

SENATE BILL No. 422

By Committee on Financial Institutions and Insurance

1-29

1 AN ACT concerning insurance; relating to the regulation thereof;
2 reorganizing certain provisions that apply to foreign insurance
3 companies seeking authorization to do business in Kansas; authorizing
4 the suspension or revocation of a nonresident agent's license without
5 notice and opportunity for a hearing after 30 days following
6 notification to the commissioner that such nonresident agent no longer
7 holds a home state license; requiring agents and public adjusters to
8 respond to inquiries from the commissioner of insurance within 14
9 calendar days; amending K.S.A. 40-209 and K.S.A. 2025 Supp. 40-
10 4906, 40-4909 and 40-5510 and repealing the existing sections.
11

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

13 Section 1. K.S.A. 40-209 is hereby amended to read as follows: 40-
14 209. (a) Any insurance company organized under the laws of any other
15 country, state or territory, upon application, may be authorized to transact
16 business in this state, when possessed of the required amount of paid-up
17 capital and surplus, or surplus only if a mutual company, and:

18 (1) Has made the deposit required by this code with the department of
19 insurance of this or any other state in the United States;

20 (2) participates to the extent possible in the insurance regulatory
21 information system administered by the national association of insurance
22 commissioners;

23 (3) has submitted an examination report of its financial condition and
24 affairs ~~which~~ *that* has been conducted by the insurance department of the
25 state of domicile within five years of the date of application unless the
26 commissioner determines that an earlier report will satisfy the purpose of
27 this provision;

28 (4) demonstrates that any majority ownership interests are in sound
29 financial condition;

30 (5) is not owned, managed or controlled by persons previously
31 convicted of criminal activity involving fraud or embezzlement or offenses
32 of a similar nature;

33 (6) has been in operation *for* at least three years and has been the
34 subject of an examination of its affairs and financial condition other than
35 its organizational examination. ~~This requirement does not apply to~~
36 ~~subsidiary or affiliate companies with substantially the same management~~

1 of an admitted company, a continuing corporation resulting from merger or
2 consolidation or a company whose admission is determined by the
3 commissioner to be in the best public interest;

4 (7) the company will not require immediate regulatory attention by
5 the department upon admission pursuant to K.S.A. 40-222b, and
6 amendments thereto.

7 (b) *The requirements of subsection (a)(3) and (6) shall not apply to*
8 *subsidiary or affiliate companies with substantially the same management*
9 *as an admitted company, a continuing corporation resulting from a merger*
10 *or consolidation or a company whose admission is determined by the*
11 *commissioner to be in the best public interest.*

12 (c) The authority shall not be granted, continued or renewed to any
13 insurance company ~~which~~ that is controlled, as such word is defined in
14 subsection (e) of K.S.A. 40-3302, and amendments thereto, by another
15 state of the United States or by, a foreign government, or by any political
16 subdivision of either.

17 (e)(d) Every such company shall file a certified copy of its charter or
18 deed of settlement with the commissioner of insurance, together with a
19 statement, under oath of the president, vice-president or other chief officer
20 and the secretary of the company for which they act, stating the name of
21 the company, the place where located, and the amount of its capital, with a
22 detailed statement of the facts and items required from companies
23 organized under the laws of this state and a copy of the last annual report,
24 if any was made, under any law of the state or country in which such
25 company was incorporated.

26 (e)(e) Upon the application of any such insurance company for a
27 certificate of authority to transact business in this state, the commissioner
28 of insurance shall be satisfied that the company is possessed of money and
29 other admitted assets in excess of its liabilities, as herein provided, and
30 that it has otherwise complied with all the other requirements of this code.
31 The commissioner shall thereupon issue a certificate of authority to such
32 company authorizing it to transact the classes of insurance permitted under
33 its articles of incorporation and by the provisions of this code.

34 (e)(f) The funds of any such insurance company, in excess of the
35 minimum paid-up capital required by this code, may at all times be
36 invested in such securities as are or may be authorized by the laws of the
37 state in which such company is organized or in which it has and maintains
38 its United States deposit.

39 (e)(g) (1) Except as provided in paragraph (2), the commissioner of
40 insurance may, upon renewal of a certificate of authority waive any of the
41 above requirements except those relating to assets, capital and surplus.

42 (2) The commissioner of insurance may, at the commissioner's
43 discretion, waive any of the above requirements for prescription drug plan

1 sponsors as defined by 42 U.S.C. § 1395w-151, as in effect on January 1,
2 2006.

3 (g)(h) Whenever any insurance company organized under the laws of
4 any other country, state or territory is issued a certificate of authority to
5 transact insurance in this state by the commissioner of insurance pursuant
6 to this section, such company shall not be required to comply with the
7 provisions of the general corporation code relating to foreign corporations,
8 nor shall any such company be required to file with the secretary of state
9 its articles of incorporation, charter, bylaws or other documents, or any
10 amendments thereof, unless specifically required to do so by law.

11 Sec. 2. K.S.A. 2025 Supp. 40-4906 is hereby amended to read as
12 follows: 40-4906. (a) Unless denied licensure pursuant to K.S.A. 40-4909,
13 and amendments thereto, a nonresident person shall receive a nonresident
14 agent license if:

15 (1) Such person is currently licensed as a resident and in good
16 standing in such person's home state;

17 (2) such person has submitted the proper request for licensure and has
18 paid to the commissioner a nonrefundable application fee not to exceed
19 \$30 and a biennial fee not to exceed \$50;

20 (3) such person has submitted or transmitted to the commissioner of
21 insurance a copy of the application for licensure that such person
22 submitted to such person's home state, or in lieu of the same, a completed
23 application on a form prescribed by the commissioner; and

24 (4) such person's home state awards a nonresident agent license to
25 residents of this state on the same basis.

26 (b) The commissioner may verify the insurance agent's licensing
27 status through the producer database maintained by the NAIC, its affiliates
28 or subsidiaries.

29 (c) (1) Any nonresident agent who is licensed in this state and who
30 moves from one state to another state or a resident agent who moves from
31 this state to another state shall file with the commissioner within 30 days a
32 change of address and provide certification from the new resident state.

33 (2) Any insurance agent who resides in this state and who moves
34 from this state to another state shall file with the commissioner within 30
35 days a change of address and provide certification from the new resident
36 state.

37 (3) No fee or license application shall be required for any filing
38 required by this subsection.

39 (d) Subject to the provisions of subsection (a), any person licensed as
40 a surplus lines agent in such person's home state shall receive a
41 nonresident surplus lines agent license. Except as provided in subsection
42 (a), nothing in this section shall be construed to amend or supersede any
43 provision of K.S.A. 40-246b, and amendments thereto.

1 (e) Subject to the provisions of subsection (a), any person licensed as
2 a limited line credit insurance or other type of limited lines agent in such
3 person's home state shall receive a nonresident limited lines agent license
4 in this state granting the same scope of authority as granted under the
5 license issued by such insurance agent's home state.

6 (f) *Notwithstanding any other provision of the uniform insurance
7 agents licensing act, a nonresident license issued pursuant to the act may
8 be revoked without notice and a hearing 30 days after the commissioner
9 receives notification that a nonresident licensee no longer holds a license
10 in such nonresident licensee's home state.*

11 (g) Not later than December 1 of each year, the commissioner shall
12 set and publish in the Kansas register the application fee required pursuant
13 to subsection (a) for the next calendar year.

14 Sec. 3. K.S.A. 2025 Supp. 40-4909 is hereby amended to read as
15 follows: 40-4909. (a) The commissioner may deny, suspend, revoke or
16 refuse renewal of any license issued under this act if the commissioner
17 finds that the applicant or license holder has:

18 (1) Provided incorrect, misleading, incomplete or untrue information
19 in the license application;:-

20 (2) violated *any*:

21 (A) ~~Any~~ Provision of chapter 40 of the Kansas Statutes Annotated,
22 and amendments thereto, or any rules and regulations promulgated
23 thereunder;

24 (B) ~~any~~ subpoena or order of the commissioner;

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

26 (D) ~~any~~ subpoena or order issued by the regulatory official for
27 insurance in another state;:-

28 (3) obtained or attempted to obtain a license under this act through
29 misrepresentation or fraud;:-

30 (4) improperly withheld, misappropriated or converted any moneys or
31 properties received in the course of doing insurance business;:-

32 (5) intentionally misrepresented the provisions, terms and conditions
33 of an actual or proposed insurance contract or application for insurance;:-

34 (6) been convicted of a misdemeanor or felony;:-

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

38 (8) used any fraudulent, coercive, or dishonest practice, or
39 demonstrated any incompetence, untrustworthiness or financial
40 irresponsibility in the conduct of business in this state or elsewhere;:-

41 (9) had an insurance agent license, public adjuster license, securities
42 registration, or their equivalent, denied, suspended or revoked in any state,
43 district or territory;:-

1 (10) forged another person's name to an application for insurance or
2 to any document related to an insurance transaction;:-
3 (11) improperly used notes or any other reference material to
4 complete an examination for an insurance license issued under this act;:-
5 (12) knowingly accepted insurance business from an individual who
6 is not licensed;:-
7 (13) failed to comply with any administrative or court order imposing
8 a child support obligation upon the applicant or license holder;:-
9 (14) failed to pay any state income tax or comply with any
10 administrative or court order directing payment of state income tax;:-
11 (15) except as otherwise permitted by law, rebated the whole or any
12 part of any insurance premium or offered in connection with the
13 presentation of any contract of insurance any other inducement not
14 contained in the contract of insurance;:-
15 (16) made any misleading representation or incomplete comparison
16 of policies to any person for the purposes of inducing or tending to induce
17 such person to lapse, forfeit or surrender such person's insurance then in
18 force;:- or
19 (17) failed to respond to an inquiry from the commissioner within 15
20 business days *or failed to respond to an inquiry from the commissioner*
21 *within 14 calendar days concerning a complaint as defined in K.S.A. 40-*
22 *2404, and amendments thereto, or an inquiry related to a particular*
23 *matter.*
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 *of the following lawful purpose*
30 *purposes*:

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

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

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

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

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

1 business entity represented by such person who is the party to the matters
2 giving rise to the hearing. As used in this subsection, "costs" includes
3 witness fees, mileage allowances, any costs associated with the
4 reproduction of documents that become a part of the hearing record and
5 the expense of making a record of the hearing.

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

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

15 (1) Censure the person; or

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

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

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

33 Sec. 4. K.S.A. 2025 Supp. 40-5510 is hereby amended to read as
34 follows: 40-5510. (a) The commissioner may suspend, revoke or refuse to
35 issue or renew a public adjuster's license for any of the following causes:

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

38 (2) violating *any*:

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

42 (B) ~~any~~ subpoena or order of the commissioner;

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

1 (D) ~~any~~ subpoena or order issued by the regulatory official for
2 insurance in another state;

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

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

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

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

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

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

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

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

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

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

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

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

28 (15) failing to respond to an inquiry from the commissioner within 15
29 business days *or failing to respond to an inquiry from the commissioner*
30 *within 14 calendar days concerning a complaint as defined in K.S.A. 40-*
31 *2404, and amendments thereto, or an inquiry related to a particular*
32 *matter.*

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

40 (c) In lieu of any action under subsection (a), the commissioner may:
41 (1) Censure the individual; or
42 (2) issue an order imposing an administrative penalty *of* up to a
43 maximum of \$500 for each violation; but not to exceed \$2,500 for the

1 same violation occurring within any six consecutive calendar months from
2 the date of the original violation, unless such person knew or should have
3 known that the violative act could give rise to disciplinary action under
4 subsection (a). If such person knew or reasonably should have known the
5 violative act could give rise to any disciplinary proceeding authorized by
6 subsection (a), the commissioner may impose a penalty *of* up to a
7 maximum of \$1,000 for each violation; but not to exceed \$5,000 for the
8 same violation occurring within any six consecutive calendar months from
9 the date of the original violation.

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

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

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

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

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

41 (f) The commissioner shall remit all such fines collected under
42 subsection (c) to the state treasurer in accordance with the provisions of
43 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such

1 remittance, the state treasurer shall deposit the entire amount in the state
2 treasury to the credit of the state general fund.

3 (g) Whenever the commissioner imposes any administrative penalty
4 or denies, suspends, revokes or refuses renewal of any license pursuant to
5 subsection (a), any costs incurred as a result of conducting an
6 administrative hearing authorized under the provisions of this section shall
7 be assessed against the person who is the subject of the hearing or any
8 business entity represented by such person who is the party to the matters
9 giving rise to the hearing. As used in this subsection, "costs" includes
10 witness fees, mileage allowances, any costs associated with the
11 reproduction of documents that become a part of the hearing record and
12 the expense of making a record of the hearing.

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

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

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

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

30 Sec. 5. K.S.A. 40-209 and K.S.A. 2025 Supp. 40-4906, 40-4909 and
31 40-5510 are hereby repealed.

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