

HOUSE BILL No. 2500

By Committee on Insurance

1-21

10 AN ACT concerning cities and municipalities; relating to municipal in-
11 surance pools; amending K.S.A. 12-2618 and repealing the existing
12 section.
13

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

15 Section 1. K.S.A. 12-2618 is hereby amended to read as follows: 12-
16 2618. Application for a certificate of authority to operate a pool shall be
17 made to the commissioner of insurance not less than 30 days prior to the
18 proposed inception date of the pool. The application shall include the
19 following:

20 (a) A copy of the bylaws of the proposed pool, a copy of the articles
21 of incorporation, if any, and a copy of all agreements and rules of the
22 proposed pool. If any of the bylaws, articles of incorporation, agreements
23 or rules are changed, the pool shall notify the commissioner within 30
24 days after such change.

25 (b) Designation of the initial board of trustees and administrator.
26 When there is a change in the membership of the board of trustees or
27 change of administrator, the pool shall notify the commissioner within 30
28 days after such change.

29 (c) The address where the books and records of the pool will be
30 maintained at all times. If this address is changed, the pool shall notify
31 the commissioner within 30 days after such change.

32 (d) Evidence that the annual Kansas gross premium of the pool will
33 be not less than \$250,000 for each of the categories described in subpar-
34 agraphs (1) through (4) of this subsection: (1) All property insurance un-
35 der article 9 of chapter 40 of the Kansas Statutes Annotated except motor
36 vehicle physical damage; (2) motor vehicle liability and physical damage
37 insurance; (3) workers' compensation and employers' liability insurance;
38 (4) all casualty insurance under article 11 of chapter 40 of the Kansas
39 Statutes Annotated except insurance under categories (2) and (3) above;
40 (5) group sickness and accident insurance if at the date of issue the annual
41 gross premium for such coverage will be not less than \$1,000,000; and
42 (6) group life insurance if at the date of issue the coverage will insure at
43 least 60% of the eligible participants or the total number of persons cov-

1 ered will exceed 600. The pool shall notify the commissioner within 30
2 days if the minimum premium qualification or participation requirement
3 is less than that specified in this subsection for any of the above categories
4 of insurance.

5 (e) An agreement binding the group and each member thereof to
6 comply with the provisions of the workers compensation act if such cov-
7 erage is to be provided by the pool. For all lines of coverage, all members
8 of the pool shall be jointly liable for the payment of claims to the extent
9 of the assets of the pool.

10 (f) A copy of the procedures adopted by the pool to provide services
11 with respect to underwriting matters and, with respect to the categories
12 identified in subsection (d)(1) through (4), safety engineering.

13 (g) A copy of the procedures adopted by the pool to provide claims
14 adjusting and accumulation of income and expense and loss data.

15 (h) A confirmation that specific and aggregate excess insurance pro-
16 vided by an insurance company holding a Kansas certificate of authority
17 *or reinsurance approved by the commissioner* is or will be in effect con-
18 current with the assumption of risk by the pool, as selected by the board
19 of trustees of the pool, or adequate surplus funds as approved by the
20 commissioner, in the pool. The pool shall notify the commissioner within
21 30 days of any change in the specific or aggregate excess insurance **or**
22 **reinsurance** carried by the pool. For the purposes hereof, “surplus
23 funds” shall mean retained earnings of the pool after reserves have been
24 established for all known and incurred but not reported losses of the pool
25 and after all other liabilities of the pool, including unearned premium
26 reserves, have been deducted from total assets. The term “adequate sur-
27 plus funds” shall mean the amount necessary for the pool to fund its self-
28 insured obligations.

29 (i) After evaluating the application the commissioner shall notify the
30 applicant if the plan submitted is inadequate, fully explaining to the ap-
31 plicant what additional requirements must be met. If the application is
32 denied, the applicant shall have 10 days to make an application for hearing
33 by the commissioner after the denial notice is received. A record shall be
34 made of such hearing, and the cost thereof shall be assessed against the
35 applicant requesting the hearing.

36 (j) Any other relevant factors the commissioner may deem necessary.

37 Sec. 2. K.S.A. 12-2618 is hereby repealed.

38 Sec. 3. This act shall take effect and be in force from and after its
39 publication in the statute book.