

HOUSE BILL No. 2077

By Committee on Insurance

1-24

1 AN ACT concerning worker's compensation; relating to group-funded
2 pool filings to the insurance commissioner; amending K.S.A. 2010
3 Supp. 44-584 and repealing the existing section.
4

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

6 Section 1. K.S.A. 2010 Supp. 44-584 is hereby amended to read as
7 follows: 44-584. (a) The application for a new certificate shall be signed
8 by the trustees of the trust fund created by the pool. Any application for a
9 renewal of an existing certificate shall meet at least the standards
10 established in subsections (a)(6) through (a)(14) of K.S.A. 44-582 and
11 amendments thereto. After evaluating the application the commissioner
12 shall notify the applicant that the plan submitted is approved or
13 conversely, if the plan submitted is inadequate, the commissioner shall
14 then fully explain to the applicant what additional requirements must be
15 met. If the application is denied, the applicant shall have 15 days to make
16 an application for hearing by the commissioner after service of the denial
17 notice. The hearing shall be conducted in accordance with the provisions
18 of the Kansas administrative procedure act.

19 (b) An approved certificate of authority shall remain in full force
20 and effect until such certificate is suspended or revoked by the
21 commissioner. An existing pool operating under an approved certificate
22 of authority must file with the commissioner, within 120 days following
23 the close of the pool's fiscal year, a current financial statement on a form
24 approved by the commissioner showing the financial ability of the pool to
25 meet its obligations under the worker compensation act and confirmation
26 of specific and aggregate excess insurance as required by law for the
27 pool. If an existing pool's certificate of authority is suspended or revoked,
28 such pool shall have the same rights to a hearing by the commissioner as
29 for applicants for new certificates of authority as set forth in subsection
30 (a) above.

31 (c) Whenever the commissioner shall deem it necessary the
32 commissioner may make, or direct to be made, an examination of the
33 affairs and financial condition of any pool in accordance with K.S.A. 40-
34 222 and 40-223 and amendments thereto, except that once every five
35 years the commissioner shall conduct an examination of the affairs and
36 financial condition of each pool. Each pool shall submit a certified

1 independent audited financial statement no later than ~~90~~150 days after the
2 end of the pool's fiscal year. The financial statement shall include
3 outstanding reserves for claims and for claims incurred but not reported.
4 Each pool shall file payroll records, accident experience and
5 compensation reports and such other reports and statements at such times
6 and in such manner as the commissioner shall require. Whenever it
7 appears to the commissioner from such examination or other satisfactory
8 evidence that the solvency of any such pool is impaired, or that it is doing
9 business in violation of any of the laws of this state, or that its affairs are
10 in an unsound condition so as to endanger its ability to pay or cause to be
11 paid the compensation in the amount, manner and time due as provided
12 for in the Kansas workers compensation act, the commissioner shall,
13 before filing such report or making the same public, grant such pool upon
14 reasonable notice a hearing in accordance with the provisions of the
15 Kansas administrative procedure act, and, if on such hearing the report be
16 confirmed, the commissioner shall suspend the certificate of authority for
17 such pool until its solvency shall have been fully restored and the laws of
18 the state fully complied with. The commissioner may, if there is an
19 unreasonable delay in restoring the solvency of such pool and in
20 complying with the law, revoke the certificate of authority of such pool to
21 do business in this state. Upon revoking any such certificate the
22 commissioner shall communicate the fact to the attorney general, whose
23 duty it shall be to commence and prosecute an action in the proper court
24 to dissolve such pool or to enjoin the same from doing or transacting
25 business in this state. The commissioner of insurance may call a hearing
26 under K.S.A. 40-222b, and amendments thereto, and the provisions shall
27 apply to group workers compensation pools.

28 Sec. 2. K.S.A. 2010 Supp. 44-584 is hereby repealed.

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