

**SENATE BILL No. 273**

By Committee on Financial Institutions and Insurance

1-12

1 AN ACT concerning costs for examination of an insurance company;  
2 amending K.S.A. 2011 Supp. 40-223 and repealing the existing section.

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

5 Section 1. K.S.A. 2011 Supp. 40-223 is hereby amended to read as  
6 follows: 40-223. ~~Any person who makes any examination under the~~  
7 ~~provisions of this act;~~ (a) (1) Except as provided in K.S.A. 40-110 and 40-  
8 253, and amendments thereto, *any person who makes any examination*  
9 *under the provisions of this act* may receive, as full compensation for such  
10 person's services, on a per diem basis an amount fixed by the  
11 commissioner, which shall not exceed the amount recommended by the  
12 national association of insurance commissioners, for such time necessarily  
13 and actually occupied in going to and returning from the place of such  
14 examination and for such time the examiner is necessarily and actually  
15 engaged in making such examination including any day within the regular  
16 workweek when the examiner would have been so engaged had the  
17 company or society been open for business, together with such necessary  
18 and actual expenses for traveling and subsistence as the examiner shall  
19 incur because of the performance of such services.

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

27 (b) (1) All of such compensation, expenses, the employer's share of  
28 the federal insurance contributions act taxes, the employer's contribution to  
29 the Kansas public employees retirement system as provided in K.S.A. 74-  
30 4920, and amendments thereto, the self-insurance assessment for the  
31 workmen's compensation act as provided in K.S.A. 44-576, and  
32 amendments thereto, the employer's cost of the state health care benefits  
33 program under K.S.A. 75-6507, and amendments thereto, a pro rata  
34 amount determined by the commissioner to provide vacation and sick  
35 leave for the examiner not to exceed the number of days allowed state  
36 officers and employees in the classified service pursuant to regulations

1 promulgated in accordance with the Kansas civil service act, all outside  
2 consulting and data processing fees necessary to perform any examination,  
3 and a pro rata amount determined by the commissioner not to exceed an  
4 annual aggregate of \$18,000 to fund the purchase, maintenance and  
5 enhancement of examination equipment and computer software shall be  
6 paid to the commissioner of insurance by the insurance company or  
7 society so examined, on demand of the commissioner.

8 (2) The amount paid for all outside consulting and data processing  
9 fees necessary to perform any **financial** examination *at any one company*  
10 *or society, including examination of such company's or society's*  
11 *subsidiaries or any combination thereof*, and the pro rata amount to fund  
12 the purchase of examination equipment and computer software shall not  
13 collectively total more than ~~\$25,000 at any one company examination~~  
14 ~~including examination of its subsidiaries or combination thereof.~~

15 (A) ~~\$100,000~~ **\$50,000** for any insurance company or society which  
16 has less than ~~\$50,000,000~~ **\$200,000,000** in gross premiums, both direct  
17 and assumed, in the preceding calendar year; or

18 (B) ~~the total of all fees and expenses incurred in making the~~  
19 ~~examination for any other insurance company or society~~ **\$200,000 for any**  
20 **insurance company or society which has \$200,000,000 or more in gross**  
21 **premiums, both direct and assumed, in the preceding calendar year.**

22 (3) **The amount paid for all outside consulting and data processing**  
23 **fees necessary to perform any market regulation examination at any one**  
24 **company or society, including examination of such company's or**  
25 **society's subsidiaries, or any combination thereof, and the pro rata**  
26 **amount to fund the purchase of examination equipment and computer**  
27 **software shall not collectively total more than \$25,000.**

28 (c) Such demand shall be accompanied by the sworn statement of the  
29 person making such examination, setting forth in separate items the  
30 number of days necessarily and actually occupied in going to and returning  
31 from the place of such examination, the number of days the examiners  
32 were necessarily and actually engaged in making such examination  
33 including those days within the regular workweek while the examination  
34 was in progress and the company or society had closed for business, and  
35 the necessary and actual expenses for traveling and subsistence, incurred  
36 in and on account of such services.

37 (d) A duplicate of every such sworn statement shall be kept on file in  
38 the office of the commissioner of insurance. All moneys so paid to the  
39 commissioner of insurance shall be remitted to the state treasurer in  
40 accordance with the provisions of K.S.A. 75-4215, and amendments  
41 thereto. Upon receipt of each such remittance, the state treasurer shall  
42 deposit the entire amount in the state treasury to the credit of the insurance  
43 company examination fund. The state treasurer shall issue duplicate

1 receipts therefor, one to be delivered to the commissioner of insurance and  
2 the other to be filed with the director of accounts and reports.

3       Sec. 2. K.S.A. 2011 Supp. 40-223 is hereby repealed.

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

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