

**34-236. Insurance.** (a) Every public warehouseman shall at all times keep the grain stored in such warehouseman's warehouse insured in some reliable insurance company authorized to do business in the state of Kansas. Such grain is to be insured for its full market value, less the deductible amount provided herein, against loss by fire, internal explosion, lightning, and tornado and failure to do so shall make the public warehouseman liable for the same on such warehouseman's bond or letter of credit for the benefit of the owner or owners and the owners of warehouse receipts and storage receipts issued by any public warehouse shall have a first lien, to the extent of the value of the grain at the time of destruction at the place where stored, on all such insurance for any loss or injury sustained by them on account of the destruction or injury of such grain by fire, internal explosion, lightning or tornado or any other cause covered by such insurance policy.

(b) Fraud or criminal act of the warehouseman to which the holder of a warehouse receipt or other interested person is not a party shall not deprive the holder of a warehouse receipt or storage receipt or other interested person of such person's right of recovery under such policy of insurance. Nothing in this act shall be construed to require the insurer to pay any loss or damage in excess of the amount of insurance effective under its policy or to pay for any loss or damage not insured against by its policy. In case of a fire, lightning or tornado, which shall destroy all or part of the grain stored in any public warehouse, the public warehouseman shall, upon demand by the owner of the grain, or holder of any warehouse receipt, or receipts, for such grain, and upon being presented with the warehouse receipt, or receipts, make settlement for the value of the grain covered by the warehouse receipt, or receipts, after deducting the warehouse charges, at the market value of same, basing said value at the average price paid for grain of the same grade at the station where the public warehouse is located on the date of the destruction. Without in any way limiting the warehouseman's liability under this section, the warehouseman may carry a standard form of insurance policy approved for grain warehousemen with a total deductible provision on the contents not to exceed \$10,000, except that the secretary upon a finding that it is necessary to protect the public may order that a warehouseman's total deductible provision be an amount less than \$10,000 as specified by the secretary.

**History:** L. 1931, ch. 194, § 14; L. 1945, ch. 211, § 1; L. 1970, ch. 156, § 3; L. 1973, ch. 180, § 1; L. 1989, ch. 121, § 4; L. 1997, ch. 160, § 26; L. 2000, ch. 30, § 4; Mar. 30.