

**40-1226. Additional kinds of insurance authorized; surplus and deposit requirements.** (a) Any insurance company organized and existing under article 12 of chapter 40 of the Kansas Statutes Annotated, and amendments thereto, may make and issue contracts of insurance, in addition to the kinds of insurance specified in K.S.A. 40-1203, and amendments thereto, which include such amount and kind of insurance against legal liability for injury, damage or loss to the person or property of others, and for medical, hospital and surgical expense related to such injury, as the commissioner of insurance deems to be reasonably incidental to insurance of real or personal property against fire or other perils under policies covering residential properties involving not more than two families with or without incidental office, professional, private school or studio occupancy by an insured, whether or not the premium or rate charged for certain perils so covered is specified in the policy. Any provision of K.S.A. 40-1204, and amendments thereto, to the contrary notwithstanding: (1) No insurer having a bona fide net surplus of at least \$1,000,000 but less than \$1,500,000 authorized as to property insurance only shall, pursuant to this subsection (a), retain risk as to any one subject of insurance as to hazards other than property insurance hazards in an amount exceeding 3% of its surplus to policyholders; and (2) no insurer which has a bona fide net surplus of less than \$1,000,000 but at least \$750,000 authorized as to property insurance only shall, pursuant to this subsection (a), retain any risk other than property insurance hazards, and all such companies shall reinsure all such risks as to hazards other than property insurance hazards.

(b) It is required when a company is acting under subsection (a) that its board of directors authorize such action by the affirmative vote of at least 2/3 of its membership. Any company which has acted under this section shall certify such action to the commissioner of insurance, together with a statement showing its financial status and a net surplus sufficient to warrant such action.

(c) Any company operating under this section shall maintain unearned premium reserves equal to a pro rata amount of the premiums received on all unexpired risks, and such unearned premium reserves shall be held and regarded as an absolute liability of the company.

**History:** L. 1994, ch. 87, § 1; April 7.