantage or  
28 any monetary consideration or inducement referred to in subsection (14)  
29 (a).

30       (c) Nothing in this section shall be construed as prohibiting:

31       (i) The payment of reasonable fees for services actually rendered to a  
32 title insurance agent in connection with a title insurance transaction;

33       (ii) the payment of an earned commission to a duly appointed title  
34 insurance agent for services actually performed in the issuance of the  
35 policy of title insurance; or

36       (iii) the payment of reasonable entertainment and advertising  
37 expenses.

38       (d) Nothing in this section prohibits the division of rates and charges  
39 between or among a title insurance company and its agent, or one or more  
40 title insurance companies and one or more title insurance agents, if such  
41 division of rates and charges does not constitute an unlawful rebate under  
42 the provisions of this section and is not in payment of a forwarding fee or a  
43 finder's fee.

1 (e) As used in subsections (14)(e) through (14)(i), unless the context  
2 otherwise requires:

3 (i) "Associate" means any firm, association, organization, partnership,  
4 business trust, corporation or other legal entity organized for profit in  
5 which a producer of title business is a director, officer or partner thereof,  
6 or owner of a financial interest; the spouse or any relative within the  
7 second degree by blood or marriage of a producer of title business who is a  
8 natural person; any director, officer or employee of a producer of title  
9 business or associate; any legal entity that controls, is controlled by, or is  
10 under common control with a producer of title business or associate; and  
11 any natural person or legal entity with whom a producer of title business or  
12 associate has any agreement, arrangement or understanding or pursues any  
13 course of conduct, the purpose or effect of which is to evade the provisions  
14 of this section.

15 (ii) "Financial interest" means any direct or indirect interest, legal or  
16 beneficial, where the holder thereof is or will be entitled to 1% or more of  
17 the net profits or net worth of the entity in which such interest is held.  
18 Notwithstanding the foregoing, an interest of less than 1% or any other  
19 type of interest shall constitute a "financial interest" if the primary purpose  
20 of the acquisition or retention of that interest is the financial benefit to be  
21 obtained as a consequence of that interest from the referral of title  
22 business.

23 (iii) "Person" means any natural person, partnership, association,  
24 cooperative, corporation, trust or other legal entity.

25 (iv) "Producer of title business" or "producer" means any person,  
26 including any officer, director or owner of 5% or more of the equity or  
27 capital or both of any person, engaged in this state in the trade, business,  
28 occupation or profession of:

29 (A) Buying or selling interests in real property;

30 (B) making loans secured by interests in real property; or

31 (C) acting as broker, agent, representative or attorney for a person  
32 who buys or sells any interest in real property or who lends or borrows  
33 money with such interest as security.

34 (v) "Refer" means to direct or cause to be directed or to exercise any  
35 power or influence over the direction of title insurance business, whether  
36 or not the consent or approval of any other person is sought or obtained  
37 with respect to the referral.

38 (f) No title insurer or title agent may accept any order for, issue a title  
39 insurance policy to, or provide services to, an applicant if it knows or has  
40 reason to believe that the applicant was referred to it by any producer of  
41 title business or by any associate of such producer, where the producer, the  
42 associate, or both, have a financial interest in the title insurer or title agent  
43 to which business is referred unless the producer has disclosed to the

1 buyer, seller and lender the financial interest of the producer of title  
2 business or associate referring the title insurance business.

3 (g) No title insurer or title agent may accept an order for title  
4 insurance business, issue a title insurance policy, or receive or retain any  
5 premium, or charge in connection with any transaction if: (i) The title  
6 insurer or title agent knows or has reason to believe that the transaction  
7 will constitute controlled business for that title insurer or title agent; and  
8 (ii) 70% or more of the closed title orders of that title insurer or title agent  
9 during the 12 full calendar months immediately preceding the month in  
10 which the transaction takes place is derived from controlled business. ~~The~~  
11 ~~prohibitions contained in this paragraph shall not apply to transactions~~  
12 ~~involving real estate located in a county that has a population, as shown by~~  
13 ~~the last preceding decennial census, of 10,000 or less.~~

14 (h) Within 90 days following the end of each business year, as  
15 established by the title insurer or title agent, each title insurer or title agent  
16 shall file with the department of insurance and any title insurer with which  
17 the title agent maintains an underwriting agreement, a report executed by  
18 the title insurer's or title agent's chief executive officer or designee, under  
19 penalty of perjury, stating the percent of closed title orders originating  
20 from controlled business. The failure of a title insurer or title agent to  
21 comply with the requirements of this section, at the discretion of the  
22 commissioner, shall be grounds for the suspension or revocation of a  
23 license or other disciplinary action, with the commissioner able to mitigate  
24 any such disciplinary action if the title insurer or title agent is found to be  
25 in substantial compliance with competitive behavior as defined by federal  
26 housing and urban development statement of policy 1996-2.

27 (i) (1) No title insurer or title agent may accept any title insurance  
28 order or issue a title insurance policy to any person if it knows or has  
29 reason to believe that such person was referred to it by any producer of  
30 title business or by any associate of such producer, where the producer, the  
31 associate, or both, have a financial interest in the title insurer or title agent  
32 to which business is referred unless the producer has disclosed in writing  
33 to the person so referred the fact that such producer or associate has a  
34 financial interest in the title insurer or title agent, the nature of the  
35 financial interest and a written estimate of the charge or range of charges  
36 generally made by the title insurer or agent for the title services. Such  
37 disclosure shall include language stating that the consumer is not obligated  
38 to use the title insurer or agent in which the referring producer or associate  
39 has a financial interest and shall include the names and telephone numbers  
40 of not less than three other title insurers or agents that operate in the  
41 county in which the property is located. If fewer than three insurers or  
42 agents operate in that county, the disclosure shall include all title insurers  
43 or agents operating in that county. Such written disclosure shall be signed

1 by the person so referred and must have occurred prior to any commitment  
2 having been made to such title insurer or agent.

3 (2) No producer of title business or associate of such producer shall  
4 require, directly or indirectly, as a condition to selling or furnishing any  
5 other person any loan or extension thereof, credit, sale, property, contract,  
6 lease or service, that such other person shall purchase title insurance of any  
7 kind through any title agent or title insurer if such producer has a financial  
8 interest in such title agent or title insurer.

9 (3) No title insurer or title agent may accept any title insurance order  
10 or issue a title insurance policy to any person it knows or has reason to  
11 believe that the name of the title company was pre-printed in the sales  
12 contract, prior to the buyer or seller selecting that title company.

13 (4) Nothing in this paragraph shall prohibit any producer of title  
14 business or associate of such producer from referring title business to any  
15 title insurer or title agent of such producer's or associate's choice, and, if  
16 such producer or associate of such producer has any financial interest in  
17 the title insurer, from receiving income, profits or dividends produced or  
18 realized from such financial interest, so long as:

19 (a) Such financial interest is disclosed to the purchaser of the title  
20 insurance in accordance with paragraphs (i)(1) through (i)(4);

21 (b) the payment of income, profits or dividends is not in exchange for  
22 the referral of business; and

23 (c) the receipt of income, profits or dividends constitutes only a return  
24 on the investment of the producer or associate.

25 (5) Any producer of title business or associate of such producer who  
26 violates the provisions of paragraphs (i)(2) through (i)(4), or any title  
27 insurer or title agent who accepts an order for title insurance knowing that  
28 it is in violation of paragraphs (i)(2) through (i)(4), in addition to any other  
29 action that may be taken by the commissioner of insurance, shall be  
30 subject to a fine by the commissioner in an amount equal to five times the  
31 premium for the title insurance and, if licensed pursuant to K.S.A. 58-3034  
32 et seq., and amendments thereto, shall be deemed to have committed a  
33 prohibited act pursuant to K.S.A. 58-3602, and amendments thereto, and  
34 shall be liable to the purchaser of such title insurance in an amount equal  
35 to the premium for the title insurance.

36 (6) Any title insurer or title agent that is a competitor of any title  
37 insurer or title agent that, subsequent to the effective date of this act, has  
38 violated or is violating the provisions of this paragraph, shall have a cause  
39 of action against such title insurer or title agent and, upon establishing the  
40 existence of a violation of any such provision, shall be entitled, in addition  
41 to any other damages or remedies provided by law, to such equitable or  
42 injunctive relief as the court deems proper. In any such action under this  
43 subsection, the court may award to the successful party the court costs of

1 the action together with reasonable attorney fees.

2 (7) The commissioner shall also require each title agent to provide  
3 core title services as required by the real estate settlement procedures act.

4 (j) The commissioner shall adopt any rules and regulations necessary  
5 to carry out the provisions of this act.

6 (15) *Disclosure of nonpublic personal information.* (a) No person  
7 shall disclose any nonpublic personal information contrary to the  
8 provisions of title V of the Gramm-Leach-Bliley act of 1999 (public law  
9 106-102). The commissioner may adopt rules and regulations necessary to  
10 carry out this subsection. Such rules and regulations shall be consistent  
11 with and not more restrictive than the model regulation adopted on  
12 September 26, 2000, by the national association of insurance  
13 commissioners entitled "Privacy of consumer financial and health  
14 information regulation".

15 (b) Nothing in this subsection shall be deemed or construed to  
16 authorize the promulgation or adoption of any regulation that preempts,  
17 supersedes or is inconsistent with any provision of Kansas law concerning  
18 requirements for notification of, or obtaining consent from, a parent,  
19 guardian or other legal custodian of a minor relating to any matter  
20 pertaining to the health and medical treatment for such minor.

21 Sec. 4. K.S.A. 40-1139 and K.S.A. 2024 Supp. 40-1137 and 40-2404  
22 are hereby repealed.

23 Sec. 5. This act shall take effect and be in force from and after  
24 **January 1, 2026, and** its publication in the ~~statute book~~ **Kansas register**.