

As Amended by House Committee

As Amended by Senate Committee

Session of 2025

SENATE BILL No. 28

By Committee on Financial Institutions and Insurance

1-16

1 AN ACT concerning insurance; relating to licensing requirements for
2 insurance agents and public adjusters; pertaining to suspension,
3 revocation, denial of licensure and licensure renewal; amending K.S.A.
4 40-5510 and K.S.A. 2024 Supp. 40-4909 and repealing the existing
5 sections.

6
7 *Be it enacted by the Legislature of the State of Kansas:*

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

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

14 (2) Violated:

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

18 (B) any subpoena or order of the commissioner;

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

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

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

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

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

28 (6) Been convicted of a misdemeanor or felony.

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

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

1 (9) Had an insurance agent license, *public adjuster license, securities*
2 *registration, or ~~its~~ their* equivalent, denied, suspended or revoked in any
3 state, district or territory.

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

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

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

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

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

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

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

22 (17) Failed to respond to an inquiry from the commissioner within 15
23 business days.

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

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

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

32 (B) recency of the conduct;

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

34 (D) seriousness of the conduct;

35 (E) factors underlying the conduct;

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

37 (G) evidence of rehabilitation;

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

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

40 (J) materiality of any omissions or misrepresentations.

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

43 (A) Present moral fitness of the applicant;

1 (B) demonstrated consciousness by the applicant of the wrongful
2 conduct and disrepute that the conduct has brought to the insurance
3 profession;

4 (C) extent of the applicant's rehabilitation;

5 (D) seriousness of the original conduct;

6 (E) applicant's conduct subsequent to discipline;

7 (F) amount of time that has elapsed since the original discipline;

8 (G) applicant's character, maturity and experience at the time of
9 revocation; and

10 (H) applicant's present competence and skills in the insurance
11 industry.

12 (d) Any action taken under this section that affects any license or
13 imposes any administrative penalty shall be taken only after notice and an
14 opportunity for a hearing conducted in accordance with the provisions of
15 the Kansas administrative procedure act.

16 (e) The license of any business entity may be suspended, revoked or
17 refused renewal if the insurance commissioner finds that any violation
18 committed by an individual licensee employed by or acting on behalf of
19 such business entity was known by or should have been known by one or
20 more of the partners, officers or managers acting on behalf of the business
21 entity and:

22 (1) Such violation was not reported to the insurance commissioner by
23 such business entity; or

24 (2) such business entity failed to take any corrective action.

25 (f) None of the following actions shall deprive the commissioner of
26 any jurisdiction or right to institute or proceed with any disciplinary
27 proceeding against such license, to render a decision suspending, revoking
28 or refusing to renew such license, or to establish and make a record of the
29 facts of any violation of law for any lawful purpose:

30 (1) The imposition of an administrative penalty under this section;

31 (2) the lapse or suspension of any license issued under this act by
32 operation of law;

33 (3) the licensee's failure to renew any license issued under this act; or

34 (4) the licensee's voluntary surrender of any license issued under this
35 act. No such disciplinary proceeding shall be instituted against any
36 licensee after the expiration of two years from the termination of the
37 license.

38 (g) Whenever the commissioner imposes any administrative penalty
39 or denies, suspends, revokes or refuses renewal of any license pursuant to
40 subsection (a), any costs incurred as a result of conducting an
41 administrative hearing authorized under the provisions of this section shall
42 be assessed against the person who is the subject of the hearing or any
43 business entity represented by such person who is the party to the matters

1 giving rise to the hearing. As used in this subsection, "costs"~~shall include~~
2 *includes* witness fees, mileage allowances, any costs associated with the
3 reproduction of documents that become a part of the hearing record and
4 the expense of making a record of the hearing.

5 (h) No person whose license as an agent or broker had been
6 suspended or revoked shall be employed by any insurance company doing
7 business in this state either directly, indirectly, as an independent
8 contractor or otherwise to negotiate or effect contracts of insurance,
9 suretyship or indemnity or perform any act toward the solicitation~~of~~ or
10 transaction of any business of insurance during the period of such
11 suspension or revocation.

12 (i) In lieu of taking any action under subsection (a), the commissioner
13 may:

14 (1) Censure the person; or

15 (2) issue an order imposing an administrative penalty up to a
16 maximum of \$500 for each violation but not to exceed \$2,500 for the same
17 violation occurring within any six consecutive calendar months from the
18 date of the original violation unless such person knew or should have
19 known that the violative act could give rise to disciplinary action under
20 subsection (a). If such person knew or reasonably should have known the
21 violative act could give rise to any disciplinary proceeding authorized by
22 subsection (a), the commissioner may impose a penalty up to a maximum
23 of \$1,000 for each violation but not to exceed \$5,000 for the same
24 violation occurring within any six consecutive calendar months from the
25 date of the imposition of the original administrative penalty.

26 (j) (1) An applicant to whom a license has been denied after a hearing
27 shall not apply *again* for a license~~again~~ until after the expiration of a
28 period of one year from the date of the commissioner's order.

29 (2) A licensee whose license was revoked shall not apply *again* for a
30 license~~again~~ until after the expiration of a period of two years from the
31 date of the commissioner's order.

32 Sec. 2. K.S.A. 40-5510 is hereby amended to read as follows: 40-
33 5510. (a) The commissioner may suspend, revoke or refuse to issue or
34 renew a public adjuster's license for any of the following causes:

35 (1) Providing incorrect, misleading, incomplete or materially untrue
36 information in the license application;

37 (2) violating:

38 (A) Any provision of chapter 40 of the Kansas Statutes Annotated,
39 and amendments thereto, or any rule and regulation promulgated
40 thereunder;

41 (B) any subpoena or order of the commissioner;

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

43 (D) any subpoena or order issued by the regulatory official for

1 insurance in another state;

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

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

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

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

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

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

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

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

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

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

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

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

27 (15) *failing to respond to an inquiry from the commissioner within 15*
28 *business days.*

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

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

37 (1) Censure the individual; or

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

1 violative act could give rise to any disciplinary proceeding authorized by
2 subsection (a), the commissioner may impose a penalty up to a maximum
3 of \$1,000 for each violation, but not to exceed \$5,000 for the same
4 violation occurring within any six consecutive calendar months from the
5 date of the original violation.

6 *(d) (1) When considering whether to deny, suspend, revoke or refuse*
7 *to renew the application of an individual who has been convicted of a*
8 *misdemeanor or felony, the commissioner shall consider the:*

- 9 *(A) Applicant's age at the time of the conduct;*
- 10 *(B) recency of the conduct;*
- 11 *(C) reliability of the information concerning the conduct;*
- 12 *(D) seriousness of the conduct;*
- 13 *(E) factors underlying the conduct;*
- 14 *(F) cumulative effect of the conduct or the information;*
- 15 *(G) evidence of rehabilitation;*
- 16 *(H) applicant's social contributions since the conduct;*
- 17 *(I) applicant's candor in the application process; and*
- 18 *(J) materiality of any omissions or misrepresentations.*

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

- 21 *(A) Present moral fitness of the applicant;*
- 22 *(B) demonstrated consciousness by the applicant of the wrongful*
23 *conduct and disrepute that the conduct has brought to the insurance*
24 *profession;*
- 25 *(C) extent of the applicant's rehabilitation;*
- 26 *(D) seriousness of the original conduct;*
- 27 *(E) applicant's conduct subsequent to discipline;*
- 28 *(F) amount of time that has elapsed since the original discipline;*
- 29 *(G) applicant's character, maturity and experience at the time of*
30 *revocation; and*
- 31 *(H) applicant's present competence and skills in the insurance*
32 *industry.*

33 *(e) Any action taken under this section that affects any license or*
34 *imposes any administrative penalty shall be taken only after notice and an*
35 *opportunity for a hearing conducted in accordance with the provisions of*
36 *the Kansas administrative procedure act.*

37 ~~(d)~~*(f) The commissioner shall remit all such fines collected under*
38 *subsection (c) to the state treasurer in accordance with the provisions of*
39 *K.S.A. 75-4215, and amendments thereto. Upon receipt of each such*
40 *remittance, the state treasurer shall deposit the entire amount in the state*
41 *treasury to the credit of the state general fund.*

42 *(g) Whenever the commissioner imposes any administrative penalty*
43 *or denies, suspends, revokes or refuses renewal of any license pursuant to*

1 subsection (a), any costs incurred as a result of conducting an
2 administrative hearing authorized under the provisions of this section
3 shall be assessed against the person who is the subject of the hearing or
4 any business entity represented by such person who is the party to the
5 matters giving rise to the hearing. As used in this subsection, "costs"
6 includes witness fees, mileage allowances, any costs associated with the
7 reproduction of documents that become a part of the hearing record and
8 the expense of making a record of the hearing.

9 (h) No person whose license as a public adjuster had been suspended
10 or revoked shall be employed by any insurance company doing business in
11 this state either directly, indirectly, as an independent contractor or
12 otherwise to negotiate or effect contracts of insurance, suretyship or
13 indemnity or perform any act toward the solicitation or transaction of any
14 business of insurance during the period of such suspension or revocation.

15 ~~(e)~~(i) The commissioner shall retain the authority to enforce the
16 provisions of and impose any penalty or remedy authorized by this act
17 against any individual who is under investigation for or charged with a
18 violation of this act, even if the individual's license or registration has been
19 surrendered or has lapsed by operation of law.

20 (j) (1) An applicant to whom a license has been denied after a
21 hearing shall not apply again for a license until after the expiration of a
22 period of one year from the date of the commissioner's order.

23 (2) A licensee whose license was revoked shall not apply again for a
24 license until after the expiration of a period of two years from the date of
25 the commissioner's order.

26 Sec. 3. K.S.A. 40-5510 and K.S.A. 2024 Supp. 40-4909 are hereby
27 repealed.

28 Sec. 4. This act shall take effect and be in force from and after its
29 publication in the ~~statute book~~ **Kansas register**.