

## 2012 Kansas Statutes

**40-956. Same; rating organizations; licensure, fee, suspension or revocation; subscriber discrimination and certain rules prohibited; examinations, costs; authorized cooperation and transactions.** (a) Any corporation, association, partnership or individual whether located in or out of the state, may apply for license as a rating organization for such kinds of insurance or subdivisions thereof as are specified in its application and shall file therewith: (1) a copy of its constitution, articles of agreement or association or certificate of incorporation, and its bylaws and rules governing the conduct of its business; (2) a list of its members and subscribers; (3) the name and address of a resident of the state upon whom service of process or orders of the commissioner may be served and an irrevocable agreement to accept such service or notices; and (4) a statement of its qualification as a rating organization. Every rating organization shall notify the commissioner promptly of every change in its organizational structure, members or subscribers and the person upon whom service or notices may be made. If the commissioner finds the applicant is qualified, the commissioner shall issue a license specifying the kinds of insurance or subdivisions thereof for which the applicant is authorized to act as a rating organization. Every such application shall be granted or denied in whole or in part by the commissioner within 60 days of the date of its filing. Licenses issued pursuant to this section shall continue in force until May 1 next after their date unless suspended or revoked by the commissioner. The fee for such license shall be \$25 annually. Licenses issued pursuant to this section may be suspended or revoked by the commissioner, after hearing upon notice, in the event the rating organization ceases to meet the requirements of this section.

(b) Every rating organization shall furnish its rating services without discrimination to its members and subscribers. Subject to rules which have been approved by the commissioner as reasonable, each rating organization shall permit any insurer or group pool, not a member, to be a subscriber to its rating service for any kind of insurance or subdivision thereof for which it is authorized to act as a rating organization. The reasonableness of any rule in its application to subscribers, or the refusal of any rating organization to admit an insurer or group pool as a subscriber, at the request of any subscriber, pool or any insurer shall be reviewed by the commissioner at a hearing.

(c) No rating organization shall adopt any rule, the effect of which would be to prohibit or regulate the payment of dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers.

(d) The commissioner, at least once in five years, shall make or cause to be made an examination of each rating organization licensed in this state. The reasonable costs of such examination shall be paid by the rating organization examined, upon presentation to it of a detailed account of such cost. The officers, managers, agents and employees of such rating organization may be examined under oath and shall exhibit all books, records, accounts, documents or agreements governing its method of operation. The commissioner may waive such examination upon proof such rating organization has, within a reasonably recent period, been examined by the insurance supervisory official of another state, and upon filing with the commissioner a copy of the report of such examination.

(e) Cooperation among rating organizations or among rating organizations and insurers in rate making or in other matters within the scope of this act is hereby authorized, provided the filings resulting from such cooperation are subject to all the provisions of this act which are applicable to filings generally. The commissioner may review such cooperative activities and practices and if, after a hearing, the commissioner finds any such activity or practice is unfair, unreasonable or otherwise inconsistent with this act or other provision of the insurance laws of this state, the commissioner may issue a written order requiring discontinuance of such activities or practices.

(f) Any rating organization may provide for the examination of policies, daily reports, binders and other transaction with its members or subscribers, providing it makes reasonable rules governing those activities, which rules shall be approved by the commissioner. Such rules shall contain a provision that in the event any insurer does not within 60 days furnish satisfactory evidence to the rating organization of the correction of any error or omissions previously called to its attention by the rating organization, it shall be the duty of the rating organization to notify the commissioner thereof. All information submitted for examination shall be confidential.

(g) Any rating organization may subscribe for or purchase actuarial, technical or other services, and such services shall be available to all members and subscribers without discrimination. Any rating organization may collect, compile and distribute past and current premiums of individual insurers.

**History:** L. 1997, ch. 154, § 6; July 1.