

**HOUSE BILL No. 2533**

By Committee on Insurance

Requested by Eric Turek on behalf of the Kansas Insurance Department

1-18

1 AN ACT concerning insurance; relating to examinations; requiring that  
2 insurance examiner per diem amounts and expenses, outside consulting  
3 and data processing fees and pro rata funding for examination  
4 equipment and software be reasonable; establishing a tiered fee  
5 structure for examinations of insurance companies and societies based  
6 on gross premiums; amending K.S.A. 40-223 and repealing the existing  
7 section.  
8

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

10 Section 1. K.S.A. 40-223 is hereby amended to read as follows: 40-  
11 223. (a) (1) Except as provided in K.S.A. 40-110 and 40-253, and  
12 amendments thereto, any person who makes any examination under the  
13 provisions of this act may receive, as full compensation for such person's  
14 services, on a per diem basis ~~not~~ a *reasonable* amount fixed by the  
15 commissioner; ~~which~~ *that* shall not exceed the amount recommended by  
16 the national association of insurance commissioners, for such time  
17 necessarily and actually occupied in going to and returning from the place  
18 of such examination and for such time the examiner is necessarily and  
19 actually engaged in making such examination including any day within the  
20 regular workweek when the examiner would have been so engaged had the  
21 company or society been open for business, together with such *reasonably*  
22 necessary and actual expenses for traveling and subsistence as the  
23 examiner shall incur because of the performance of such services.

24 (2) For the purposes of this act, "necessary and actual expenses" shall  
25 be limited, whether for travel within the state or travel outside the state, to  
26 those limitations expressed in K.S.A. 75-3207, and amendments thereto,  
27 ~~which~~ *that* pertain to official travel outside the state. The daily charge shall  
28 be calculated by dividing the amount the examiner is authorized by the  
29 commissioner of insurance to charge per week by the number of days in  
30 the regular workweek of the company or society being examined.

31 (b) (1) All of such compensation, expenses, the employer's share of  
32 the federal insurance contributions act taxes, the employer's contribution to  
33 the Kansas public employees retirement system as provided in K.S.A. 74-  
34 4920, and amendments thereto, the self-insurance assessment for the  
35 workers compensation act as provided in K.S.A. 44-576, and amendments

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Proposed Amendment to HB 2533  
For House Committee on Insurance  
Prepared by Eileen Ma, Office of Revisor of Statutes  
February 5, 2024

1 thereto, the employer's cost of the state health care benefits program under  
 2 K.S.A. 75-6507, and amendments thereto, a pro rata amount determined  
 3 by the commissioner to provide vacation and sick leave for the examiner  
 4 not to exceed the number of days allowed state officers and employees in  
 5 the classified service pursuant to regulations promulgated in accordance  
 6 with the Kansas civil service act, all reasonable outside consulting and  
 7 data processing fees necessary to perform any examination, and a  
 8 reasonable pro rata amount determined by the commissioner not to exceed  
 9 an annual aggregate of \$18,000 to fund the purchase, maintenance and  
 10 enhancement of examination equipment and computer software shall be  
 11 paid to the commissioner of insurance by the insurance company or  
 12 society so examined, on demand of the commissioner.

13 (2) The amount paid for all costs pursuant to paragraph (1), outside  
 14 consulting and data processing fees necessary to perform any financial  
 15 examination at any one company or society, including examination of such  
 16 company's or society's subsidiaries or any combination thereof, and the pro  
 17 rata amount to fund the purchase of examination equipment and computer  
 18 software shall not collectively total more than:

19 (A) \$50,000 for any insurance company or society which has less  
 20 than \$200,000,000 in gross premiums, both direct and  
 21 assumed, in the preceding calendar year; or

22 (B) \$500,000 for any insurance company or society which has  
 23 \$200,000,000 or more in gross premiums, both direct and assumed, in the  
 24 preceding calendar year; \$75,000 for any insurance company or society that  
 25 has at least \$5,000,000 but less than \$25,000,000 in gross premiums, both  
 26 direct and assumed, in the preceding calendar year;

27 (C) \$100,000 for any insurance company or society that has at least  
 28 \$25,000,000 but less than \$50,000,000 in gross premiums, both direct and  
 29 assumed, in the preceding calendar year;

30 (D) \$125,000 for any insurance company or society that has at least  
 31 \$50,000,000 but less than \$100,000,000 in gross premiums, both direct  
 32 and assumed, in the preceding calendar year;

33 (E) \$175,000 for any insurance company or society that has at least  
 34 \$100,000,000 but less than \$250,000,000 in gross premiums, both direct  
 35 and assumed, in the preceding calendar year;

36 (F) \$250,000 for any insurance company or society that has at least  
 37 \$250,000,000 but less than \$500,000,000 in gross premiums, both direct  
 38 and assumed, in the preceding calendar year; or

39 (G) the actual total costs paid in connection with the examination for  
 40 any insurance company or society that has at least \$500,000,000 in gross  
 41 premiums, both direct and assumed, in the preceding calendar year.

42 (3) The amount paid for all outside consulting and data processing  
 43 fees necessary to perform any market regulation examination at any one

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1 company or society, including examination of such company's or society's  
 2 subsidiaries, or any combination thereof, and the pro rata amount to fund  
 3 the purchase of examination equipment and computer software shall be  
 4 *reasonable and not collectively total more than \$25,000.*

5 (c) Such demand shall be accompanied by the sworn statement of the  
 6 person making such examination, setting forth in separate items the  
 7 number of days necessarily and actually occupied in going to and returning  
 8 from the place of such examination, the number of days the examiners  
 9 were necessarily and actually engaged in making such examination  
 10 including those days within the regular workweek while the examination  
 11 was in progress and the company or society had closed for business, and  
 12 the necessary and actual expenses for traveling and subsistence, incurred  
 13 in and on account of such services.

14 (d) A duplicate of every such sworn statement shall be kept on file in  
 15 the office of the commissioner of insurance. All moneys so paid to the  
 16 commissioner of insurance shall be remitted to the state treasurer in  
 17 accordance with the provisions of K.S.A. 75-4215, and amendments  
 18 thereto. Upon receipt of each such remittance, the state treasurer shall  
 19 deposit the entire amount in the state treasury to the credit of the insurance  
 20 company examination fund. The state treasurer shall issue duplicate  
 21 receipts-~~therefor~~, one to be delivered to the commissioner of insurance and  
 22 the other to be filed with the director of accounts and reports.

23 ~~Sec. 2. K.S.A. 40-223 is hereby repealed.~~

24 Sec. 3. This act shall take effect and be in force from and after its  
 25 publication in the statute book.

(e) As used in this section, "average and reasonable" relates to the amount or fees that are in line with fees assessed by other people in the area where the examination occurred who have rendered similar services.