

**SENATE BILL No. 338**

By Committee on Financial Institutions and Insurance

1-10

1 AN ACT concerning insurance; relating to group-funded liability and  
2 group-funded workers compensation pools; changing certain reporting  
3 requirements; amending K.S.A. 12-2620, 44-584 and 44-590 and  
4 repealing the existing sections.  
5

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

7 Section 1. K.S.A. 12-2620 is hereby amended to read as follows: 12-  
8 2620. (a) All certificates granted hereunder shall be perpetual unless  
9 sooner suspended or revoked by the commissioner or the attorney general.

10 (b) Whenever the commissioner shall deem it necessary the  
11 commissioner may make, or direct to be made, an examination of the  
12 affairs and the financial condition of any pool. Each pool shall submit a  
13 certified independent audited financial statement ~~to~~ later than ~~150~~ 180  
14 days after the end of the fiscal year. The financial statement shall include  
15 outstanding reserves for claims and for claims incurred but not reported.  
16 Each pool shall file reports as to income, expenses and loss data at such  
17 times and in such manner as the commissioner shall require. Any pool  
18 ~~which~~ that does not use rates developed by an approved rating  
19 organization shall file with the commissioner an actuarial certification that  
20 such rates are actuarially sound. Whenever it appears to the commissioner  
21 from such examination or other satisfactory evidence that the ability to pay  
22 current and future claims of any such pool is impaired, or that it is doing  
23 business in violation of any of the laws of this state, or that its affairs are in  
24 an unsound condition so as to endanger its ability to pay or cause to be  
25 paid claims in the amount, manner and time due, the commissioner shall,  
26 before filing such report or making the same public, grant such pool upon  
27 reasonable notice a hearing, and, if on such hearing the report be  
28 confirmed, the commissioner may require any of the actions allowed under  
29 K.S.A. 40-222b, and amendments thereto, or suspend the certificate of  
30 authority for such pool until its ability to pay current and future claims  
31 shall have been fully restored and the laws of the state fully complied with.  
32 The commissioner may, if there is an unreasonable delay in restoring the  
33 ability to pay claims of such pool and in complying with the law or if  
34 rehabilitation or corrective action taken under K.S.A. 40-222b, and  
35 amendments thereto, is unsuccessful, revoke the certificate of authority of  
36 such pool to do business in this state. Upon revoking any such certificate

Proposed Amendment to SB 338  
House Committee on Insurance  
March 4, 2024  
Prepared by Office of Revisor of Statutes

1 evidence that the solvency of any such pool is impaired, or that it is doing  
2 business in violation of any of the laws of this state, or that its affairs are in  
3 an unsound condition so as to endanger its ability to pay or cause to be  
4 paid the compensation in the amount, manner and time due as provided for  
5 in the Kansas workers compensation act, the commissioner shall, before  
6 filing such report or making the same public, grant such pool upon  
7 reasonable notice a hearing in accordance with the provisions of the  
8 Kansas administrative procedure act, and, if on such hearing the report be  
9 confirmed, the commissioner shall suspend the certificate of authority for  
10 such pool until its solvency shall have been fully restored and the laws of  
11 the state fully complied with. The commissioner may, if there is an  
12 unreasonable delay in restoring the solvency of such pool and in  
13 complying with the law, revoke the certificate of authority of such pool to  
14 do business in this state. Upon revoking any such certificate the  
15 commissioner shall communicate the fact to the attorney general, whose  
16 duty it shall be to commence and prosecute an action in the proper court to  
17 dissolve such pool or to enjoin the same from doing or transacting  
18 business in this state. The commissioner of insurance may call a hearing  
19 under K.S.A. 40-222b, and amendments thereto, and the provisions shall  
20 apply to group workers compensation pools.

21 Sec. 3. K.S.A. 44-590 is hereby amended to read as follows: 44-590.  
22 (a) After the inception date of the group-funded workers' compensation  
23 pool, prospective new members of the pool shall submit an application for  
24 membership to the board of trustees or its administrator. The trustees may  
25 approve the application for membership pursuant to the bylaws of the  
26 pool. The application for membership and approval shall then be filed with  
27 the commissioner. Membership takes effect after approval.

28 (b) Individual members may elect to terminate their participation in a  
29 pool or be subject to cancellation by the pool pursuant to the bylaws of the  
30 pool. On termination or cancellation of a member, the pool shall notify the  
31 ~~commissioner within 10 days and shall maintain coverage of each~~  
32 ~~cancelled or terminating member for 30 days after notice to the~~  
33 ~~commissioner or until the commissioner such cancelled or terminating~~  
34 ~~member gives notice that the cancelled or terminating member has~~  
35 ~~procured workers' compensation and employer's liability insurance,~~  
36 ~~whichever occurs first.~~

37 Sec. 4. K.S.A. 12-2620, 44-584 and 44-590 are hereby repealed.

38 Sec. 5. This act shall take effect and be in force from and after its  
39 publication in the ~~statute book~~