

Regulator Roundup

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KANSAS
DEPARTMENT
OF INSURANCE

Commissioner's Report

Welcome to the first edition of the Regulator Roundup for 2025! This spring edition comes with updates on the Department's legislative agenda, as well as some of the latest regulatory news.

It has already been a busy year for the weather! Blizzards, dust storms, and fires – Kansas has seen all of it and more, and severe weather season is just getting started. As always, the Department is here to assist the industry in navigating the regulatory environment as well as assisting Kansans with any insurance issue they may have. Rain, snow, or shine – I want to hear from you if you are having a problem!

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

Vicki Schmidt

Kansas Insurance Commissioner





Legislative Update

The Kansas Department of Insurance has been hard at work advocating for responsible and sound legislative changes. Below are some of the highlights of the Department's legislative initiatives so far this session:

Elimination of the Producer Appointment Renewal Fee

In Kansas, each producer appointment costs \$2 for domestic insurers and \$5 for foreign insurers, per producer, per year. **House Bill 2050** eliminates the producer appointment renewal fee.

The initial appointment will act as a perpetual appointment and will exist until such appointment is terminated. Beginning July 1, 2025, the appointment fee will be required only when appointing new producers. Current appointments will not need to be renewed, as appointments will act as perpetual appointments. Notifying the Department of termination of an appointment will also still be required. The elimination of this fee is expected to reduce revenue to the Department by approximately \$6 million annually.

The bill passed the Kansas House of Representatives on a vote of 120-5 and the Senate on a vote of 40-0. The bill has been sent to the governor for consideration.

Flexibility to Lower Fees

House Bill 2050 also grants the Insurance Commissioner the flexibility to lower over more than 100 statutorily set fees. The Commissioner is required to publish these fees for the next calendar year prior to December 1. These fees include registration, license, certificates of authority, and application fees for a wide variety of entities regulated by the Department. Any of these fees lowered by the Commissioner could begin in 2026.

As a reminder, two years ago, legislation introduced by the Department to lower licensure fees was signed into law. The Commissioner slashed initial licensure fees for resident and nonresident producers, yielding savings of over \$1 million for new producers in 2024. These same reduced fees are effective for 2025, and it is expected to yield savings of another \$1 million for new producers.

The bill passed the Kansas House of Representatives on a vote of 120-5 and Senate on a vote of 40-0. The bill has been sent to the governor for consideration.

Real-Time Verification of Auto Insurance

Senate Bill 42 creates a system to verify auto insurance in real time and will identify which registered vehicles are uninsured in Kansas. Insurers will be required to submit their books of business to the Kansas Department of Revenue (KDOR), and the state will cross reference the vehicle identification number—via the verification system—with any insurance policy that may exist, and identify those without insurance. The system will be fully integrated with the Kansas Criminal Justice Information System to equip law enforcement with the ability to also verify insurance status during a traffic stop or accident.

The court system and country treasurers in Kansas will also utilize this system to verify insurance.

Approximately 8% of Kansas vehicles remain uninsured in Kansas. During 2021 and 2022, insurers in Kansas writing auto policies paid \$51.9 million in claims involving uninsured motorists. This legislation mirrors the Insurance Industry Committee on Motor Vehicle Administration's model law on real-time verification. Kansas would join 20 other states that have enacted the same or similar programs, where some states have cut their uninsured motorist rates by half.

The bill passed the Kansas House of Representatives on a vote of 124-1 and the on a vote of Senate 39-1. The bill has been sent to the governor for consideration.

Consumer Complaints, Faster Response Times

Senate Bill 42 also requires insurers and producers to respond to inquiries from the Insurance Commissioner, concerning consumer complaints, within 14 calendar days. Since the 1980s, the requirement to respond to consumer complaints via the Department has been 15 business days. 15 business days translates into three full weeks, where the Department, and by extension the consumer, may be waiting for a reply. The KDOI views 14 calendar days—two full weeks—as a balance between the needs of the consumer and all other parties involved, especially since we utilize electronic communication.

Kansas recently became the first department of insurance to pilot and implement a centralized consumer complaint portal through SBS for Organizations, known as the External Company Complaint Portal. This is the one-stop shop for insurer complaint personnel to upload and share documents and correspondence with KDOI staff incredibly more efficiently.

The bill passed the Kansas House of Representatives on a vote of 124-1 and the on a vote of Senate 39-1. The bill has been sent to the governor for consideration.

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

Commissioner Schmidt urges abolishment of the Federal Insurance Office

On December 20, 2024, Commissioner Schmidt joined eight other insurance regulators from across the country in sending a letter to the Department of Government Efficiency and members of Congress urging them to consider the abolishment of the Federal Insurance Office (FIO). The FIO, created by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, holds purported mission—monitoring the insurance industry, collecting data, identifying systemic risks, and promoting global insurance regulation—is already effectively fulfilled by state regulators. FIO stands as an anomaly that threatens this precedent, leads to confusion and duplication of effort, and creates unnecessary and counterproductive conflict between the federal government and the states.

Congress has repeatedly affirmed the primacy of state insurance regulation, from the passage of the McCarran Ferguson Act in 1945. State-based regulation of insurance remains the best way to insure a fair and competitive insurance market for consumers. Congress has also taken action to abolish FIO. Originally introduced by the former insurance commissioner of Montana, Congressman Troy Downing, H.R. 643, the *Federal Insurance Office Elimination Act*, eliminates the FIO and rightfully reestablishes states' ability to maintain regulatory authority over the industry. Kansas Congressman Derek Schmidt co-sponsored the act. For full letter, click [here](#).

KSA 59-105 - Divorce and Insurance

While not contained within the Kansas Insurance Chapter; the Department has noticed an increase in complaints related to K.S.A. 59-105, which has an effect on insureds, agents, and companies when it comes to life insurance. The statute dictates that generally all revocable property interests and grants of authority are revoked upon divorce or annulment of marriage. This would include beneficiary designations on life insurance policies. When navigating through a divorce, be sure to communicate with your agent and/or divorce attorney to see if this statute applies to your policy. Changes in life happen, life insurance intensions don't have to.

For full statute, click [here](#).

Liquidations and Rehabilitations

MAX Liquidation Update

On Tuesday, March 11, 2025, the Department and Liquidators of MutualAid eXchange ("MAX") appeared before the District Court of Shawnee County, Kansas for a hearing on the Third Claims Review Report and Third Semi-Annual Report that were submitted to the Court as part of the MAX liquidation. The reports include information about ongoing review of proofs of claim (the Court has approved the disposition of 725 of the 802 submitted proofs of claims to date), requests to finalize an additional 12 proofs of claim, updates on company finances and unearned commissions, and updated totals for the first asset distribution from the estate totaling \$7,660,452.36.

For additional information about the MAX liquidation and to view copies of the Claims Review Report and Semi-Annual Report, please visit www.maxinsurance.com or <https://insurance.kansas.gov/legal-issues/>.

Key Insurance Company Rehabilitation

On Monday, March 3, 2025, The District Court of Shawnee County, Kansas, placed Key Insurance Company, a domestic stock property and casualty insurance company licensed to conduct business in Kansas, Alabama, Arizona, Missouri, Nevada, and Oklahoma into Rehabilitation. The Department filed a Petition for Rehabilitation with the consent of Key's board of directors due to Key's hazardous financial condition. On March 18, 2025, the Department, following evaluation of Key's financial condition, including review of Key's 2024 annual statement, filed a Petition for Liquidation of Key Insurance with the Court. A hearing on the Department's Petition is set for March 31, 2025.

For additional information about Key and to view copies of the Petition and Order of Rehabilitation as well as the Petition for Liquidation, please visit www.keyinsco.com or <https://insurance.kansas.gov/legal-issues/>.

FRA Process Update

The deadline for submitting the CY2024 Annual Declaration form, Financial Statement and other necessary supporting documentation is **due on or before April 1** for your Firefighter Relief Association ("FRA"). If the Financial Statement,

CY2024 Declaration for Participation form, and the supporting documentation has not been received by April 1, then the FRA **will NOT receive a monetary distribution** until all proper documentation is received.

Department Updates

Smart Invest KS

Smart Invest KS aims to increase investor education. Check out our newly branded webpage at SmartInvestKS.gov



Growing the team!

The Department is always looking for dedicated professionals to join our team. If you know someone who might be interested, please share this link with them!

www.insurance.kansas.gov/employment-opportunities/.

Upcoming continuing education series from KAIA and the Kansas Department of Insurance

The next session of the Know Your Regulator continuing education series from KAIA and the Department will be April 8, 2025!

The presentation will give a brief overview and the opportunity to ask any burning questions about the Consumer Assistance Division. Department staff will walk attendees through the complaint process, explain the IMR process and upcoming legislation.



Know your Regulator Continuing Education Series:

Consumer Assistance

April 8, 2025

10:00am - 11:00am

This event will be hybrid, hosted at KAIA's Topeka office as well as virtually. Click [here](#) for registration link. Be sure to follow the [Department](#) and [KAIA](#) on social media to stay up-to-date.

