

9-1301. Deposit insurance or fidelity bond to insure deposits required; bond requirements; annual audit, when; revocation of authority to do business, when; attorney general's duties. Every bank operating under the provisions of this act and authorized to receive deposits of money shall insure the deposits of each depositor with the federal deposit insurance corporation, or its successor, or with an insurer approved by the state commissioner of insurance in an amount not less than that provided by the federal deposit insurance corporation and shall pay all charges or assessments levied by such deposit insurance corporation, or its successor or such other insurer. Every state bank that accepts deposits of money which does not insure with the federal deposit insurance corporation shall furnish a blanket fidelity bond on all of its officers and employees in a principal amount of not less than 100% of the average total amount of all deposits in the bank, that average total deposits shall mean the average of the total amounts on deposit in such bank on June 30 and December 31 next preceding. The bond shall be executed by a corporate surety authorized to do business in the state and shall be held by the state bank commissioner for the benefit of the depositors of the bank; and if a receiver is appointed, the commissioner shall collect any moneys due under such bond for the benefit of the depositors. The bond shall provide that it cannot be canceled until at least 30 days after notice has been given to the state bank commissioner unless the commissioner shall authorize its cancellation at an earlier date. The premium on such bond shall be paid by the bank.

Any bank furnishing the bond shall also cause a certified audit of its books and accounts to be made once in each calendar year by an independent certified public accountant licensed to do business in the state or an independent auditor approved by the commissioner, and the accountant or auditor shall audit and verify every account of the bank. The cost of any such audit shall be paid by the bank, and a copy of the report of such audit shall be filed with the state bank commissioner. Upon receipt of the report, the bank commissioner shall examine the report and shall transmit the report, with any recommendations as to action thereon, to the state banking board and the state banking board shall, without delay, take such necessary action as may be indicated by the audit report and the recommendations of the commissioner.

Whenever a bank shall fail to comply with the provisions of this section, the commissioner shall notify the bank that a continuation of such failure will result in the revocation of its authority to do business. If after receipt of such notice the bank fails or refuses to comply, the commissioner shall after a hearing or an opportunity for a hearing has been given to such bank, revoke its authority to transact business in this state. Hearings shall be conducted in accordance with the provisions of the Kansas administrative procedure act. The bank commissioner may grant a reasonable extension of time for compliance with this section under such rules and regulations as the state banking board may adopt. During the period of any such extension of time, the bank receiving the same shall give notice to persons making deposits, and include in all advertisements made for the purpose of securing deposits, a statement that the deposits of such bank are uninsured. The commissioner shall give written notice of such revocation to the president, cashier, or other managing officer of such bank, and by publishing a copy of the order of revocation in the Kansas register. The attorney general shall, at the request of the commissioner, then begin action for the appointment of a receiver for such bank and to dissolve same; and the receiver appointed shall take charge of such bank and liquidate the affairs and business in the same manner as provided in article 19 of chapter 9 of the Kansas Statutes Annotated, and any amendments thereto.

History: L. 1947, ch. 102, § 59; L. 1959, ch. 60, § 1; L. 1975, ch. 45, § 2; L. 1981, ch. 54, § 1; L. 1981, ch. 324, § 6; L. 1988, ch. 356, § 38; L. 1989, ch. 48, § 37; July 1.