

Diana Capes

Subject: Kansas Department of Insurance Presents Spring Edition of "Regulator Roundup"

From: Kansas Department of Insurance <news@cc.kdoi.ks.gov>

Sent: Friday, March 22, 2024 11:58 AM

To: Diana Capes <dcapes@sil.org>

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Regulator Roundup

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Commissioner's Report

Hello everyone!

I am so happy to be back and bringing you the first Regulator Roundup of 2024. Last year was certainly a busy one, and before we get to what is happening at the Department, I want to take a moment to look back at some of the highlights from last year:



- Reduced insurance agent/agency licensing fees by \$1.2 million annually to reduce the financial barrier to licensure.
- Invested in a livescan fingerprinting machine to provide a cost-free option for applicants to be fingerprinted at the Department.
- Eliminated certain group-funded pool assessments, returning roughly \$150,000 to the pools.
- Overhauled the operations of the Kansas Automobile Insurance Plan, saving the industry a minimum of \$300,000 annually.
- Paused the Workers Compensation Fund assessment for FY 2024, saving insurers \$3 million.
- Recovered a record-setting \$16 million for Kansas policyholders.

While we had a lot of successes last year, we aren't slowing down. This edition features an update on our legislative agenda for 2024, a preview of a free continuing education partnership, updates on a few changes at the Department, and more.

I hope your year is off to a great start and thank you for reading!

Vicki Schmidt

Kansas Insurance Commissioner



Legislative Update

The Kansas Legislature is in full swing, and the Department has a full agenda this year focused on creating regulatory certainty, reducing the size of government, protecting vulnerable adults, reducing fees, and cleaning up the insurance and securities statutes.

Protecting Vulnerable Adults from Financial Exploitation

[HB 2562](#), also known as the Protect Vulnerable Adults from Financial Exploitation Act, protects elderly and vulnerable adults and their investments from being financially exploited. This is a model law from the North American Securities Administrators Association (NASAA), and 41 other states have adopted this model or similar language.

If a securities professional has evidence that their elderly or vulnerable clients are being victimized, the bill provides them two uniform and tested approaches to combat exploitation. First, it makes it easier for these professionals to report financial exploitation to authorities dedicated to preventing it—Adult Protective Services and the Securities Division at the Kansas Insurance Department. Second, the bill allows the professional to slow a requested transaction or disbursement down long enough to verify its legitimacy. Any broker-dealer or investment adviser who complies with the provisions of the bill is immune to civil and administrative liability. This bill will not only empower investors to protect their clients' interests in Kansas but also protect the most vulnerable Kansans from financial ruin. The bill has passed the Kansas House of Representatives on a vote of 120-0 and passed the Senate 38-2.

Flexibility to Lower Over 100 Insurance-Related Fees

Both [HB 2715](#) and [SB 398](#) allow the Kansas Insurance Commissioner to lower over 100 fees issued by the Kansas Department of Insurance. These fees are codified in current law and pertain to applications, filings, licensure, renewal, certificates of authority, and other fees. The Commissioner would be granted the flexibility to lower these fees below that statutory threshold.

In 2023, the Legislature overwhelmingly passed HB 2090, which afforded the Commissioner the flexibility to lower resident and nonresident agent and agency licensure fees. Commissioner Schmidt did reduce those licensure fees for 2024, and it is expected that those reductions will yield \$1.2 million in savings for the industry for this year. Both of these bills have passed one legislative chamber unanimously.

Limiting the Costs of Financial Examinations

[SB 356](#) creates limits on the amount the Kansas Department of Insurance can charge for the cost of financial examinations for insurance companies. Currently, in Kansas law, there is not an overall maximum amount that the Department can charge. Especially for smaller insurers, there is difficulty budgeting for the costs of an examination without a maximum amount.

The Department has proposed the following schedule to ensure that the maximum cost of a financial examination correlates with an insurer's annual gross premium written:

Annual Gross Premium Written	Proposed Maximum Cost
< \$5 million	\$50,000
At least \$5 million but < \$25 million	\$75,000
At least \$25 million but < \$50 million	\$100,000
At least \$50 million but < \$100 million	\$125,000
At least \$100 million but < \$250 million	\$175,000
At least \$250 million but < \$500 million	\$250,000
> \$500 million	Actual Costs

This bill creates regulatory certainty for all Kansas domestic insurance companies. **SB 356** passed the Senate 40-0 and the House 109-11.

Questions about insurance or securities legislation in Kansas? Please contact Eric Turek, Director of Government and Public Affairs, Eric.L.Turek@ks.gov.

KAIA and the Kansas Department of Insurance Partner to Provide Free Continuing Education Series

As part of an effort to provide affordable and accessible continuing education (CE) for insurance producers, the Kansas Department of Insurance and the Kansas Association of Insurance Agents (KAIA) will be partnering to provide a **free** CE series focused on the different functions of the Department.



This “Know Your Regulator” CE series will feature Department staff members presenting on topics specific to various divisions within the Department. Each session will provide a free, one-hour CE credit for producers. The series dates for 2024:

Know your Regulator Continuing Education Series:

Do's and Don'ts of Producer Licensing

April 30

10:00 a.m. - 11:00 a.m.

What to Know about Insurance Fraud

June 25

10:00 a.m. - 11:00 a.m.

Overview of Rates and Forms

October 15

10:00 a.m. - 11:00 a.m.

All the events will be hybrid in-person and virtual, hosted at KAIA's office in Topeka. Registration information will be released closer to each date, so please follow the [Department](#) and the [KAIA](#) on Facebook to stay up-to-date.

NAIC Committee Assignments for 2024

Commissioner Schmidt serves on three committees for the National Association of Insurance Commissioners (NAIC) in 2024.

Committee assignments were made at the NAIC's winter meeting in January. Schmidt was assigned to the Property and Casualty Insurance (C) Committee,

Financial Condition (E) Committee, and International Insurance Relations (G) Committee. She also serves on the National Insurance Producer Registry (NIPR) Board of Directors and the Consumer Participation Board of Trustees.

In addition to the committee assignments, Schmidt was elected vice chair of the Midwest Zone, one of the four geographical regions of the NAIC's membership. She had previously served as the secretary-treasurer before being elected vice chair last year.

Additionally, several staff members from the Department also hold leadership positions on various committees and working groups for 2024. Those members and their committees are:

- **LeAnn Crow:** Chair of the Consumer Information (B) Subgroup and the Market Conduct Annual Statement Blanks (D) Working Group
- **Craig Van Aalst:** Chair of the Annuity Suitability (A) Working Group
- **Monicka Richmeier:** Vice Chair of the Producer Licensing Uniformity Working Group
- **Shane Mead:** Vice-Chair of the IT Examination Working Group

Members of the Department recently attended the NAIC's 2024 Spring Meeting.

Unearned Commission from MAX Liquidation

The Department continues to work with former MAX agents to recover unearned commission. A letter was sent in early February to producers who are required to remit the payment back to the liquidator.

Pursuant to K.S.A. § 40-3623 and paragraph 17 of the Liquidation Order, all policies issued by MAX in effect at the date of Liquidation, were canceled. When the policies were canceled, all premiums paid for the dates following the cancellation date became unearned premiums.

MAX historically paid commissions monthly, based on premiums collected the prior month. For example, for premiums paid by policyholders in July 2023, MAX would have paid commissions at the beginning of August 2023. When the policies were canceled, not only did the premium become unearned, but the commission on that premium became unearned as well. In other words, MAX paid the commission

before it was earned and now that unearned commission is an asset of the MAX estate.

Producers who fail to remit the payment may have their license affected in Kansas or other states.

As of December 31, 2023, the balance owed to MAX was \$1,334,622. The Department appeared in Shawnee County District Court for the first hearing on the MAX Liquidation update on March 20.

To learn more about the liquidation, read an FAQ, and find forms and notices, visit insurance.kansas.gov/legal-issues. If you have questions regarding MAX and/or the Liquidation proceeding, call 877-971-6300, or visit the [MAX in Liquidation website](#).

New Look for Company Desktop

The Department has made a few changes to the online premium tax payment portal, Company Desktop. The Desktop is hosted on a new web address, insurance.ks.gov/codesktop/faces/pages/login.xhtml. While the appearance of the page has been updated, your existing login and password will be the same.

Company Desktop was a portal built by the Department so that companies could log in and update addresses contacts and pay their premium taxes. Since the Department moved the address and contact information functions to the State Based Systems (SBS) database in 2023, Company Desktop is only used for companies to pay their premium taxes.

Fingerprinting Fees

In 2023, the Department announced a reduction in the fingerprinting fees from \$60 to \$50 to better align with costs. Unfortunately, the KBI recently increased their costs to \$60. Per 40-4905(h)(3), the cost of fingerprinting shall be paid by the applicant. The Department wanted to alert applicants, agents and agencies of this change, effective July 1, 2024.

Industry Training

The Department hosted several seminars to educate the insurance and securities industries.

On February 23, the Department hosted *Industry Insight: Health Summit*, a hybrid educational seminar to discuss the Independent Medical Review process, the standard application process for URO certification, URAC accreditation, and market conduct.

On February 28, the Department visited Wichita for Securities Industry Training CE. Continuing education topics included elder abuse, common exam deficiencies and cybersecurity – two of which were offered as dual credit for securities AND insurance!

Outreach efforts of the Department continue to grow as more trainings are being added for the rest of 2024. To stay up to date, follow the Kansas Department of Insurance on [Facebook](#) and [X](#).



Left: Commissioner Schmidt speaks to *Industry Insight: Health Summit*. Right: Securities Commissioner Dan Klucas speaks at securities training in Wichita.

All Grown Up: KID to KDOI

As our agency continues to grow, so should the way we present ourselves to the public. To better align with other state insurance departments, our agency has undergone a minor identity change that affects our public-facing email addresses.

Our preference of “Kansas Department of Insurance (KDOI)” will replace the former “Kansas Insurance Department (KID)” in phases. At this time, our logo will remain unchanged by this alteration.

Please update your records if you interact with our public-facing email addresses.

Review our contact information on our [website](#).

Here are a few key email address changes:

KID.Commissioner@ks.gov	→	KDOI@ks.gov
KID.WebComplaints@ks.gov	→	KDOI.Complaints@ks.gov
KID.Licensing@ks.gov	→	KDOI.Licensing@ks.gov
KSC.KSC@ks.gov	→	KDOI.Securities@ks.gov

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Insurance Department recovers over \$16 million for Kansas policyholders

January 17, 2024

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Sedgwick County man sentenced for insurance fraud

January 19, 2024

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Kansas Insurance Commissioner Vicki Schmidt announces committee assignments

January 23, 2024

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Kansas Department of Insurance announces cease and desist order for Smith General Ventures, LLC

February 27, 2024

[Read more...](#)

Overland Park man sentenced for insurance fraud

March 4, 2024

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JAG-K students receive financial literacy scholarships from the Kansas Department of Insurance

March 21, 2024

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Upcoming Dates

March

Kansas State Bank Combating Fraud Seminar, Ottawa, KS

28

April

NCOIL Spring National Meeting, Nashville, TN

11-14

April

CE: Law Enforcement Training, Bonner Springs, KS

17

April

CE: Know Your Regulator: Do's and Don'ts of Producer Licensing,
Topeka, KS

30

June

CE: Know Your Regulator: What to Know About Insurance Fraud,
Topeka, KS

25

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