

2021 Kansas Statutes

40-112. Insurance department service regulation fund; disposition of fees and certain taxes; assessments for maintenance and expenses of department; credit for payments to other states; exemptions; penalties and interest; transfers from state general fund, temporary insufficiencies. (a) For the purpose of maintaining the insurance department and the payment of expenses incident thereto, there is hereby established the insurance department service regulation fund in the state treasury which shall be administered by the commissioner of insurance. All expenditures from the insurance department service regulation fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the commissioner of insurance or by a person or persons designated by the commissioner.

(b) On and after the effective date of this act, all fees received by the commissioner of insurance pursuant to any statute and 1% of taxes received pursuant to K.S.A. 40-252, and amendments thereto, shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the insurance department service regulation fund.

(c) Except as otherwise provided by this section, the commissioner of insurance shall make an annual assessment on each group of affiliated insurers whose certificates of authority to do business in this state are in good standing at the time of the assessment. The total amount of all such assessments for a fiscal year shall be equal to the amount sufficient which, when combined with the total amount to be credited to the insurance department service regulation fund pursuant to subsection (b) is equal to the amount approved by the legislature to fund the insurance company regulation program. With respect to each group of affiliated insurers, such assessment shall be in proportion to the amount of total assets of the group of affiliated insurers as reported to the commissioner of insurance pursuant to K.S.A. 40-225, and amendments thereto, for the immediately preceding calendar year, shall not be less than \$500 and shall not be more than the amount equal to .0000015 of the amount of total assets of the group of affiliated insurers or \$25,000, whichever is less. The total assessment for any fiscal year shall not increase by any amount greater than 15% of the total budget approved by the legislature to fund the insurance company regulation program for the fiscal year immediately preceding the fiscal year for which the assessment is made. In the event the total amount of the assessment would be less than the aggregate amount resulting by assessing the \$500 minimum on each insurer, the commissioner may establish a lower minimum to be assessed equally on each insurer.

(d) If, by the laws of any state other than Kansas or by the retaliatory laws of any state other than Kansas, any insurer domiciled in Kansas shall be required to pay any fee or tax in such other state of licensure, and the fee or tax is due and payable either because the insurance department service regulation fee imposed by this section on insurers licensed in Kansas and organized or domiciled in such other state is greater than the comparable fee or tax assessed in such other state, or such other state has no comparable fee or tax but requires payment on a retaliatory basis, then to the extent such fee or tax amounts are legally due and are paid in such other state, any insurer domiciled in Kansas may claim a dollar-for-dollar credit for such fees paid against insurer's annual premium taxes due the state of Kansas under K.S.A. 40-252, and amendments thereto, or privilege fee due the state of Kansas under K.S.A. 40-3213, and amendments thereto, but such credit shall only be calculated on the amount which would not have been required to be paid in such other state of licensure in the absence of the existence of the insurance department service regulation

fee imposed by this section, and in no event shall the credit permitted by this section exceed 90% of the insurer's annual premium tax or privilege fee due the state of Kansas. The insurance commissioner shall prescribe the forms for reporting such credits.

(e) Assessments payable under this section shall be past due if not paid to the insurance department within 45 days of the billing date of such assessment. A penalty equal to 10% of the amount assessed shall be imposed upon any past due payment and the total amount of the assessment and penalty shall bear interest at the rate of 1.5% per month or any portion thereof.

(f) When there exists in the insurance department service regulation fund a deficiency which would render such fund temporarily insufficient during any fiscal year to meet the insurance department's funding requirements, the commissioner of insurance shall certify the amount of the insufficiency. Upon receipt of any such certification, the director of accounts and reports shall transfer an amount of moneys equal to the amount so certified from the state general fund to the insurance department service regulation fund. On June 30 of any fiscal year during which an amount or amounts are certified and transferred under this subsection, the director of accounts and reports shall provide for the repayment of the amounts so transferred and shall transfer the amount equal to the total of all such amounts transferred during the fiscal year from the insurance department service regulation fund to the state general fund.

(g) Any unexpended balance in the insurance department service regulation fund at the close of a fiscal year shall remain credited to the insurance department service regulation fund for use in the succeeding fiscal year and shall be used to reduce future assessments or to accommodate cash flow demands on the fund.

(h) The commissioner of insurance shall exempt the assessment of any insurer which, as of December 31 of the calendar year preceding the assessment, has a surplus of less than two times the minimum amount of surplus required for a certificate of authority on and after May 1, 1994, and which is subject to the premium tax or privilege fee liability imposed on insurers organized under the laws of this state. The commissioner of insurance may also exempt or defer, in whole or in part, the assessment of any other insurer if, in the opinion of the commissioner of insurance, immediate payment of the total assessment would be detrimental to the solvency of the insurer.

(i) As used in this section:

(1) "Affiliates" or "affiliated" has the meaning ascribed by K.S.A. 40-3302, and amendments thereto;

(2) "group" or "group of affiliated insurers" means the affiliated insurers of a group and also includes an individual, unaffiliated insurer; and

(3) "insurer" means any insurance company, as defined by K.S.A. 40-201, and amendments thereto, any fraternal benefit society, as defined by K.S.A. 40-738, and amendments thereto, any reciprocal or interinsurance exchange under K.S.A. 40-1601 through 40-1614, and amendments thereto, any mutual insurance company organized to provide health care provider liability insurance under K.S.A. 40-12a01 through 40-12a09, and amendments thereto, any nonprofit dental service corporation under K.S.A. 40-19a01 through 40-19a14, and amendments thereto, any nonprofit medical and hospital service corporation under K.S.A. 40-19c01 through 40-19c11, and amendments thereto, any health maintenance organization, as defined by K.S.A. 40-3202, and amendments thereto, or any captive insurance company, as defined by K.S.A. 40-4301, and amendments thereto, which is authorized to do business in Kansas.

History: L. 1992, ch. 154, § 1; L. 1997, ch. 8, § 2; L. 1998, ch. 174, § 32; L. 1999, ch. 95, § 1; L. 2001, ch. 5, § 113; July 1.