

2021 Kansas Statutes

40-4309. Suspension or revocation of certificate of authority; grounds. (a) The certificate of authority of a captive insurance company to do an insurance business in this state may be suspended or revoked by the commissioner for any of the following reasons:

- (1) The captive insurance company is financially impaired, insolvent or otherwise deemed to be in a hazardous financial condition pursuant to K.S.A. 40-222b, and amendments thereto;
- (2) failure to meet the requirements of K.S.A. 40-4304, and amendments thereto;
- (3) refusal or failure to submit the report, required by K.S.A. 40-4307, and amendments thereto, or any other report or statement required by law or by lawful order of the commissioner;
- (4) failure to comply with the provisions of its own organizational documents;
- (5) failure to pay any tax or fee, or to submit to pay the cost of examination or any legal obligation relative thereto, as required by Kansas law;
- (6) use of methods that, although not otherwise specifically prohibited by law, nevertheless render its operation detrimental or its condition unsound with respect to the public or to its policyholders;
- (7) failure otherwise to comply with the laws of this state.

(b) Whenever it appears to the commissioner that any captive insurance company has committed any of the acts specified in subsection (a), the commissioner shall give the company notice and an opportunity for hearing in accordance with the provisions of the Kansas administrative procedure act. If the commissioner finds, upon examination, hearing or other evidence, that any captive insurance company has committed any of the acts specified in subsection (a), the commissioner may suspend or revoke such certificate of authority if the commissioner deems it in the best interests of the public and the policyholders of such captive insurance company, notwithstanding any other provisions of this act.

(c) Although issued and delivered to the captive insurance company, the certificate of authority at all times shall be the property of this state. Upon any expiration, suspension or termination thereof, the captive insurance company shall promptly deliver the certificate of authority to the commissioner.

(d) Suspension of a captive insurance company's certificate of authority shall be for such period as the commissioner specifies in the order of suspension. During the suspension period, the commissioner may rescind or shorten the suspension by further order.

(e) During the suspension period, the captive insurance company may not solicit or write any new business, but must file annual statements, pay fees and taxes as required under this act, and unless otherwise provided in the order of suspension, may service its business already in force as if the certificate of authority had continued in full force.

History: L. 1988, ch. 156, § 9; L. 2018, ch. 50, § 43; July 1.