



Kansas Department of Insurance
Commissioner Vicki Schmidt

September 13, 2024

Mr. Adam Proffitt, Director
Division of the Budget
900 SW Jackson, Suite 504-N
Landon State Office Building
Topeka, Kansas 66612

Dear Mr. Proffitt:

As Commissioner of the Kansas Department of Insurance, I hereby submit for your consideration the Fiscal Year 2026 budget document for the Department. It has been prepared in accordance with the instructions transmitted with your letter of July 6, 2024. To the best of my knowledge and belief, the information and explanation included in this budget request are correct and complete.

As always, my staff and I are prepared to provide any additional information, which you or our budget analyst may require.

Sincerely,

A handwritten signature in blue ink that reads "Vicki Schmidt".

Vicki Schmidt
Commissioner of Insurance

Narrative Information – DA 400

Division of Budget

Agency: Kansas Department of Insurance

State of Kansas

AGENCY MISSION

The mission of the Kansas Department of Insurance (“Department”) is to regulate, educate, and advocate. The Department regulates companies that sell insurance policies, security offerings and financial services in Kansas to ensure solvency and compliance with state laws and regulations. The Department educates consumers about insurance and securities through online resources, social media, publications, and presentations, serving as a non-biased source of information. The Department advocates for a strong and competitive market to give Kansans choices when shopping for products that meet their needs and promotes integrity and fairness in the insurance and securities industries. In addition, the Department works to combat insurance and securities fraud.

AGENCY PHILOSOPHY

The Commissioner of Insurance and staff are committed to providing high-quality services in an efficient and professional manner. Department conduct is guided by the ethical principles of the legal, accounting and law enforcement professions. While the Department diligently administers and enforces the laws and regulations under its jurisdiction, it is also sensitive to the impact of regulatory requirements on affected businesses and individuals. The Department seeks a fair and reasonable balance between providing consumer protections and avoiding restrictive or overburdensome regulation.

PROGRAMS ESTABLISHED TO ASSIST WITH AGENCY MISSION

- Insurance Regulation
 - Examination
 - General Administration
 - Firefighter Relief Act
 - Workers Compensation
- Securities Regulation
 - Kansas Uniform Securities Act
 - Investor Education & Protection

STATUTORY HISTORY

The Kansas Department of Insurance was established by the Kansas Legislature in 1871. Chapter 40 of the Kansas Statutes Annotated bestow many complex duties and responsibilities upon the Commissioner of Insurance by granting sole supervision, control, and regulation of the various individuals and entities authorized to transact the business of insurance in this state, including supervision over many of their business transactions.

The Legislature transferred the responsibilities for securities regulation to the Department on July 1, 2017. Kansas was the first state to regulate the sale of securities for protection of its investor citizens and capital markets when the original version of the Kansas Securities Act was passed in 1911. The Kansas Securities Act (K.S.A. 17-1252 *et seq.*) was supplemented and refined many times since 1911 until enactment of the Kansas Uniform Securities Act (KUSA) in 2004 which became effective on July 1, 2005 (K.S.A. 17-12a101 *et seq.*). In addition, staff also administer and enforce the Kansas Loan Broker’s Act (KLBA, K.S.A. 50-1001 *et seq.*) to regulate the services of loan brokers in Kansas who are not otherwise regulated or exempt.

Narrative Information – DA 400

Division of Budget

Agency: Kansas Department of Insurance

State of Kansas

AGENCY WIDE OVERVIEW

The Kansas Department of Insurance continues to find new and better ways to assist consumers, protect the public, and regulate the insurance and securities industries in Kansas.

The Department's budget calls for a continuation of the initiatives set forth in previous years. The request continues a commitment to modernizing department operations by updating technology resources, training and retaining current staff and filling existing vacant positions.

Position Data:

Program	FY2024 FTEs	FY2025 FTEs	FY2026 FTEs
	Actual	Estimate	Estimate
Ins. Co. Examination	6.00	-	-
General Administration	93.19	98.93	98.93
Firefighter Relief	1.00	1.00	1.00
Workers Compensation	2.49	2.49	2.49
Securities Regulation	32.58	32.58	32.58
Agency Total	135.25	135.00	135.00

Narrative Information – DA 400

Division of Budget
State of Kansas

Agency: Kansas Department of Insurance
Program: Insurance Regulation

SUMMARY EXPLANATION OF SERVICES

INSURANCE COMPANY EXAMINATION

Objective

To detect as early as possible, through on-site financial examinations, those companies that are experiencing financial difficulty or those companies that are operating in violation of any Kansas insurance law or regulation.

Performance Measures

	FY2023 Actual	FY2024 Actual	FY2025 Estimate	FY2026 Estimate
Number of financial exams performed per year*	12	13	14	14

**Examinations were deemed as being performed in the fiscal year that the majority of the work was conducted. Certain examinations may begin or end in a different fiscal year than the year the majority of the work is completed base on time of initial preparation or final wrap up.*

The 2024 Legislature passed SB 356 and it was signed into law. SB 356 restructures exam fees and establishes an overall cap for examinations. The new exam fee structure went into place July 1, 2024. These fees paid to contractors have been and will continue to be paid by the Department from Fund 2270 which is part of the Insurance Regulation program.

In addition, after July 1, 2024, the Department will no longer charge for internal Department costs. As the Department is no longer charging for internal costs this program will not have any salaries & wages, contractual services or commodities. We anticipate eliminating this program next year.

Narrative Information – DA 400

Division of Budget
State of Kansas

Agency: Kansas Department of Insurance
Program: Insurance Regulation

INSURANCE COMPANY REGULATION

Objective

To protect the insurance consumers of Kansas and to serve the public interest through the supervision, control and regulation of persons and organizations transacting the business of insurance in the state.

Performance Measures

	FY2023 Actual	FY2024 Actual	FY2025 Estimate	FY2026 Estimate
Number of company license applications approved per year	25	26	27	26
Number of active licensed producers, adjusters and agencies per year	207,344	208,496	209,000	210,000
Number of insurance fraud investigations submitted to AG for criminal disposition	23	20	25	25
Number of consumer complaint & inquiry files closed per year	3,745	4,346	4,693	5,069
Amount of money recovered for Kansas Consumers from consumer complaints filed (in millions) per year	\$8,244,034	\$17,449,005	\$7,821,455	\$8,212,528

Expenditure Justification by Object Codes

Object Code 100 – Salaries and Wages
FTE: 98.93

The Department must have the ability to hire and retain qualified staff. The requested amounts are based on the current staffing level with funding provided for retaining current staff and filling existing vacant positions. The FTE positions in insurance company regulation work to find new and better ways to assist consumers, protect the public and regulate the insurance industry.

FY 2025: \$9,427,007

FY 2026: \$9,538,207

Object Code 200 – Contractual Services

Expenditures in this category are a reflection of the of services and assistance provided by the Department to protect the public and regulate the insurance industry. They include professional fees for attorneys, actuarial services, auditors and other consultants to regulate insurance companies. Building rent is also a significant component of this expenditure category.

FY 2025: \$3,728,800

FY 2026: \$3,463,300

Narrative Information – DA 400

Division of Budget
State of Kansas

Agency: Kansas Department of Insurance
Program: Insurance Regulation

Object Code 300 – Commodities

Expenditures in this category are primarily for consumable supplies like stationary, data processing supplies and fuel to attend training.

FY 2025: \$101,500

FY 2026: \$101,500

Object Code 400 – Capital Outlay

Expenditures in this category are for technology upgrades, primarily computer replacement.

FY 2025: \$335,500

FY 2026: \$295,500

Narrative Information – DA 400

Division of Budget
State of Kansas

Agency: Kansas Department of Insurance
Program: Insurance Regulation

FIREFIGHTER RELIEF

Objective

To effectively administer the Firefighters Relief Act to ensure that the two percent premium tax on fire and lightning insurance written in the state of Kansas is collected and distributed in a statutorily appropriate manner to the firefighter relief associations (“FRA”) across the state and the Kansas State Firefighters Association, Inc.

Performance Measures

	FY2023 Actual	FY2024 Actual	FY2025 Estimate	FY2026 Estimate
Number FRAs receiving a distribution each year*	554	553	553	553
Number of FRAs requesting a redetermination hearing each year	15	16	14	14
Number of FRA presentations given each year	3	3	5	5

*For an FRA to receive their distribution each year they must, on or before April 1 each year, submit their financial statement showing receipts, disbursements and general condition of the FRA for the year ending the preceding December 31.

Expenditure Justification by Object Codes

Object Code 100 – Salaries and Wages
FTE: 1.00

This position is responsible for administering the insurance laws and regulations of the Firefighters Relief Act. K.S.A. 40-1701 *et seq.*

FY 2025: \$84,024
FY 2026: \$85,145

Object Code 200 – Contractual Services

Expenditures in this category include amounts for travel and subsistence for the annual Kansas State Firefighters Association, Inc. meeting and to speak at firefighter training schools held at various sites throughout the state.

FY 2025: \$800
FY 2026: \$800

Object Code 300 – Commodities

Expenditures in this category are for fuel, which is used for travel to the annual Kansas State Firefighters Association, Inc. meeting and speaking engagements across the state.

FY 2025: \$300
FY 2026: \$300

Narrative Information – DA 400

Division of Budget
State of Kansas

Agency: Kansas Department of Insurance
Program: Insurance Regulation

Object Code 500 – Aid to Locals

K.S.A. 40-1703 On or before April 1 each year, every insurance company shall pay a two percent tax on the total amount of all fire and lightning premium written covering risks in Kansas.

K.S.A. 40-1706 The amount collected by the Department is credited to the Firefighters Relief Fund and distributed as follows:

- (1) three percent to the Kansas State Firefighters Association, Inc. for fire prevention and fire extinguishment education and study.
- (2) the lesser of five percent of the total amount or \$100,000 to the Kansas State Firefighters Association, Inc. for the death benefit fund.
- (3) each qualifying Firefighter Relief Association receives a base amount of \$1,000. The remaining amount is distributed to the qualifying Firefighter Relief Associations on pro rata basis.

FY 2025: \$21,500,000

FY 2026: \$23,000,000

Narrative Information – DA 400

Division of Budget
State of Kansas

Agency: Kansas Department of Insurance
Program: Insurance Regulation

WORKERS COMPENSATION

Objective

To effectively and efficiently administer the Kansas Workers Compensation Fund. By making only appropriate payments on behalf of the Fund to those carriers, employers or employees entitled to payment pursuant to Kansas statutes.

Performance Measures

	FY2023 Actual	FY2024 Actual	FY2025 Estimate	FY2026 Estimate
Total number of open work comp cases each year	1,649	1,678	1,650	1,650

Expenditure Justification by Object Codes

Object Code 100 – Salaries and Wages
FTE: 2.49

These positions are responsible for defending claims against the Workers Compensation Fund including through the appointment of outside attorneys and making payments on behalf of the Fund when ordered to do so.

FY 2025: \$268,852
FY 2026: \$271,458

Object Code 200 – Contractual Services

Expenditures in this category are primarily for professional fees paid to attorneys appointed to defend claims against the fund, payments to physicians, hospitals and other related organizations providing services to claimants, as well as expenditures for ambulance services and court costs.

FY 2025: \$797,500
FY 2026: \$797,500

Object Code 300 – Commodities

Expenditures in this category are primarily for drug and pharmaceutical claim payments.

FY 2025: \$75,100
FY 2026: \$75,100

Object Code 500 – Other Assistance

Expenditures in this category are primarily for director certifications. Pursuant to K.S.A. 44-534a(b), if an employer, or its insurance carrier, (together “employer”) pays benefits to a claimant under the Workers Compensation Act (the “Act”) and it is later found that the benefits paid were in excess of what was due under the Act, the Kansas Workers Compensation Fund shall reimburse the employer in the amount of the overpayment. This shall also apply if it is later determined that no benefits should have been paid.

Procedurally, the employer will request a “certification” of the overpayment from the Director of Workers Compensation. After a request has been made, the Director will review whether the request falls under K.S.A. 44-534a(b) and the amount of the overpayment. Then the Director will notify the

Narrative Information – DA 400

Division of Budget
State of Kansas

Agency: Kansas Department of Insurance
Program: Insurance Regulation

Commissioner of Insurance of the certification and provide all relevant documentation. Immediately thereafter, the Commissioner will reimburse the employer in the amount certified.

FY 2025: \$2,000,000

FY 2026: \$2,000,000

Narrative Information – DA 400

Division of Budget
State of Kansas

Agency: Kansas Department of Insurance
Program: Insurance Regulation

SECURITIES REGULATION

Objective

To administer Kansas Uniform Securities Act in a timely and professional manner for securities offerings in Kansas to detect and investigate potential violations of the Kansas Uniform Securities Act and the Kansas Loan Brokers Act.

Performance Measures:

	FY2023 Actual	FY2024 Actual	FY2025 Estimate	FY2026 Estimate
BD Registration and Renewal Filings per year	1,455	1,414	1,400	1,400
IA Registration, IA Notice Filings and Renewals per year	1,569	1,605	1,625	1,650
BD Agent, IA Rep, Agent of Issuer Registrations and Renewals per year	163,648	167,158	168,000	169,000
Issuer Registrations and Renewals per year	83	108	100	100
Number of compliance examinations performed per year	25	35	40	40
Number of complaints investigated per year	92	133	115	115
Court Ordered Restitution	\$645,000	\$97,190	\$300,000	\$2,000,000
Number of enforcement investigations initiated per year	20	17	18	18
Number of reports of suspected financial exploitation of a vulnerable adult (mandated by 2024 HB 2562)	N/A	N/A	60	60

BD – Broker Dealer

IA – Investment Advisor

Expenditure Justification by Object Code

Object Code 100 – Salaries and Wages

FTE: 32.58

The requested amounts are based on continuation of the current staffing level with funding provided for retaining current staff and filling existing vacant positions. These positions are responsible for administering the securities laws and regulations of this state. The Department must have the ability to hire key qualified staff to protect Kansas investors and to foster business development and capital formation.

FY 2025: \$3,439,915

FY 2026: \$3,481,051

Narrative Information – DA 400

Division of Budget
State of Kansas

Agency: Kansas Department of Insurance
Program: Insurance Regulation

Object Code 200 – Contractual Services

Expenditures in this category are primarily publicity for the anti-fraud and investor education campaign. Rents are also a significant component of this expenditure category.

FY 2025: \$1,438,500

FY 2026: \$1,372,000

Object Code 300 – Commodities

Expenditures in this category are primarily for consumable supplies like stationary, data processing supplies and fuel used for training and examinations/investigations.

FY 2025: \$42,500

FY 2026: \$37,500

Object Code 400 - Capital Outlay

Expenditures in this category for technology upgrades, primarily computer replacement.

FY 2025: \$101,000

FY 2026: \$ 79,500

INVESTOR EDUCATION

Objective

To increase the quality and extent of information and education services to investors, entrepreneurs, representatives of the securities industry and the general public. This information helps prevent investment problems and unnecessary losses or violations of securities laws due to incomplete, misunderstood or false information.

Performance Measures

	FY2023 Actual	FY2024 Actual	FY2025 Estimate	FY2026 Estimate
Number of events (virtual or in person) provided each year	11	14	16	17

Expenditure Justification by Object Code

Object Code 200 – Contractual Services

Expenditures in this category are primarily for publicity for the anti-fraud and investor education campaign, travel and subsistence for the investor education program. Expenditures for witness transcription services and court reporter fees also contribute to expenses in this category.

FY 2025: \$409,000

FY 2026: \$409,000

Narrative Information – DA 400

Division of Budget
State of Kansas

Agency: Kansas Department of Insurance
Program: Insurance Regulation

Object Code 300 – Commodities

Expenditures in this category are primarily for merchandise to publicize the anti-fraud and investor education campaign.

FY 2025: \$41,000

FY 2026: \$41,000

Object Code 500 – Other Assistance

Expenditures in this category are for scholarships and grants for investor education.

FY 2025: \$250,000

FY 2026: \$250,000

Narrative – DA 400

State of Kansas
Division of the Budget

Agency: Insurance Department
Program: Insurance Regulation
Subprogram: Insurance Examination

Subprogram Name	Insurance Examination
Priority	1 of 4
Required by Statute	Yes
Maintenance of Effort or Matching Requirement	None
Statutory Requirements:	K.S.A. 40-101 et seq. K.S.A. 44-581 through 592 K.S.A. 12-2617
Purpose	To protect the insurance consumers of Kansas through the supervision, control and regulation of persons and organizations transacting the business of insurance in the state.
Consequences of Not Funding	Without company examination, the chances of insurance company insolvencies would increase.

Narrative – DA 400

State of Kansas
Division of the Budget

Agency: Insurance Department
Program: Insurance Regulation
Subprogram: Insurance Regulation

Subprogram Name Insurance Regulation

Priority 2 of 4

Required by Statute Yes

Maintenance of Effort or Matching Requirement None

Statutory Requirements: K.S.A. 40-101 et seq.

Purpose To protect the insurance consumers of Kansas through the supervision, control and regulation of persons and organizations transacting the business of insurance in the state.

Consequences of Not Funding Without monitoring rates and forms, insurance may not be affordable or accessible. Without licensure of individuals, corporations, and associations, insurance policies could be written by unqualified or suspect individuals. Without this program, administrative and support services such as accounting, legal, information technology and human resources would not be provided to the Department. Consumer complaints and inquiries would not be addressed.

Narrative – DA 400State of Kansas
Division of the BudgetAgency: Insurance Department
Program: Insurance Regulation
Subprogram: Firefighter Relief

Subprogram Name	Workers Compensation
Priority	3 of 4
Required by Statute	Yes
Maintenance of Effort or Matching Requirement	None
Statutory Requirements:	K.S.A. 44-501 through 44-580
Purpose	To administer the portion of the Workers Compensation Act for claims involving employers who are uninsured and unable to pay claims.
Consequences of Not Funding	Without this program, eligible workers compensation claims would not be paid.

Narrative – DA 400

State of Kansas
Division of the Budget

Agency: Insurance Department
Program: Insurance Regulation
Subprogram: Workers Compensation

Subprogram Name	Firefighter Relief
Priority	4 of 4
Required by Statute	Yes
Maintenance of Effort or Matching Requirement	None
Statutory Requirements:	K.S.A. 40-1701 et seq.
Purpose	To effectively administer the Firefighter Relief Act.
Consequences of Not Funding	Without the regulation of the firefighter relief associations, FRA funds may not be distributed appropriately.

Narrative – DA 400State of Kansas
Division of the BudgetAgency: Insurance Department
Program: Securities Reg. & Inv. Ed
Subprogram: Securities Regulation

Subprogram Name	Securities Regulation
Priority	1 of 2
Required by Statute	Yes
Maintenance of Effort or Matching Requirement	None
Statutory Requirements:	K.S.A. 17-12a101, <i>et seq.</i>
Purpose	To administer and enforce the Kansas Uniform Securities Act.
Consequences of Not Funding	Without funding to regulate capital formation and investment activity for the benefit of Kansas investors and businesses, extensive securities fraud and illegal or unethical conduct with significant financial damages, would likely occur.

Narrative – DA 400

State of Kansas
Division of the Budget

Agency: Insurance Department
Program: Securities Reg. & Inv. Ed
Subprogram: Securities Education

Subprogram Name	Investor Education
Priority	2 of 2
Required by Statute	Provided for by Statute (at discretion of Commissioner)
Maintenance of Effort or Matching Requirement	None
Statutory Requirements:	K.S.A 17-12a601(d)
Purpose	To develop and implement investor education and protection initiatives to inform the public about investing in securities and protect the public from violations of the Kansas uniform securities act. Such initiatives emphasize prevention, detection, enforcement and prosecution of securities fraud.
Consequences of Not Funding	Investor abuse and investment losses from lack of best practice knowledge on investing and awareness of fraudulent schemes would likely increase and have significant financial impacts. Also, lack of funding could hamper support of prosecutions by the Attorney General and County and District Attorneys.

2026 Bien
404 Report

404 Agg - 404 Report

Agency: 00331 Insurance Department

Version: 2026-A-02-00331

Series: 2055 INS COMPANY EXAMINATION FD

	FY 2024 Actuals	FY 2025 Adjusted Budget Request	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007 CASH FORWARD	49,236	44,744	44,744	44,744
420100 AUDITS AND INSPECTIONS	245,145	0	0	0
Total Available	294,381	44,744	44,744	44,744
Total Reportable Expenditures	249,637	0	0	0
Total Expenditures	249,637	0	0	0
Balance Forward	44,744	44,744	44,744	44,744
KANSAS	404 Report		cdaubert / 2026-A-02-00331	

2026 Bien
404 Report

404 Agg - 404 Report

Agency: 00331 Insurance Department

Version: 2026-A-02-00331

Series: 2056 INS COMPANY ANNL STMT EXAM FD

	FY 2024 Actuals	FY 2025 Adjusted Budget Request	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007 CASH FORWARD	213,438	226,663	226,663	226,663
413300 INSURANCE PREMIUMS - FOREIGN	28,000	0	0	0
Total Available	241,438	226,663	226,663	226,663
Total Reportable Expenditures	14,775	0	0	0
Total Expenditures	14,775	0	0	0
Balance Forward	226,663	226,663	226,663	226,663
KANSAS	404 Report		cdaubert / 2026-A-02-00331	

2026 Bien
404 Report

404 Agg - 404 Report

Agency: 00331 Insurance Department

Version: 2026-A-02-00331

Series: 2057 INS COMPANY EXAMINER TRN FD

	FY 2024 Actuals	FY 2025 Adjusted Budget Request	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007 CASH FORWARD	102,184	127,681	127,681	127,681
413300 INSURANCE PREMIUMS - FOREIGN	40,000	0	0	0
Total Available	142,184	127,681	127,681	127,681
Total Reportable Expenditures	14,503	0	0	0
Total Expenditures	14,503	0	0	0
Balance Forward	127,681	127,681	127,681	127,681
KANSAS	404 Report		cdaubert / 2026-A-02-00331	

2026 Bien
404 Report

404 Agg - 404 Report

Agency: 00331 Insurance Department

Version: 2026-A-02-00331

Series: 2162 SECURITIES ACT FEE FUND

	FY 2024 Actuals	FY 2025 Adjusted Budget Request	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007 CASH FORWARD	6,460,304	11,128,630	17,142,215	23,141,164
421100 LICENSE PERSONAL SERVICES	6,052,670	6,500,000	6,500,000	0
421110 LICENSE BUSINESS	3,311,806	3,300,000	3,300,000	0
469010 RECOVERY OF PRIOR FY EXP	389	0	0	0
766020 OPERATING TRANSFERS OUT	(200,000)	(200,000)	(200,000)	0
Total Available	15,625,169	20,728,630	26,742,215	23,141,164
Total Reportable Expenditures	4,496,539	3,586,415	3,601,051	0
Total Expenditures	4,496,539	3,586,415	3,601,051	0
Balance Forward	11,128,630	17,142,215	23,141,164	23,141,164

KANSAS

404 Report

cdaubert / 2026-A-02-00331

2026 Bien
404 Report

404 Agg - 404 Report

Agency: 00331 Insurance Department

Version: 2026-A-02-00331

Series: 2242 INVESTOR EDUCATION & PROTECTION FUND

	FY 2024 Actuals	FY 2025 Adjusted Budget Request	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007 CASH FORWARD	3,096,995	3,182,606	2,988,606	2,794,606
454090 OTHER FINES PENALTIES FORFEIT	458,479	500,000	500,000	0
Total Available	3,555,474	3,682,606	3,488,606	2,794,606
Total Reportable Expenditures	372,868	694,000	694,000	0
Total Expenditures	372,868	694,000	694,000	0
Balance Forward	3,182,606	2,988,606	2,794,606	2,794,606
KANSAS	404 Report		cdaubert / 2026-A-02-00331	

2026 Bien
404 Report

404 Agg - 404 Report

Agency: 00331 Insurance Department

Version: 2026-A-02-00331

Series: 2270 INSURANCE DEPT SVC REGLTN FD

	FY 2024 Actuals	FY 2025 Adjusted Budget Request	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007 CASH FORWARD	66,230,955	70,208,166	70,738,534	70,465,086
413300 INSURANCE PREMIUMS - FOREIGN	1,643,224	1,650,000	1,650,000	0
420200 TECHNICAL AND SKILLED SERVICES	4,025	4,000	4,000	0
420300 CORPORATION SERVICES	304,570	300,000	300,000	0
420400 CLERICAL SERVICES	7,948	8,000	8,000	0
420990 OTHER SERVICE CHARGES	88,500	90,000	90,000	0
421110 LICENSE BUSINESS	13,205,750	12,000,000	11,000,000	0
462110 RECOVERY OF CURRENT FY EXP	2,740	3,000	3,000	0
469010 RECOVERY OF PRIOR FY EXP	1,558	0	0	0
766010 OPERATING TRANSFERS IN	25,000	25,000	25,000	0
766020 OPERATING TRANSFERS OUT	(200,000)	(200,000)	(200,000)	0
Total Available	81,314,270	84,088,166	83,618,534	70,465,086
Total Reportable Expenditures	11,106,104	13,349,632	13,153,448	0
Total Expenditures	11,106,104	13,349,632	13,153,448	0
Balance Forward	70,208,166	70,738,534	70,465,086	70,465,086
KANSAS	404 Report		cdaubert / 2026-A-02-00331	

2026 Bien
404 Report

404 Agg - 404 Report

Agency: 00331 Insurance Department

Version: 2026-A-02-00331

Series: 2309 CAPTIVE INSURANCE REG & SUPER

		FY 2024 Actuals	FY 2025 Adjusted Budget Request	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	20,131	15,131	25,131	35,131
420300	CORPORATION SERVICES	10,000	10,000	10,000	0
	Total Available	30,131	25,131	35,131	35,131
	Total Reportable Expenditures	15,000	0	0	0
	Total Expenditures	15,000	0	0	0
	Balance Forward	15,131	25,131	35,131	35,131
KANSAS		404 Report		cdaubert / 2026-A-02-00331	

2026 Bien
404 Report

404 Agg - 404 Report

Agency: 00331 Insurance Department

Version: 2026-A-02-00331

Series: 2665 PHARMACY BENEFIT MGR licensure FD

	FY 2024 Actuals	FY 2025 Adjusted Budget Request	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007 CASH FORWARD	165,454	139,979	138,434	135,647
421110 LICENSE BUSINESS	120,000	150,000	150,000	0
454090 OTHER FINES PENALTIES FORFEIT	2,500	0	0	0
Total Available	287,954	289,979	288,434	135,647
Total Reportable Expenditures	147,975	151,545	152,787	0
Total Expenditures	147,975	151,545	152,787	0
Balance Forward	139,979	138,434	135,647	135,647
KANSAS	404 Report		cdaubert / 2026-A-02-00331	

2026 Bien
404 Report

404 Agg - 404 Report

Agency: 00331 Insurance Department

Version: 2026-A-02-00331

Series: 2678 PROFESSIONAL EMPLOYER ORG REG

		FY 2024 Actuals	FY 2025 Adjusted Budget Request	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	784,310	834,336	885,206	885,206
421110	LICENSE BUSINESS	134,500	135,000	0	0
	Total Available	918,810	969,336	885,206	885,206
	Total Reportable Expenditures	84,474	84,130	0	0
	Total Expenditures	84,474	84,130	0	0
	Balance Forward	834,336	885,206	885,206	885,206
KANSAS		404 Report		cdaubert / 2026-A-02-00331	

2026 Bien
404 Report

404 Agg - 404 Report

Agency: 00331 Insurance Department

Version: 2026-A-02-00331

Series: 7354 WORKERS COMPENSATION FD

	FY 2024 Actuals	FY 2025 Adjusted Budget Request	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007 CASH FORWARD	6,913,515	8,172,351	9,472,534	10,772,717
451100 WORK COMP FUND ASSESS	1,159,816	1,000,000	1,000,000	0
454090 OTHER FINES PENALTIES FORFEIT	184,971	200,000	200,000	0
462900 OTHER REIMB AND REFUNDS	105,433	300,000	300,000	0
Total Available	8,363,735	9,672,351	10,972,534	10,772,717
Total Reportable Expenditures	191,384	199,817	199,817	0
Total Expenditures	191,384	199,817	199,817	0
Balance Forward	8,172,351	9,472,534	10,772,717	10,772,717
KANSAS	404 Report		cdaubert / 2026-A-02-00331	

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Agency: 00331 Insurance Department

Version: 2026-A-02-00331

Series: 7652 STATE FIREFIGHTERS RELIEF FD

		FY 2024 Actuals	FY 2025 Adjusted Budget Request	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	690,184	929,285	929,285	929,285
413310	INSURANCE PREMIUMS - FIREMEN	19,855,016	21,500,000	23,000,000	0
	Total Available	20,545,200	22,429,285	23,929,285	929,285
	Total Reportable Expenditures	19,615,915	21,500,000	23,000,000	0
	Total Expenditures	19,615,915	21,500,000	23,000,000	0
	Balance Forward	929,285	929,285	929,285	929,285
KANSAS		404 Report		cdaubert / 2026-A-02-00331	

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Department of Insurance

State of Kansas

Examination Funds

Statutory History: K.S.A. 40-222a authorizes the Commissioner of Insurance to examine the affairs of any insurance company conducting business in the State of Kansas. K.S.A. 40-223 requires that the salaries of examiners, along with all necessary and actual expenses incurred in the course of the exam, be remitted by the company examined to the State Treasurer. Upon receipt of such remittance, the State Treasurer shall deposit the entire amount into the Insurance Company Examination Fund. K.S.A. 40-223a sets apart an amount not to exceed \$28,000 to be maintained for the payment of expenses and salaries incurred in the auditing of securities deposited with the Commissioner and examination of the annual statements required by K.S.A. 40-225. An additional amount, not to exceed \$40,000, is authorized by K.S.A. 40-223e to be set apart and maintained from company tax and fee collections to be used for the training of company examiners.

The 2024 Legislature passed SB 356 and it was signed into law. SB 356 restructures exam fees and establishes an overall cap for examinations. The new exam fee structure went into place July 1, 2024. These fees paid to contractors have been and will continue to be paid by the Department from Fund 2270 which is part of the Insurance Regulation program.

In addition, after July 1, 2024, the Department will no longer charge for internal Department costs, thus will not have any reimbursement revenue. We anticipate eliminating this program next year.

2055 – Insurance Company Examination Fund

	FY2023 <u>Actual</u>	FY2024 <u>Actual</u>	FY2025 <u>Estimate</u>	FY2026 <u>Estimate</u>
Audits & Inspections	267,194	243,928	-	-

2056 – Insurance Company Annual Statement Exam Fund

	FY2023 <u>Actual</u>	FY2024 <u>Actual</u>	FY2025 <u>Estimate</u>	FY2026 <u>Estimate</u>
Ins Premiums - Foreign	28,000	28,000	-	-

2057 – Insurance Company Examiner Training Fund

	FY2023 <u>Actual</u>	FY2024 <u>Actual</u>	FY2025 <u>Estimate</u>	FY2026 <u>Estimate</u>
Ins Premiums - Foreign	40,000	40,000	-	-

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Department of Insurance

State of Kansas

2162 – Securities Act Fee Fund

Statutory History: Maximum fee rates and authority for the Securities Commissioner to set rates by regulations for exemption notices, registrations and other filings are specified under K.S.A. 17-12a205, 17-12a302, 17-12a305 and 17-12a410. KAR 81-4-1, KAR 81-5-8, KAR 81-5-14 and KAR 81-5-15 KAR 81-3-2 and 81-14-2 specify fee rates for broker-dealers, agents, investment advisers and investment adviser representatives.

As a result of the outcome of the Blumer v. State of Kansas case settlement, the Department issued a moratorium on fees for FY2022 and FY2023. During this time, the Department evaluated its rates to determine what level of rates are sufficient to cover operating costs. The rates provided for FY2025 and FY2026 are based on rates sufficient to cover operating costs and are reflected in Special Orders 23E149 and 24E114, respectively.

K.S.A. 17-12a601 provides for the disposition of fees and other revenues received by the Securities Commissioner.

In accordance with the provisions of 2017 Senate Bill 23, the prosecutorial authority previously held by the Office of the Securities Commissioner was transferred to the Kansas Attorney General. An annual transfer of \$200,000 from the Office of the Securities Commissioner will be used to assist in the funding of the Fraud and Abuse Criminal Prosecution Fund established by the Kansas Attorney General.

	FY2023 <u>Actual</u>	FY2024 <u>Actual</u>	FY2025 <u>Estimate</u>	FY2026 <u>Estimate</u>
License Personal Service	-	6,052,670	6,500,000	6,500,000
License Business	-	3,285,414	3,300,000	3,300,000
Rec. of Current FY Expenses	328	-	-	-
Rec. of Prior FY Expenses	-	389	-	-
Operating Transfer Out	(200,000)	(200,000)	(200,000)	(200,000)
TOTAL	(199,672)	9,138,473	9,600,000	9,600,000

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Department of Insurance

State of Kansas

2242 – Investor Education and Protection Fund

Statutory History: Civil penalties for violations of the Kansas Uniform Securities Act or Regulations are specified under K.S.A. 17-12a412 and 17-12a602 through 17-12a604. Those statutes provide that a civil penalty may be assessed up to \$25,000 for each violation and sections 412, 603, and 604 further permit an additional civil penalty of \$15,000 for each violation if the victim is elderly or disabled. The total civil penalty against a person may not exceed \$1,000,000. Subsection (d) of K.S.A. 17-12a601 provides that civil penalties received are credited to the Investor Education and Protection Fund. Amounts received in settlement of cases arising out of investigations or examinations may be designated for deposit to the Investor Education and Protection Fund.

Civil penalties and settlements cannot be estimated with accuracy in future years because amounts are dependent upon the particular circumstances of compliance and enforcement cases. An amount of \$500,000 was estimated based on averages during past fiscal years.

	FY2023 <u>Actual</u>	FY2024 <u>Actual</u>	FY2025 <u>Estimate</u>	FY2026 <u>Estimate</u>
Other Fines & Penalties	457,436	458,479	500,000	500,000

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Department of Insurance

State of Kansas

2270 – Insurance Department Service Regulation Fund

Statutory History: K.S.A. 40-112 established the Insurance Department Service Regulation Fund for the purpose of maintaining the operations of the Kansas Department of Insurance. The fund, which is to be administered by the Commissioner of Insurance, is funded by fees charged by the Department, one percent of premium taxes received from insurance companies pursuant to K.S.A. 40-252, and an annual assessment imposed as deemed necessary by the Commissioner.

In accordance with the provisions of 2017 Senate Bill 23, the prosecutorial authority was transferred to the Kansas Attorney General. An annual transfer of \$200,000 from the Insurance Department Service Regulation Fee Fund will be used to assist in the funding of the Fraud and Abuse Criminal Prosecution Fund established by the Kansas Attorney General.

	FY2023 <u>Actual</u>	FY2024 <u>Actual</u>	FY2025 <u>Estimate</u>	FY2026 <u>Estimate</u>
Insurance Premium	1,693,132	1,643,224	1,650,000	1,650,000
Audits & Inspections	3,009	-	-	-
Technical & Skilled Services	4,071	4,025	4,000	4,000
Corporation Services	251,764	304,760	300,000	300,000
Clerical Services	7,777	7,948	8,000	8,000
Other Service Charges	89,650	88,500	90,000	90,000
License Personal Services	325	25	-	-
License Business	14,777,017	13,212,716	12,000,000	11,000,000
Recovery of Current FY Exp.	3,807	2,665	3,000	3,000
Recovery of Prior FY Exp.	-	1,558	-	-
Operating Transfers In	25,000	25,000	25,000	25,000
Operating Transfers Out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
TOTAL	16,655,552	15,090,421	13,880,000	12,880,000

2309 – Captive Insurance Regulation & Supervision Fund

Statutory History: K.S.A. 40-4322 established the Captive Insurance Regulation & Supervision Fund. All fees received under the captive insurance act shall be remitted to the State Treasurer to be credited to the Captive Insurance Regulation and Supervision Fund for the purpose of the administration of the regulation of captive companies.

	FY2023 <u>Actual</u>	FY2024 <u>Actual</u>	FY2025 <u>Estimate</u>	FY2026 <u>Estimate</u>
Corporation Services	30,000	10,000	10,000	10,000

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Department of Insurance

State of Kansas

2665 – Pharmacy Benefits Manager Registration Fund

Statutory History: K.S.A. 74-1609 established the Pharmacy Benefits Manager Registration Fund, requiring each person seeking a certificate of registration to act as a pharmacy benefits manager to file an application with the Commissioner of Insurance. The Commissioner shall remit all moneys received to the State Treasurer to be credited to the Pharmacy Benefits Manager Registration Fund for the purpose of the regulation of pharmacy benefits management.

	FY2023 <u>Actual</u>	FY2024 <u>Actual</u>	FY2025 <u>Estimate</u>	FY2026 <u>Estimate</u>
License Business	227,640	120,000	150,000	150,000
Other Fines Penalties Forfeit	-	2,500	-	-
TOTAL	227,640	122,500	150,000	150,000

2678 – Professional Employer Organization Fee Fund

Statutory History: K.S.A. 44-1705 established the Professional Employer Organization Fee Fund requiring each person engaged in the business of providing professional employer services pursuant to co-employment relationships in which all or a majority of the employees of a client are covered employees to be registered. Each applicant for registration shall submit an application to the Commissioner of Insurance. The Commissioner shall remit all moneys received from fees or penalties to the State Treasurer to be credited to the Professional Employer Organization Fee Fund. 2024 House Bill 2790 transfers regulatory authority to Secretary of State.

	FY2023 <u>Actual</u>	FY2024 <u>Actual</u>	FY2025 <u>Estimate</u>	FY2026 <u>Estimate</u>
License Business	133,000	134,500	135,000	N/A

7354 – Workers Compensation Fund

Statutory History: K.S.A. 566(b)(1) authorizes the Commissioner of Insurance to impose an assessment upon all insurance carriers, the proceeds of which shall be credited to the Workers Compensation Fund to pay claims, attorney fees and costs which may be required to be paid from such fund during the current fiscal year. Other sources of revenue include fines, penalties, and reimbursements.

	FY2023 <u>Actual</u>	FY2024 <u>Actual</u>	FY2025 <u>Estimate</u>	FY2026 <u>Estimate</u>
WC Assessment	1,496,424	957,274	1,000,000	1,000,000
Other Fines & Penalties	326,233	184,971	200,000	200,000
Other Reimb. & Refunds	606,962	105,433	300,000	300,000
TOTAL	2,429,619	1,247,678	1,500,000	1,500,000

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Department of Insurance

State of Kansas

7652 – Firefighter Relief Fund

Statutory History: K.S.A. 40-1703 requires every insurance company that writes fire and lightning insurance to pay 2.0 percent of the total amount of annual premiums written in Kansas to the Kansas Department of Insurance. Funds collected in the fund are distributed to various cities, townships, and counties in Kansas, less amounts retained by the Department for expenses connected to administration of the fund.

	<u>FY2023 Actual</u>	<u>FY2024 Actual</u>	<u>FY2025 Estimate</u>	<u>FY2026 Estimate</u>
Insurance Premiums	17,742,779	19,855,016	21,500,000	23,000,000