

SESSION OF 2024

SUPPLEMENTAL NOTE ON SENATE BILL NO. 398

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 398 would authorize the Commissioner of Insurance (Commissioner) to set the amount 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 would set the fees and fines for insurance entities and public adjusters currently established in statute as the fee and fine ceilings for the services outlined in the table that follows.

The bill would also require 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.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Modification of Fees and Fines for Certain Insurance Entities and Public Adjusters		
Bill Section	Statute	Affected Fee or Fine
1	KSA 40-205a	Application fee for license to engage in business of selling stock
2	KSA 40-218	Fee for insurance companies or fraternal benefit societies to file a summons or order of garnishment
3	KSA 40-252	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
4	KSA 40-2,133	Notification fee for utilizing the services of managing general agents
5	KSA 40-504	Application fee for certificate of authority for life insurance companies
6	KSA 40-956	Application fee for license as a rating organization
7	KSA 40-22a04	Application fee for certificate of authority for utilization review organizations
8	KSA 40-2604	Continuation fee for license as a premium finance company

Modification of Fees and Fines for Certain Insurance Entities and Public Adjusters (continued)		
Bill Section	Statute	Affected Fee or Fine
9	KSA 4-2702	Annual registration fee for certificate of authority to transact life, accident, and health insurance business in the state
10	KSA 40-3213	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
11	KSA 40-3304	Filing fee for transactions affecting control of domestic insurers
12	KSA 40-3812	Application fee for licensure as a home state third party administrator (TPA)
13	KSA 40-3813	Application fee for licensure as a nonresident TPA
14	KSA 40-3814	Fee to file an annual report by a TPA
15	KSA 2023 Supp. 40-3823	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
16	KSA 2023 Supp. 40-3824	PBM license renewal fee and penalty fee for late license renewal
17	KSA 40-4103	Notification fee for risk retention groups to do business in the state

Modification of Fees and Fines for Certain Insurance Entities and Public Adjusters (continued)		
Bill Section	Statute	Affected Fee or Fine
18	KSA 40-4116	Notification fee to do business in the state as a purchasing group
19	KSA 2023 Supp. 40-4209	Annual continuation fee for certificate of registration as a prepaid service plan
20	KSA 2023 Supp. 40-4302	Fees for certificate of authority and annual renewal for captive insurance companies
21	KSA 40-4323	License renewal fee for dormant captive insurance companies
22	KSA 40-4334	Fees for application for certificate of authority and annual renewal for special purpose insurance captive insurance companies
23	KSA 40-4503	Fees for application for licensure and annual continuation as a reinsurance intermediary
24	KSA 2023 Supp. 40-4903	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
25	KSA 40-5003	Fees for application for licensure and annual renewal to operate as a viatical settlement provider or a viatical settlement broker
26	KSA 40-5509	Public adjuster license renewal fee

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of a representative of the Kansas Insurance Department (Department).

[*Note:* The bill was modeled after 2023 HB 2090, which was enacted to allow the Commissioner to lower licensure fees for insurance agents and insurance agencies in Kansas.]

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the Department, who stated the bill would grant the Commissioner the flexibility to lower more than 100 statutorily set fees and fines, in an amount not to exceed that currently established in statute. The representative noted publishing the fees and fines for the next year in the *Kansas Register* would provide the regulated entities time to plan their budgets for the next calendar year. The representative noted similar legislation enacted in 2023 allowed the Commissioner to reduce fees for insurance agents and insurance agencies, with anticipated savings to the insurance industry of \$1.2 million annually as a result of that change.

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department states the bill could change agency revenues, which would depend on the rates the Commissioner sets each year. The agency cannot estimate the changes in revenue; however, any change would allow the agency to continue efficient agency operations. Any

fiscal effect associated with the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Insurance; Commissioner of Insurance; duties and powers; fees