

40-4909. Same; suspension, denial of, revocation or refusal to renew license; grounds; hearing; powers of commissioner. (a) The commissioner may deny, suspend, revoke or refuse renewal of any license issued under this act if the commissioner finds that the applicant or license holder has:

- (1) Provided incorrect, misleading, incomplete or untrue information in the license application.
- (2) Violated:
 - (A) Any provision of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, or any rule and regulation promulgated thereunder;
 - (B) any subpoena or order of the commissioner;
 - (C) any insurance law or regulation of another state; or
 - (D) any subpoena or order issued by the regulatory official for insurance in another state.
- (3) Obtained or attempted to obtain a license under this act through misrepresentation or fraud.
- (4) Improperly withheld, misappropriated or converted any moneys or properties received in the course of doing insurance business.
- (5) Intentionally misrepresented the provisions, terms and conditions of an actual or proposed insurance contract or application for insurance.
- (6) Been convicted of a misdemeanor or felony.
- (7) Admitted to or been found to have committed any insurance unfair trade practice or fraud in violation of K.S.A. 40-2404, and amendments thereto.
- (8) Used any fraudulent, coercive, or dishonest practice, or demonstrated any incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.
- (9) Had an insurance agent license, or its equivalent, denied, suspended or revoked in any other state, district or territory.
- (10) Forged another person's name to an application for insurance or to any document related to an insurance transaction.
- (11) Improperly used notes or any other reference material to complete an examination for an insurance license issued under this act.
- (12) Knowingly accepted insurance business from an individual who is not licensed.
- (13) Failed to comply with any administrative or court order imposing a child support obligation upon the applicant or license holder.
- (14) Failed to pay any state income tax or comply with any administrative or court order directing payment of state income tax.
- (15) Rebated the whole or any part of any insurance premium or offered in connection with the presentation of any contract of insurance any other inducement not contained in the contract of insurance.
- (16) Made any misleading representation or incomplete comparison of policies to any person for the purposes of inducing or tending to induce such person to lapse, forfeit or surrender such person's insurance then in force.

(b) In addition, the commissioner may suspend, revoke or refuse renewal of any license issued under this act if the commissioner finds that the interests of the insurer or the insurable interests of the public are not properly served under such license.

(c) Any action taken under this section which affects any license or imposes any administrative penalty shall be taken only after notice and an opportunity for a hearing conducted in accordance with the provisions of the Kansas administrative procedures act.

(d) The license of any business entity may be suspended, revoked or refused renewal if the insurance commissioner finds that any violation committed by an individual licensee employed by or acting on behalf of such business entity was known by or should have been known by one or more of the partners, officers or managers acting on behalf of the business entity and:

- (1) Such violation was not reported to the insurance commissioner by such business entity; or
 - (2) such business entity failed to take any corrective action.
- (e) None of the following actions shall deprive the commissioner of any jurisdiction or right to institute or proceed with any disciplinary proceeding against such license, to render a decision suspending, revoking or refusing to renew such license, or to establish and make a record of the facts of any violation of law for any lawful purpose:
- (1) The imposition of an administrative penalty under this section;
 - (2) the lapse or suspension of any license issued under this act by operation of law;
 - (3) the licensee's failure to renew any license issued under this act; or
 - (4) the licensee's voluntary surrender of any license issued under this act. No such disciplinary proceeding shall be instituted against any licensee after the expiration of two years from the termination of the license.

(f) Whenever the commissioner imposes any administrative penalty or denies, suspends, revokes or refuses renewal of any license pursuant to subsection (a), any costs incurred as a result of conducting an administrative hearing authorized under the provisions of this section shall be assessed against the person who is the subject of the hearing or any business entity represented by such person who is the party to the matters giving rise to the hearing. As used in this subsection, "costs" shall include witness fees, mileage allowances, any costs associated with the reproduction of documents which become a part of the hearing record and the expense of making a record of the hearing.

(g) No person whose license as an agent or broker had been suspended or revoked shall be employed by any insurance company doing business in this state either directly, indirectly, as an independent contractor or otherwise to negotiate or effect contracts of insurance, suretyship or indemnity or perform any act toward the solicitation of or transaction of any business of insurance during the period of such suspension or revocation.

(h) In lieu of taking any action under subsection (a), the commissioner may:

- (1) Censure the person; or
- (2) issue an order imposing an administrative penalty up to a maximum of \$500 for each violation but not to exceed \$2,500 for the same violation occurring within any six consecutive calendar months from the date of the original violation unless such person knew or should have known that the violative act could give rise to disciplinary action under subsection (a). If such person knew or reasonably should have known the violative act could give rise to any disciplinary proceeding authorized by subsection (a), the commissioner may impose a penalty up to a maximum of \$1,000 for each violation but not to exceed \$5,000 for the same violation occurring within any six consecutive

calendar months from the date of the imposition of the original administrative penalty.

History: L. 2001, ch. 91, § 9; L. 2002, ch. 158, § 21; May 23.