

**As Amended by House Committee**

---

***As Amended by Senate Committee***

---

*Session of 2017*

**SENATE BILL No. 16**

By Committee on Financial Institutions and Insurance

1-12

1 AN ACT concerning insurance; relating to insurers; ~~pertaining to~~  
2 ~~enterprise risk reports~~; internationally active insurance groups;  
3 corporate governance; ~~amending K.S.A. 2016 Supp. 40-3305 and~~  
4 ~~repealing the existing section.~~

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

7 ~~New~~ Section 1. (a) The commissioner is authorized to act as the  
8 group-wide supervisor for any internationally active insurance group in  
9 accordance with the provisions of this section. However, the commissioner  
10 may acknowledge another regulatory official as the group-wide supervisor  
11 where the internationally active insurance group:

12 (1) Does not have substantial insurance operations in the United  
13 States;

14 (2) has substantial insurance operations in the United States, but not  
15 in this state; or

16 (3) has substantial insurance operations in the United States and this  
17 state, but the commissioner has determined pursuant to the factors set forth  
18 in subsections (b) and (f) that the other regulatory official is the  
19 appropriate group-wide supervisor.

20 An insurance holding company system that does not otherwise qualify  
21 as an internationally active insurance group may request that the  
22 commissioner make a determination or acknowledgment as to a group-  
23 wide supervisor pursuant to this section.

24 (b) In cooperation with other state, federal and international  
25 regulatory agencies, the commissioner shall identify a single group-wide  
26 supervisor for an internationally active insurance group. The commissioner  
27 may determine that the commissioner is the appropriate group-wide  
28 supervisor for an internationally active insurance group that conducts  
29 substantial insurance operations concentrated in this state. However, the  
30 commissioner may acknowledge that a regulatory official from another  
31 jurisdiction is the appropriate group-wide supervisor for the internationally  
32 active insurance group. The commissioner shall consider the following  
33 factors when making a determination or acknowledgment under this  
34 subsection:

1 (1) The place of domicile of the insurers within the internationally  
2 active insurance group that hold the largest share of the group's written  
3 premiums, assets or liabilities;

4 (2) the place of domicile of the top-tiered insurers in the insurance  
5 holding company system of the internationally active insurance group;

6 (3) the location of the executive offices or largest operational offices  
7 of the internationally active insurance group;

8 (4) whether another regulatory official is acting or is seeking to act as  
9 the group-wide supervisor under a regulatory system that the  
10 commissioner determines to be:

11 (A) Substantially similar to the system of regulation provided under  
12 the laws of this state; or

13 (B) otherwise sufficient in terms of providing for group-wide  
14 supervision, enterprise risk analysis and cooperation with other regulatory  
15 officials; and

16 (5) whether another regulatory official acting or seeking to act as the  
17 group-wide supervisor provides the commissioner with reasonably  
18 reciprocal recognition and cooperation.

19 A commissioner identified under this section as the group-wide  
20 supervisor may determine that it is appropriate to acknowledge another  
21 supervisor to serve as the group-wide supervisor. The acknowledgment of  
22 the group-wide supervisor shall be made after consideration of the factors  
23 listed in subsections (b)(1) through (b)(5), and shall be made in  
24 cooperation with and subject to the acknowledgment of other regulatory  
25 officials involved with the supervision of members of the internationally  
26 active insurance group, and in consultation with the internationally active  
27 insurance group.

28 (c) Notwithstanding any other provision of law, when another  
29 regulatory official is acting as the group-wide supervisor of an  
30 internationally active insurance group, the commissioner shall  
31 acknowledge that regulatory official as the group-wide supervisor.  
32 However, pursuant to subsection (b), the commissioner shall make a  
33 determination or acknowledgment as to the appropriate group-wide  
34 supervisor for an internationally active insurance group, if it makes a  
35 material change in such internationally active insurance group that results  
36 in:

37 (1) The internationally active insurance group's insurers domiciled in  
38 this state holding the largest share of the group's premiums, assets or  
39 liabilities; or

40 (2) this state being the place of domicile of the top-tiered insurers in  
41 the insurance holding company system of the internationally active  
42 insurance group.

43 (d) Pursuant to K.S.A. 40-3307, and amendments thereto, the

1 commissioner is authorized to collect from any insurer registered pursuant  
2 to K.S.A. 40-3305, and amendments thereto, all information necessary to  
3 determine whether the commissioner may act as the group-wide supervisor  
4 of an internationally active insurance group or if the commissioner may  
5 acknowledge another regulatory official to act as the group-wide  
6 supervisor. Prior to issuing a determination that an internationally active  
7 insurance group is subject to group-wide supervision by the commissioner,  
8 the commissioner shall notify the insurer registered pursuant to K.S.A. 40-  
9 3305, and amendments thereto, and the ultimate controlling person within  
10 the internationally active insurance group. The internationally active  
11 insurance group shall have not less than 30 days to provide the  
12 commissioner with additional information pertinent to the pending  
13 determination. The commissioner shall publish on its Kansas insurance  
14 department website the identities of internationally active insurance groups  
15 that the commissioner has determined are subject to group-wide  
16 supervision by the commissioner.

17 (e) If the commissioner is the group-wide supervisor for an  
18 internationally active insurance group, the commissioner is authorized to  
19 engage in any of the following group-wide supervision activities:

20 (1) Assessing the enterprise risks within the internationally active  
21 insurance group to ensure that:

22 (A) The material financial condition and liquidity risks to the  
23 members of the internationally active insurance group that are engaged in  
24 the business of insurance are identified by management; and

25 (B) reasonable and effective mitigation measures are in place;

26 (2) requesting, from any member of an internationally active  
27 insurance group, subject to the commissioner's supervision, information  
28 necessary and appropriate to assess enterprise risk, including, but not  
29 limited to, information about the members of the internationally active  
30 insurance group regarding:

31 (A) Governance, risk assessment and management;

32 (B) capital adequacy; and

33 (C) material intercompany transactions;

34 (3) coordinating and, through the authority of the regulatory officials  
35 of the jurisdictions where members of the internationally active insurance  
36 group are domiciled, compelling development and implementation of  
37 reasonable measures designed to ensure that the internationally active  
38 insurance group is able to timely recognize and mitigate enterprise risks to  
39 members of such internationally active insurance group that are engaged in  
40 the business of insurance;

41 (4) communicating with other state, federal and international  
42 regulatory agencies for members within the internationally active  
43 insurance group and sharing relevant information subject to the

1 confidentiality provisions of K.S.A. 40-3308, and amendments thereto,  
2 through supervisory colleges as set forth in K.S.A. 40-3316, and  
3 amendments thereto, or otherwise;

4 (5) entering into agreements with or obtaining documentation from  
5 any insurer registered under subsection (e)(3), any member of the  
6 internationally active insurance group, and any other state, federal and  
7 international regulatory agencies for members of the internationally active  
8 insurance group, providing the basis for or otherwise clarifying the  
9 commissioner's role as group-wide supervisor, including provisions for  
10 resolving disputes with other regulatory officials. Such agreements or  
11 documentation shall not serve as evidence in any proceeding that any  
12 insurer or person within an insurance holding company system not  
13 domiciled or incorporated in this state is doing business in this state or is  
14 otherwise subject to jurisdiction in this state; and

15 (6) participating in other group-wide supervision activities, consistent  
16 with the authorities granted and purposes enumerated above, as considered  
17 necessary by the commissioner.

18 (f) If the commissioner acknowledges that another regulatory official  
19 from a jurisdiction that is not accredited by the national association of  
20 insurance commissioners is the group-wide supervisor, the commissioner  
21 is authorized to reasonably cooperate, through supervisory colleges or  
22 otherwise, with group-wide supervision undertaken by the group-wide  
23 supervisor, provided that:

24 (1) The commissioner's cooperation is in compliance with the laws of  
25 this state; and

26 (2) the regulatory official acknowledged as the group-wide supervisor  
27 also recognizes and cooperates with the commissioner's activities as a  
28 group-wide supervisor for other internationally active insurance groups  
29 where applicable. Where such recognition and cooperation is not  
30 reasonably reciprocal, the commissioner is authorized to refuse recognition  
31 and cooperation.

32 (g) The commissioner is authorized to enter into agreements with, or  
33 obtain documentation from, any insurer registered under K.S.A. 40-3305,  
34 and amendments thereto, any affiliate of the insurer, and other state,  
35 federal and international regulatory agencies for members of the  
36 internationally active insurance group that provide the basis for or  
37 otherwise clarify a regulatory official's role as group-wide supervisor.

38 (h) The commissioner may promulgate such rules and regulations as  
39 are necessary for the administration of this section. Such rules and  
40 regulations shall be adopted no later than July 1, 2018.

41 (i) A registered insurer subject to this section shall be liable for and  
42 shall pay the reasonable expenses of the commissioner's participation in  
43 the administration of this section, including the engagement of attorneys,

1 actuaries and any other professionals and all reasonable travel expenses.

2 **(j) This section shall be a part of and supplemental to the**  
3 **insurance holding company act.**

4 ~~New~~Sec. 2. (a) (1) Nothing in this section shall be construed to  
5 prescribe or impose corporate governance standards and internal  
6 procedures beyond those required by state corporate law. However,  
7 nothing in this section shall be construed to limit the commissioner's  
8 authority, or the rights and obligations of third parties under K.S.A. 40-  
9 222, and amendments thereto.

10 (2) The requirements of this section shall apply to all insurers  
11 domiciled in this state.

12 (b) As used in this section:

13 (1) "Commissioner" means the commissioner of insurance of the state  
14 of Kansas.

15 (2) "Corporate governance annual disclosure" or "CGAD" means a  
16 confidential report filed by the insurer or insurance group made in  
17 accordance with the requirements of this section.

18 (3) "Insurance group" means those insurers and affiliates included  
19 within an insurance holding company system as defined in K.S.A. 40-  
20 3302, and amendments thereto.

21 (4) "Insurer" shall have the same meaning as set forth in K.S.A. 40-  
22 3302, and amendments thereto, except that it shall not include agencies,  
23 authorities or instrumentalities of the United States, its possessions and  
24 territories, the Commonwealth of Puerto Rico, the District of Columbia or  
25 a state or political subdivision of a state.

26 (5) "NAIC" means the national association of insurance  
27 commissioners.

28 (6) "ORSA summary report" means the report filed in accordance  
29 with risk management and own risk and solvency assessment act.

30 (c) (1) An insurer or the insurance group of which the insurer is a  
31 member shall, no later than June 1 of each calendar year, submit to the  
32 commissioner a CGAD that contains the information described in  
33 subsection (e). Notwithstanding any request from the commissioner made  
34 pursuant to subsection (c)(3), if an insurer is a member of an insurance  
35 group, the insurer shall submit the report required by this section to the  
36 commissioner of the lead state for the insurance group, in accordance with  
37 the laws of the lead state, as determined by the procedures outlined in the  
38 most recent financial analysis handbook adopted by the national  
39 association of insurance commissioners.

40 (2) The CGAD must include a signature of the insurer or insurance  
41 group's chief executive officer or corporate secretary attesting to the best  
42 of that individual's belief and knowledge that the insurer has implemented  
43 the corporate governance practices and that a copy of the disclosure has

1 been provided to the insurer's board of directors or the appropriate  
2 committee of the insurer thereof.

3 (3) An insurer not required to submit a CGAD under this section shall  
4 do so upon the commissioner's request.

5 (4) For purposes of completing the CGAD, the insurer or insurance  
6 group may provide information regarding corporate governance at the  
7 ultimate controlling parent level, an intermediate holding company level or  
8 the individual legal entity level or both, depending upon how the insurer or  
9 insurance group has structured its system of corporate governance. The  
10 insurer or insurance group is encouraged to make the CGAD disclosures at  
11 the level at which the insurer's or insurance group's risk appetite is  
12 determined, or at which the earnings, capital, liquidity, operations and  
13 reputation of the insurer are overseen collectively and at which the  
14 supervision of those factors are coordinated and exercised, or the level at  
15 which legal liability for failure of general corporate governance duties  
16 would be placed. If the insurer or insurance group determines the level of  
17 reporting based on these criteria, it shall indicate which of the three criteria  
18 was used to determine the level of reporting and explain any subsequent  
19 changes in level of reporting.

20 (5) The review of the CGAD and any additional requests for  
21 information shall be made through the lead state as determined by the  
22 procedures within the most recent financial analysis handbook referenced  
23 in subsection (c)(1).

24 (6) Insurers providing information substantially similar to the  
25 information required by this section in other documents provided to the  
26 commissioner, including proxy statements filed in conjunction with other  
27 state or federal filings or other requirements provided to the commissioner,  
28 shall not be required to duplicate that information in the CGAD, but shall  
29 only be required to cross reference the document in which the information  
30 is included.

31 (d) The commissioner is hereby authorized to adopt any rules and  
32 regulations as are necessary to carry out the provisions of this section.  
33 Such rules and regulations shall be adopted no later than January 1, 2019.

34 (e) (1) The insurer or insurance group shall have discretion over the  
35 responses to the CGAD inquiries, provided the CGAD shall contain the  
36 material information necessary to permit the commissioner to gain an  
37 understanding of the insurer's or group's corporate governance structure,  
38 policies and practices. The commissioner may request additional  
39 information deemed material and necessary to provide the commissioner  
40 with a clear understanding of the corporate governance policies, the  
41 reporting or information system or controls implementing those policies.

42 (2) The CGAD shall be prepared consistent with all department of  
43 insurance rules and regulations and documentation. Documentation

1 supporting information shall be maintained and made available upon the  
2 commissioner's request.

3 (f) (1) Documents, materials or other information, including the  
4 CGAD, in the possession or control of the department of insurance that are  
5 obtained, created by or disclosed to the commissioner or any other person  
6 under this section, are recognized by this state as being proprietary and  
7 containing trade secrets. All such documents, materials or other  
8 information shall be confidential by law and privileged, and shall not be  
9 subject to the open records act, K.S.A. 45-215 et seq., and amendments  
10 thereto, shall not be subject to subpoena and shall not be subject to  
11 discovery or admissible in evidence in any private civil action. However,  
12 the commissioner is authorized to use the documents, materials or other  
13 information in the furtherance of any regulatory or legal action brought as  
14 part of the commissioner's official duties. The commissioner shall not  
15 otherwise make the documents, materials or other information public  
16 without the prior written consent of the insurer. Nothing in this section  
17 shall be construed to require the written consent of the insurer before the  
18 commissioner may share or receive confidential documents, materials or  
19 other CGAD-related information pursuant to subsection (f)(3) to assist in  
20 the performance of the commissioner's regular duties. The provisions of  
21 this subsection shall expire on July 1, 2022, unless the legislature reviews  
22 and reenacts this provision pursuant to K.S.A 45-229, and amendments  
23 thereto, prior to July 1, 2022.

24 (2) Neither the commissioner nor any person who received  
25 documents, materials or other CGAD-related information, through  
26 examination or otherwise, while acting under the authority of the  
27 commissioner, or with whom such documents, materials or other  
28 information are shared pursuant to this section, shall be permitted or  
29 required to testify in any private civil action concerning any confidential  
30 documents, materials or information subject to subsection (f)(1).

31 (3) In order to assist in the performance of the commissioner's  
32 regulatory duties, the commissioner:

33 (A) May, upon request, share documents, materials or other CGAD-  
34 related information, including the confidential and privileged documents,  
35 materials or information subject to subsection (c)(1), including proprietary  
36 and trade secret documents and materials with other state, federal and  
37 international financial regulatory agencies, including members of any  
38 supervisory college as defined in K.S.A. 40-3308, and amendments  
39 thereto, with the NAIC and with third-party consultants pursuant to  
40 subsection (g), provided that the recipient agrees in writing to maintain the  
41 confidentiality and privileged status of the CGAD-related documents,  
42 material or other information and has verified in writing the legal authority  
43 to maintain confidentiality; and

1 (B) may receive documents, materials or other CGAD-related  
2 information, including otherwise confidential and privileged documents,  
3 materials or information, including proprietary and trade secret  
4 information or documents, from regulatory officials of other state, federal  
5 and international financial regulatory agencies, including members of any  
6 supervisory college as defined in the insurance holding company act and  
7 from the NAIC, and shall maintain as confidential or privileged any  
8 documents, materials or information received with notice or the  
9 understanding that it is confidential or privileged under the laws of the  
10 jurisdiction that is the source of the document, material or information.

11 (4) The sharing of information and documents by the commissioner  
12 pursuant to this section shall not constitute a delegation of regulatory  
13 authority or rulemaking, and the commissioner is solely responsible for the  
14 administration, execution and enforcement of the provisions of this  
15 section.

16 (5) No waiver of any applicable privilege or claim of confidentiality  
17 in the documents, proprietary and trade secret materials or other CGAD-  
18 related information shall occur as a result of disclosure of such CGAD-  
19 related information or documents to the commissioner under this section  
20 or as a result of sharing as authorized in this section.

21 (g) (1) The commissioner may retain, at the insurer's expense, third-  
22 party consultants, including attorneys, actuaries, accountants and other  
23 experts not otherwise a part of the commissioner's staff as may be  
24 reasonably necessary to assist the commissioner in reviewing the CGAD  
25 and related information or the insurer's compliance with this section.

26 (2) Any person retained under subsection (g)(1) shall be under the  
27 direction and control of the commissioner and shall act in a purely  
28 advisory capacity.

29 (3) The NAIC and third-party consultants shall be subject to the same  
30 confidentiality standards and requirements as the commissioner.

31 (4) As part of the retention process, a third-party consultant shall  
32 verify to the commissioner, with notice to the insurer, that it is free from a  
33 conflict of interest and that it has internal procedures in place to monitor  
34 compliance with a conflict and to comply with the confidentiality  
35 standards and requirements of this section.

36 (5) A written agreement with NAIC consultants or third-party  
37 consultants, or a combination of the same, governing sharing and use of  
38 information provided pursuant to this section shall contain the following  
39 provisions and expressly require the written consent of the insurer prior to  
40 making the information public as provided under this section:

41 (A) Specific procedures and protocols for maintaining the  
42 confidentiality and security of CGAD-related information shared with the  
43 NAIC or a third-party consultant pursuant to this section;

1 (B) procedures and protocols for sharing by the NAIC only with other  
2 state regulators from states in which the insurance group has domiciled  
3 insurers. The agreement shall provide that the recipient agrees in writing to  
4 maintain the confidentiality and privileged status of the CGAD-related  
5 documents, materials or other information and has verified in writing the  
6 legal authority to maintain confidentiality;

7 (C) a provision specifying that ownership of the CGAD-related  
8 information shared with the NAIC or a third-party consultant remains with  
9 the department of insurance and the NAIC or third-party consultant's use  
10 of the information is subject to the direction of the commissioner;

11 (D) a provision that prohibits the NAIC or a third-party consultant  
12 from storing the information shared pursuant to this act in a permanent  
13 database after the underlying analysis is completed;

14 (E) a provision requiring the NAIC or third-party consultant to  
15 provide prompt notice to the commissioner and to the insurer or insurance  
16 group regarding any subpoena, request for disclosure or request for  
17 production of the insurer's CGAD-related information; and

18 (F) a requirement that the NAIC or a third-party consultant consent to  
19 intervention by an insurer in any judicial or administrative action in which  
20 the NAIC or a third-party consultant may be required to disclose  
21 confidential information about the insurer shared with the NAIC or a third-  
22 party consultant pursuant to this section.

23 (h) Any insurer failing, without just cause, to timely file the CGAD  
24 as required in this section may be required, after notice and hearing, to pay  
25 a penalty for each day's delay, to be recovered by the commissioner, in  
26 accordance with any rules and regulations adopted by the commissioner.  
27 The commissioner shall remit all moneys received to the state treasurer in  
28 accordance with the provisions of K.S.A. 75-4215, and amendments  
29 thereto. Upon receipt of each such remittance, the state treasurer shall  
30 deposit the entire amount in the state treasury to the credit of the fees and  
31 penalties fund.

32 (i) If any provision of this section other than subsection (f), or the  
33 application thereof to any person or circumstance, is held invalid, such  
34 determination shall not affect the provisions or applications of this section,  
35 which can be given effect without the invalid provision or application, and  
36 to that end the provisions of this section, with the exception of subsection  
37 (f), are severable.

38 (j) The first filing of the CGAD shall be in 2018.

39 (k) The provisions of this section shall be effective on and after  
40 January 1, 2018.

41 ~~Sec. 3.—K.S.A. 2016 Supp. 40-3305 is hereby amended to read as~~  
42 ~~follows: 40-3305. (a) Every insurer which is authorized to do business in~~  
43 ~~this state and which is a member of an insurance holding company system~~

1 shall register with the commissioner of insurance, except a foreign insurer  
2 subject to registration requirements and standards adopted by statute or  
3 regulation in the jurisdiction of its domicile which are substantially similar  
4 to those contained in this section. Any insurer which is subject to  
5 registration under this section shall register within 15 days after it becomes  
6 subject to registration, and annually thereafter by May 1 of each year  
7 unless the commissioner of insurance for good cause shown extends the  
8 time for registration, and then within such extended time. The  
9 commissioner of insurance may require any authorized insurer which is a  
10 member of an insurance holding company system and which is not subject  
11 to registration under this section to furnish a copy of the registration  
12 statement, the summary specified in subsection (c) or other information  
13 filed by such insurance company with the insurance regulatory authority of  
14 domiciliary jurisdiction.

15 (b) Pursuant to subsection (a), every insurer subject to registration  
16 shall file a registration statement on a form provided by the commissioner  
17 of insurance, which shall contain current information about:

18 (1) The capital structure, general financial condition, ownership and  
19 management of the insurer and any person controlling the insurer;

20 (2) the identity and relationship of every member of the insurance  
21 holding company system;

22 (3) the following agreements in force and transactions currently  
23 outstanding or which occurred during the last calendar year between such  
24 insurer and its affiliates:

25 (A) Loans, other investments, or purchases, sales or exchanges of  
26 securities of the affiliates by the insurer or of the insurer by its affiliates;

27 (B) purchases, sales, or exchanges of assets;

28 (C) transactions not in the ordinary course of business;

29 (D) guarantees or undertakings for the benefit of an affiliate which  
30 result in an actual contingent exposure of the insurer's assets to liability,  
31 other than insurance contracts entered into in the ordinary course of the  
32 insurer's business;

33 (E) all management agreements, service contracts and cost sharing  
34 arrangements;

35 (F) reinsurance agreements;

36 (G) dividends and other distributions to shareholders; and

37 (H) consolidated tax allocation agreements;

38 (4) other matters concerning transactions between registered insurers  
39 and any affiliates as may be included from time to time in any registration  
40 forms adopted or approved by the commissioner of insurance;

41 (5) any pledge of the insurer's stock, including stock of any  
42 subsidiary or controlling affiliate, for a loan made to any member of the  
43 insurance holding company system;

1       ~~(6) if requested by the commissioner of insurance, the insurer shall~~  
2 ~~include financial statements of or within an insurance holding company~~  
3 ~~system, including all affiliates. Financial statements may include, but are~~  
4 ~~not limited to, annual audited financial statements filed with the U.S.~~  
5 ~~securities and exchange commission (SEC) pursuant to the securities act of~~  
6 ~~1933, as amended, or the securities exchange act of 1934, as amended. An~~  
7 ~~insurer required to file financial statements pursuant to this paragraph may~~  
8 ~~satisfy the request by providing the commissioner of insurance with the~~  
9 ~~most recently filed parent corporation financial statements that have been~~  
10 ~~filed with the SEC;~~

11       ~~(7) statements that the insurer's board of directors and principal~~  
12 ~~officers oversee corporate governance and internal controls and that the~~  
13 ~~insurer's principal officers have approved, implemented and continue to~~  
14 ~~maintain and monitor corporate governance and internal control~~  
15 ~~procedures; and~~

16       ~~(8) any other information required by the commissioner of insurance~~  
17 ~~by rules and regulations.~~

18       ~~(e) All registration statements shall be accompanied by a summary~~  
19 ~~outlining all items in the current registration statement representing~~  
20 ~~changes from the prior registration statement.~~

21       ~~(d) No information need be disclosed on the registration statement~~  
22 ~~filed pursuant to subsection (b) if such information is not material for the~~  
23 ~~purpose of this section. Unless the commissioner of insurance by rules and~~  
24 ~~regulations or order provides otherwise, sales, purchases, exchanges, loans~~  
25 ~~or extensions of credit, investments or guarantees, involving .5% 0.5% or~~  
26 ~~less of an insurer's admitted assets as of the December 31 immediately~~  
27 ~~preceeding shall be deemed immaterial for purposes of this section.~~

28       ~~(e) Each registered insurer shall keep current the information required~~  
29 ~~to be disclosed in such insurer's registration statement by reporting all~~  
30 ~~material changes or additions on amendment forms provided by the~~  
31 ~~commissioner of insurance within 15 days after the end of the month in~~  
32 ~~which it learns of each such change or addition, except each registered~~  
33 ~~insurer shall report all dividends and other distributions to shareholders~~  
34 ~~within five business days following its declaration. Any such dividend or~~  
35 ~~distribution shall not be paid for at least 10 business days from the~~  
36 ~~commissioner's receipt of the notice of its declaration.~~

37       ~~(f) Any person within an insurance holding company system subject~~  
38 ~~to registration shall provide complete and accurate information to an~~  
39 ~~insurer, where such information is reasonably necessary to enable the~~  
40 ~~insurer to comply with the provisions of this act.~~

41       ~~(g) The commissioner of insurance shall terminate the registration of~~  
42 ~~any insurer which demonstrates that such insurer no longer is a member of~~  
43 ~~an insurance holding company system.~~

1       ~~(h) The commissioner of insurance may require or allow two or more~~  
2 ~~affiliated insurers subject to registration hereunder to file a consolidated~~  
3 ~~registration statement.~~

4       ~~(i) The commissioner of insurance may allow an insurer which is~~  
5 ~~authorized to do business in this state and which is part of an insurance~~  
6 ~~holding company system to register on behalf of any affiliated insurer~~  
7 ~~which is required to register under subsection (a) and to file all~~  
8 ~~information and material required to be filed under this section.~~

9       ~~(j) The provisions of this section shall not apply to any information or~~  
10 ~~transaction if and to the extent the commissioner of insurance by rule and~~  
11 ~~regulation or order shall exempt the same from the provisions of this~~  
12 ~~section.~~

13       ~~(k) Any person may file with the commissioner of insurance a~~  
14 ~~disclaimer of affiliation with any authorized insurer or such a disclaimer~~  
15 ~~may be filed by such insurer or any member of an insurance holding~~  
16 ~~company system. The disclaimer shall fully disclose all material~~  
17 ~~relationships and bases for affiliation between such person and such~~  
18 ~~insurer as well as the basis for disclaiming such affiliation. After a~~  
19 ~~disclaimer has been filed, the insurer shall be relieved of any duty to~~  
20 ~~register or report under this section which may arise out of the insurer's~~  
21 ~~relationship with such person unless and until the commissioner of~~  
22 ~~insurance disallows such a disclaimer. The commissioner of insurance~~  
23 ~~shall disallow such a disclaimer only after furnishing all parties in interest~~  
24 ~~with notice and opportunity to be heard in accordance with the provisions~~  
25 ~~of the Kansas administrative procedure act.~~

26       ~~(l) (1) Except as provided in paragraph (2), The ultimate controlling~~  
27 ~~person of every insurer subject to registration also shall file an annual~~  
28 ~~enterprise risk report. The report, to the best of the ultimate controlling~~  
29 ~~person's knowledge and belief, shall identify the material risks within the~~  
30 ~~insurance holding company system that could pose enterprise risk to the~~  
31 ~~insurer. The report shall be filed with the lead state commissioner of~~  
32 ~~insurance of the insurance holding company system as determined by the~~  
33 ~~procedures within the financial analysis handbook adopted by the national~~  
34 ~~association of insurance commissioners. The first enterprise risk report~~  
35 ~~shall be filed no later than May 1, 2015, and annually thereafter by May 1~~  
36 ~~of each year unless the commissioner of insurance extends the time for~~  
37 ~~filing for good cause shown.~~

38       ~~(2) The ultimate controlling person of an insurer with total direct and~~  
39 ~~assumed annual premiums of less than \$300 million is not required to~~  
40 ~~submit an enterprise risk report.~~

41       ~~(m) The failure of an insurer or an ultimate controlling person of the~~  
42 ~~insurer to file a registration statement, any summary of the registration~~  
43 ~~statement or enterprise risk filing within the specified time for filing shall~~

1 ~~be a violation by the insurer or by the ultimate controlling person of the~~  
2 ~~insurer, as applicable.~~

3 ~~Sec. 4.—K.S.A. 2016 Supp. 40-3305 is hereby repealed.~~

4 ~~Sec. 5.~~ **3.** This act shall take effect and be in force from and after its  
5 publication in the statute book.