

Insurance Code: Commissioner of Insurance Duties and Responsibilities; Board Membership and Meetings; Setting and Publication of Fees and Fines; Non-admitted Insurers; Renaming the Department; HB 2050

HB 2050 amends the Insurance Code of the State of Kansas relating to the powers, duties, and responsibilities of the Commissioner of Insurance (Commissioner). The bill grants the Commissioner the authority to decrease the number of appointed board members on certain boards that fall under the Commissioner's appointing authority and removes the requirements for the Committee on Surety Bonds and Insurance to meet at least once per month and in the office of the Commissioner.

The bill authorizes the Commissioner to set the amounts of fees and fines for applications, licenses, license renewals, certificates of authority, and other required filings by certain insurance entities and public adjusters under the jurisdiction of the Commissioner and requires their publication by December 1 each year. The bill sets the maximum amounts of the fees and fines for insurance entities and public adjusters at the amounts that had been established in statute. The bill establishes a one-time fee for all newly certified agents associated with a company until either the company or agent terminates the appointment.

The bill amends law related to non-admitted insurers authorized to do business in Kansas.

The bill also renames the Kansas Insurance Department as the Kansas Department of Insurance; the Office of the Securities Commissioner of Kansas as the Department of Insurance, Securities Division; and the Securities Commissioner as the Department of Insurance Assistant Commissioner, Securities Division. The bill also removes the requirement for the Senate to confirm the Department of Insurance Assistant Commissioner, Securities Division, appointee.

The bill also makes conforming amendments.

Board Membership and Meetings

The bill grants the Commissioner the authority to decrease the number of appointed board members on certain boards that fall under the Commissioner's appointing authority. The bill removes the requirements for the Committee on Surety Bonds and Insurance to meet at least once per month and that the meetings be held in the office of the Commissioner.

Board Membership

The bill provides for a reduction in membership for four governing boards under the jurisdiction of the Commissioner:

- The governing board for the Kansas Automobile and Motor Vehicle Bodily Injury and Property Damage Liability Insurance Plan;

- The Kansas Workers Compensation and Employer's Liability Insurance Plan Governing Board;
- The governing board for the Kansas Automobile Assigned Claims Plan for personal injury protection benefits; and
- The Health Care Provider Insurance Availability Plan Board of Directors.

For each governing board, with the exception of the Kansas Automobile Assigned Claims Plan, the bill provides for the terms of members appointed and serving on the governing board as of July 1, 2025, to expire on December 31, 2025.

Kansas Automobile and Motor Vehicle Bodily Injury and Property Damage Liability Insurance Plan. The bill provides for a reduction in membership for the governing board of the Kansas Automobile and Motor Vehicle Bodily Injury and Property Damage Liability Insurance Plan from nine members to five members.

The Commissioner is to appoint a governing board for the plan, which serves on and after January 1, 2026, and has the same duties and functions as its predecessor. On and after January 1, 2026, the members of the governing board serve three-year terms, except that members are removable by the Commissioner for inefficiency, neglect of duty, or malfeasance. The governing board consists of five members to be appointed as follows:

- Three members who are representatives of insurers;
- One member who is a representative of independent insurance agents; and
- One member who is a representative of the general public.

In making appointments to the governing board, the Commissioner is to consider whether foreign and domestic insurers are fairly represented. [*Note: A domestic insurer is an insurance company formed under the laws of the State of Kansas. A foreign insurer is an insurance company formed under the laws of a state other than Kansas.*]

Kansas Workers Compensation and Employer's Liability Insurance Plan Governing Board. The bill provides for a reduction in membership for the Kansas Workers Compensation and Employer's Liability Insurance Plan Governing Board from nine members to seven members.

The Commissioner is to appoint a governing board that serves on and after January 1, 2026, and has the same duties and functions as its predecessor. On and after January 1, 2026, the members of the Kansas Workers Compensation and Employer's Liability Insurance Plan Governing Board serve three-year terms, except that members are removable by the Commissioner for inefficiency, neglect of duty, or malfeasance. The governing board consists of seven members to be appointed as follows:

- Four members who are representatives of insurance companies;
- Two members who are representatives of licensed insurance agents; and
- One member who is a representative of the general public.

In making appointments to the governing board, the Commissioner is to consider whether foreign and domestic insurers are fairly represented.

Kansas Automobile Assigned Claims Plan. The bill states that on and after January 1, 2026, the governing committee for the Kansas Automobile Assigned Claims Plan for personal injury protection benefits consists of five members, who are removable by the Commissioner for inefficiency, neglect of duty, or malfeasance. [Note: KAR 40-3-35 provides for the appointment of nine members.] Members are appointed as follows:

- Three members who are representatives of insurers;
- One member who is a representative of independent insurance agents; and
- One member who is a representative of the general public.

The Commissioner is required to consider whether foreign and domestic insurers are fairly represented in selecting the members.

[Note: Effective January 1, 2024, the Kansas Automobile Assigned Claims Plan is now managed by AIPSO, a national, not-for-profit corporation formed by the insurance industry to provide services to automobile insurance residual markets throughout the country.]

Health Care Provider Insurance Availability Plan Board of Directors. The bill provides for a reduction in membership for the Health Care Provider Insurance Availability Plan Board of Directors from nine members to five members.

The Commissioner is to appoint a governing board that serves on and after January 1, 2026, and has the same duties and functions as its predecessor. On and after January 1, 2026, the members of the Health Care Provider Insurance Availability Plan Governing Board serve four-year terms, except that members are removable by the Commissioner for inefficiency, neglect of duty, or malfeasance. The governing board consists of five members to be appointed as follows:

- One member who is a representative of foreign insurers;
- One member who is a representative of domestic insurers;
- One member who is a health care provider;
- One member who is a licensed insurance agent engaged in the solicitation of casualty insurance; and
- One member who is the chairperson of the Governing Board or the chairperson's designee.

Committee on Surety Bonds Board Meetings

The bill removes the requirements for the Committee on Surety Bonds and Insurance to meet at least once per month and meet in the office of the Commissioner. Meetings are to remain at the call of the chairperson.

Setting and Publication of Certain Fees and Fines

The bill authorizes the Commissioner to set the amounts of fees and fines for applications, licenses, license renewals, certificates of authority, and other required filings by certain insurance entities and public adjusters under the jurisdiction of the Commissioner. The bill sets the maximum amounts of the fees and fines for insurance entities and public adjusters at the amounts that had been established in statute.

The bill also requires the Commissioner to set the fees and fines for the next succeeding calendar year and publish those in the *Kansas Register* no later than December 1 of each calendar year.

The bill establishes a one-time fee for all newly certified agents associated with a company until either the company or agent terminates the appointment. The fee is non-recurrent and constitutes the only appointment fee charged for the duration of the newly certified agent's employment with the appointing company.

Modification of Fees and Fines

The bill establishes fee amounts in prior law as the maximum amounts that may be assessed for the following fines and fees:

- Application for license to sell stock of insurance company or health maintenance organization;
- Fee for insurance companies or fraternal benefit societies to file a summons or order of garnishment;
- Admission and annual fees for the following entities organized under Kansas law or under the laws of any other state, territory, or country:
 - Capital stock insurance companies and mutual legal reserve life insurance companies;
 - Mutual life, accident, and health associations; mutual fire, hail, casualty, and multiple line insurers and reciprocal or interinsurance exchanges;
 - Fraternal benefit societies;
 - Mutual nonprofit hospital service corporations;
 - Nonprofit medical service corporations;
 - Nonprofit dental service corporations;

- Nonprofit optometric service corporations; and
- Nonprofit pharmacy service corporations;
- Notification fee for utilizing the services of managing general agents;
- Application fee for certificate of authority for life insurance companies;
- Application fee for license as a rating organization;
- Application fee for certificate of authority for utilization review organizations;
- Continuation fee for license as a premium finance company;
- Annual registration fee for certificate of authority to transact life, accident, and health insurance business in the state;
- Fees for filing an application for a certificate of authority, filing an annual report, and for filing an amendment to the certificate of authority for health maintenance organizations and Medicare provider organizations;
- Filing fee for transactions affecting control of domestic insurers;
- Application fee for licensure as a home state third-party administrator (TPA);
- Application fee for licensure as a non-resident TPA;
- Fee to file an annual report by a TPA;
- Application fee for licensure as a pharmacy benefit manager (PBM) and penalty fee for failure to timely inform the Commissioner of a material change in the application information;
- PBM license renewal fee and penalty fee for late license renewal;
- Notification fee for risk retention groups to do business in the state;
- Notification fee to do business in the state as a purchasing group;
- Annual continuation fee for certificate of registration as a prepaid service plan;
- Fees for certificate of authority and annual renewal for captive insurance companies;
- License renewal fee for dormant captive insurance companies;

- Fees for application for certificate of authority and annual renewal for special purpose insurance captive insurance companies;
- Fees for application for licensure and annual continuation as a reinsurance intermediary;
- Continuing education credit qualification fee for all courses, programs of study, or subjects submitted by a specific provider or provider organization and an annual provider fee;
- Fees for application for licensure and annual renewal to operate as a viatical settlement provider or a viatical settlement broker; and
- Public adjuster license renewal fee.

Non-admitted Insurers Authorized to do Business in Kansas

The bill amends law related to non-admitted insurers authorized to do business in Kansas.

Eligible Non-admitted Insurers

Prior law required the Commissioner to maintain a list of insurers not authorized to do business in the state. The bill replaces the phrase “insurer not authorized to do business in this state” with “eligible nonadmitted insurer” throughout the sections of the bill regarding non-admitted insurers and requires the Commissioner to maintain a list of such eligible non-admitted insurers.

The bill states that a non-admitted insurer not included on the Commissioner’s eligible non-admitted insurer list may transact business in the state if the insurer meets the eligibility requirements outlined in federal law regarding uniform standards for surplus lines eligibility.

The bill also removes the non-admitted insurer’s non-refundable annual statement filing fee of \$200.

Capital requirement. The bill increases the capital or surplus requirement for inclusion on the Commissioner’s eligible non-admitted insurer list from \$4.5 million to an amount equal to or greater than \$15.0 million.

Motor Vehicle Dealer Licensure Insurance Requirements

The bill allows motor vehicle dealers to hold insurance issued by an eligible non-admitted insurer, and such insurance allows the dealer to meet the criteria for license issuance or renewal.

Renaming of Kansas Insurance Department and Office of Securities Commissioner of Kansas; Removal of Confirmation Requirement

Kansas Department of Insurance

The bill renames the Kansas Insurance Department as the Kansas Department of Insurance and clarifies that whenever the term “Kansas Insurance Department,” or words of like effect, are referred to or designated by a statute, contract, or other document, and such reference or designation is in regard to any function, power, or duty of the Kansas Insurance Department, the term is to be deemed to apply to the Kansas Department of Insurance.

Transfer of powers, duties, and functions to the Kansas Department of Insurance. The bill transfers to and imposes all powers, duties, and functions of the Kansas Insurance Department upon the Kansas Department of Insurance.

Rules and regulations, orders, and directives. The bill deems all rules and regulations, orders, and directives of the Commissioner of Insurance of the Kansas Insurance Department that are in effect on July 1, 2025, as effective and deemed to be rules and regulations, orders, and directives of the Commissioner of Insurance of the Kansas Department of Insurance until amended, revoked, or nullified.

Department of Insurance, Securities Division

The bill renames the Office of the Securities Commissioner of Kansas to the Department of Insurance, Securities Division. The bill clarifies that whenever the term “Office of the Securities Commissioner of Kansas,” or words of like effect, are referred to or designated by a statute, contract, or other document, and such reference or designation is in regard to any function, power, or duty of the Office of the Securities Commissioner of Kansas, the term is to be deemed to apply to the Department of Insurance, Securities Division.

Transfer of powers, duties, and functions to the Department of Insurance, Securities Division. The bill transfers to and imposes all powers, duties, and functions of the Office of the Securities Commissioner of Kansas upon the Department of Insurance, Securities Division.

Department of Insurance Assistant Commissioner, Securities Division

The bill renames the Securities Commissioner as the Department of Insurance Assistant Commissioner, Securities Division. The bill deems, whenever the Securities Commissioner, or words of like effect, are referred to or designated by statute, contract, or other document, and such reference or designation is in regard to any function, power, or duty of the Securities Commissioner of Kansas, the term is to apply to the Department of Insurance Assistant Commissioner, Securities Division.

The position continues to be appointed by the Commissioner but the requirement for Senate Confirmation for the role is removed.

Transfer of powers, duties, and functions to the Department of Insurance Assistant Commissioner, Securities Division. The bill transfers all powers, duties, and functions of the Securities Commissioner to the Department of Insurance Assistant Commissioner, Securities Division.

Rules and regulations, orders, and directives. The bill deems all rules and regulations, orders, and directives of the Securities Commissioner of Kansas that are in effect on July 1, 2025, as effective and as rules and regulations, orders, and directives of the Department of Insurance Assistant Commissioner, Securities Division, until amended, revoked, or nullified.