

Narrative Information – DA 400

Division of Budget

Agency: Kansas Insurance Department

State of Kansas

AGENCY MISSION

The mission of the Kansas Insurance Department (“Insurance Department”, “Department” or “Agency”) is to protect the insurance and securities consumers of Kansas and to serve the public interest through the supervision, control and regulation of persons and organizations transacting the business of insurance and securities in the state. This mission will be accomplished through regulation, education and advocacy.

The Agency reviews companies that sell insurance policies, security offerings and financial services in Kansas to ensure solvency and compliance with the laws and regulations.

The Agency educates consumers about insurance and securities through our website and social media and by publishing brochures and rate guides to assist in the shopping process, giving presentations to groups across Kansas and serving as a non-biased source of information. The Agency advocates for a strong and competitive market to give Kansas choices when shopping for products to meet their needs, promoting integrity, fairness and full disclosure in financial services, and fostering capital information.

AGENCY PHILOSOPHY

The philosophy of the Agency is a reflection of its mission, which is based on values, and principles of fairness, openness, accountability, and integrity. Just as the Agency expects these values of the companies and individuals it regulates, it endeavors to adhere to these values in its operations. The Commissioner and staff are committed to providing high quality services in an efficient and professional manner. Agency conduct is guided by the ethical principles of the legal, accounting and law enforcement professions. While the Agency diligently administers and enforces the laws and regulations under its jurisdiction to accomplish its mission, it is also sensitive to the impact of regulatory requirements on affected businesses and individuals. The Agency seeks a fair and reasonable balance between providing investor protection and avoiding restrictive or duplicative regulation.

PROGRAMS ESTABLISHED TO ASSIST WITH AGENCY MISSION

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

STATUTORY HISTORY

The Insurance Department 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 the Commissioner sole supervision, control and regulation of the various individuals and entities authorized to transact the business of insurance in this state, including

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supervision over many of their business transactions. Insurance is not regulated at the federal level, so the Department has exclusive jurisdiction over the \$24.6 billion business of insurance in Kansas.

The Office of the Securities Commissioner became a division of the Insurance 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. Securities regulation began in Kansas because, according to J. N. Dolley, Kansas Bank Commissioner at that time who was the driving force behind passage of the new law, it was intended to prevent the sale of securities by promoters who promised rain but delivered only "blue sky". During the next few years, several other states passed similar laws, and now all states have securities laws that are referred to as "Blue Sky" laws. The Kansas and other states' securities laws were enacted many years before the first federal Securities Act of 1933. The Kansas Securities Act (KSA 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 (KSA 17-12a101 et seq.). The Securities Commissioner and staff also administer and enforce the Kansas Loan Broker's Act (KLBA, KSA 50-1001 et seq.) to regulate the services of loan brokers in Kansas who are not otherwise regulated or exempt.

AGENCY WIDE OVERVIEW

The Kansas Insurance Department is continuing to find new and better ways to service consumers, protect the public and regulate an important Kansas industry.

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

Position Data:

Program	FY2023 FTEs	FY2024 FTEs	FY2025 FTEs
	Actual	Estimate	Estimate
Ins. Co. Examination	6.00	6.00	6.00
General Administration	93.76	93.19	93.19
Firefighter Relief	2.00	1.00	1.00
Workers Compensation	2.66	2.49	2.49
Securities Regulation	30.58	32.58	32.58
Agency Total	135.00	135.25	135.25

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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

	FY2022 Actual	FY2023 Actual	FY2024 Estimate	FY2025 Estimate
Number of financial exams performed per year*	17	12	11	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.*

Expenditure Justification by Object Codes

Object Code 100 – Salaries and Wages
FTE: 6.00

The requested amounts are based on the current staffing level with funding provided for retaining current staff and filling existing vacant positions. These positions review the affairs and financial condition of insurance companies in the process of organization, applying for admission, or doing business in this state. They ensure, that through licensing and regulation, companies with hazardous or potentially hazardous financial conditions, do not bring financial hardship to the insurance consumers of Kansas. The market for company examiners is highly competitive, which means that the Department encounters some difficulty in hiring and retaining its examiners. Examiner salaries while working on an examination of a company are billed to and reimbursed by that company. The reimbursements are reflected in special revenue funds (Fund 2055 Audits and Inspections).

FY 2024: \$584,254

FY 2025: \$580,724

Object Code 200 – Contractual Services

Expenditures in this category include amounts for training and travel and subsistence for insurance company examinations. The insurance company being examined reimburses the Department for travel expenditures incurred. The reimbursements are reflected in special revenue funds (Fund 2055 Audits and Inspections).

FY 2024: \$5,700

FY 2025: \$5,700

Object Code 300 – Commodities

Expenditures in this category are for fuel, which is used for travel for examinations and training. The insurance company being examined reimburses the Department for travel expenditures incurred by the examiner. Reimbursements are reflected in special revenue funds (Fund 2055 Audits and Inspections).

FY 2024: \$300

FY 2025: \$300

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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

	FY2022 Actual	FY2023 Actual	FY2024 Estimate	FY2025 Estimate
Number of company license applications approved per year	17	25	30	30
Number of active licensed producers, adjusters and agencies per year	197,578	207,344	210,000	220,000
Number of insurance fraud investigations submitted to AG for criminal disposition	21	23	25	25
Number of consumer complaint & inquiry files closed per year	3,157	3,745	3,300	3,300
Amount of money recovered for Kansas Consumers from consumer complaints filed (in millions) per year	\$7,181,996	\$8,244,034	\$6,000,000	\$6,000,000

Expenditure Justification by Object Codes

Object Code 100 – Salaries and Wages
FTE: 93.19

The requested amounts are based on the current staffing level with funding provided for retaining current staff and filling existing vacant positions. The Insurance Company Regulation program includes the Producer Licensing division, the Rate and Form Compliance division, the Financial Surveillance division, the Anti-Fraud division, the Consumer Assistance division, the Government and Public Affairs division, the Legal division, Administration, Human Resources, Information Technology, Building Services and the Comptroller division.

These positions are responsible for administering the insurance laws and regulations of this state and providing administrative services to the Agency. The Department must have the ability to hire key qualified staff to protect Kansas consumers of insurance products. Any reduction to our budgeted salary and wage totals is detrimental to our ability to spot company problems that can adversely affect Kansans and the economy.

FY 2024: \$8,613,992

FY 2025: \$8,582,939

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Program: Insurance Regulation

Object Code 200 – Contractual Services

The expenditures in this category are primarily professional fees (actuarial services, accountants and auditors) used for regulating insurance companies, OITS provided services, computer programming fees, fingerprint and background checks for agents wanting to become licensed in Kansas and communication costs (telecom and data services). Rents are also a significant component of this expenditure category. In addition, we are increasing Official Hospitality to \$7,500 for FY2024 and for FY2025 to support more mobile office events.

FY 2024: \$2,978,400

FY 2025: \$2,962,900

Object Code 300 – Commodities

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

FY 2024: \$73,000

FY 2025: \$73,000

Object Code 400 – Capital Outlay

Expenditures in this category are almost exclusively for technology upgrades, laptops and support equipment for staff and conference rooms. Agency laptops/desktops are scheduled for replacement every three years as warranties expire.

FY 2024: \$297,000

FY 2025: \$295,500

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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 fair and equitable manner to the firefighter relief associations (“FRA”) across the state and the Kansas State Firefighter’s Association, Inc.

Performance Measures

	FY2022 Actual	FY2023 Actual	FY2024 Estimate	FY2025 Estimate
Number FRAs receiving a distribution each year.*	556	554	553	553
Number of FRAs requesting a redetermination hearing each year	15	15	10	10
Number of FRA presentations given each year	4	3	5	5

**In order 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 as defined in K.S.A. 40-1701 et. seq.

FY 2024: \$84,067
FY 2025: \$84,042

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 2024: \$800
FY 2025: \$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 2024: \$300
FY 2025: \$300

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Program: Insurance Regulation

Object Code 500 – Aid to Locals

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 Insurance Department. The amount collected by the Department is credited to the Firefighters Relief Fund and distributed as follows: (1) to the various cities, townships, fire districts, and county Firefighters Relief Associations with the exception of the following amounts: three percent of the tax which is distributed to the Kansas State Firefighters Association, Inc., for education and study; five percent of the tax which is distributed to the Kansas State Firefighters Association, Inc., for a death benefits fund (not to exceed the amount necessary to restore the fund to a \$100,000 balance); \$1,000 which is distributed to each Firefighters Relief Association; and an amount retained by the Insurance Department needed to fund the operating expenses incurred in administering the Firefighters Relief Act.

FY 2024: \$18,000,000

FY 2025: \$18,500,000

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Program: Insurance Regulation

WORKERS COMPENSATION

Objective

To defend claims against the Fund, in an effort to minimize Fund expenditures. To make appropriate payments on behalf of the Kansas Workers Compensation Fund to those carriers, employers or employees entitled to payment pursuant to Kansas statutes.

Performance Measures

	FY2022 Actual	FY2023 Actual	FY2024 Estimate	FY2025 Estimate
Total number of open work comp cases each year	1,660	1649	1680	1700

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 through the appointment of outside attorneys and making payments on behalf of the fund when ordered to do so.

FY 2024: \$258,022
FY 2025: \$257,307

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 2024: \$697,500
FY 2025: \$697,500

Object Code 300 – Commodities

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

FY 2024: \$75,100
FY 2025: \$75,100

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

FY 2024: \$2,000,000

FY 2025: \$2,000,000

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SECURITIES REGULATION

Objective

To administer the registration and exemption provisions of the 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 in a professional and efficient manner to obtain sufficient high-quality evidence to enable the highest possible rate of success in administrative actions, criminal prosecutions or other remedial actions.

Performance Measures:

	FY2022 Actual	FY2023 Actual	FY2024 Estimate	FY2025 Estimate
BD Registration and Renewal Filings per year	1,457	1,455	1,450	1,460
IA Registration, IA Notice Filings and Renewals per year	1,552	1,569	1,575	1,600
BD Agent, IA Rep, Agent of Issuer Registrations and Renewals per year	163,153	163,648	164,875	164,650
Issuer Registrations and Renewals per year	77	83	85	88
Number of compliance examinations performed per year	27	25	30	35
Number of complaints investigated per year	58	92	70	70
Court Ordered Restitution	\$1,301,400	\$645,000	\$500,000	\$2,000,000
Number of individual suspects referred to criminal prosecution per year	1	4	3	2
Number of enforcement investigations initiated per year	20	20	20	20

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.

FY 2024: \$3,284,236

FY 2025: \$3,272,735

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Agency: Kansas Insurance Department
Program: Insurance Regulation

Object Code 200 – Contractual Services

Expenditures in this category are primarily publicity for the anti-fraud and investor education campaign, OITS provided services and rent. In addition, we are increasing Official Hospitality to \$3,000 for FY2024 and for FY2025, to support the addition of educational events.

FY 2024: \$1,139,750

FY 2025: \$1,308,250

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 2024: \$28,500

FY 2025: \$28,500

Object Code 400 - Capital Outlay

Expenditures in this category are almost exclusively for technology upgrades, laptops and support equipment for staff and conference rooms. Agency computers are scheduled for replacement every three years as warranties expire.

FY 2024: \$80,000

FY 2025: \$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. Generally, quality investment decisions are directly related to relevant information provided to investors. In addition, compliance with securities laws and regulations is dependent on clear and comprehensive information and explanations for persons involved with developing, promoting and conducting securities offerings.

Performance Measures

	FY2022 Actual	FY2023 Actual	FY2024 Estimate	FY2025 Estimate
Number of events (virtual or in person) provided each year	1	11	10	10

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Agency: Kansas Insurance Department
Program: Insurance Regulation

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. In addition, we are increasing Official Hospitality to \$6,000 for FY2024 and for FY2025, to support the addition of educational events.

FY 2024: \$329,000

FY 2025: \$409,000

Object Code 300 – Commodities

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

FY 2024: \$36,000

FY 2025: \$41,000

Object Code 500 – Other Assistance

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

FY 2024: \$250,000

FY 2025: \$250,000

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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.

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State of Kansas
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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.

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Agency: Insurance Department
Program: Insurance Regulation
Subprogram: Firefighter Relief

Subprogram Name	Firefighter Relief
Priority	3 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 be misappropriated.

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

Subprogram Name	Workers Compensation
Priority	4 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.

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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.

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State of Kansas
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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:	KSA 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.

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404 Report

Agency: 00331 Insurance Department
Version: 2025-A-02-00331

Fund Number: 2055 2000 Name: INS COMPANY EXAMINATION FD	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	47,403	49,236	38,182
420100 AUDITS AND INSPECTIONS	266,430	575,000	575,000
Total Available	313,833	624,236	613,182
Total Reportable Expenditures	264,597	586,054	582,524
Total Expenditures	264,597	586,054	582,524
Balance Forward	49,236	38,182	30,658
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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404 Report

Agency: 00331 Insurance Department
Version: 2025-A-02-00331

Fund Number: 2056 2100 Name: INS COMPANY ANNL STMT EXAM FD	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	203,211	213,439	241,439
413300 INSURANCE PREMIUMS - FOREIGN	28,000	28,000	28,000
Total Available	231,211	241,439	269,439
Total Reportable Expenditures	17,772	0	0
Total Expenditures	17,772	0	0
Balance Forward	213,439	241,439	269,439
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Agency: 00331 Insurance Department
Version: 2025-A-02-00331

Fund Number: 2057 2200 Name: INS COMPANY EXAMINER TRN FD	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	79,108	102,183	137,983
413300 INSURANCE PREMIUMS - FOREIGN	40,000	40,000	40,000
Total Available	119,108	142,183	177,983
Total Reportable Expenditures	16,925	4,200	4,200
Total Expenditures	16,925	4,200	4,200
Balance Forward	102,183	137,983	173,783
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Agency: 00331 Insurance Department
 Version: 2025-A-02-00331

Fund Number: 2162 0100 Name: SECURITIES ACT FEE FUND	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	10,265,331	6,322,761	9,593,275
421100 LICENSE PERSONAL SERVICES	0	5,000,000	5,000,000
421110 LICENSE BUSINESS	0	3,000,000	3,000,000
462110 RECOVERY OF CURRENT FY EXP	328	0	0
766020 OPERATING TRANSFERS OUT	(200,000)	(200,000)	(200,000)
Total Available	10,065,659	14,122,761	17,393,275
Total Reportable Expenditures	3,742,898	4,529,486	4,685,985
Total Expenditures	3,742,898	4,529,486	4,685,985
Balance Forward	6,322,761	9,593,275	12,707,290
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Agency: 00331 Insurance Department
Version: 2025-A-02-00331

Fund Number: 2162 0104 Name: SAFF OFFICIAL HOSPITALITY	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	0	(1,964)	(1,964)
40001 APPROPRIATION	0	3,000	3,000
Total Available	0	1,036	1,036
Total Reportable Expenditures	1,964	3,000	3,000
Total Expenditures	1,964	3,000	3,000
Balance Forward	(1,964)	(1,964)	(1,964)
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Fund Number: 2242 2240 Name: INVESTOR EDUCATION FUND	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	3,341,840	3,023,985	2,464,985
454090 OTHER FINES PENALTIES FORFEIT	457,436	50,000	50,000
Total Available	3,799,276	3,073,985	2,514,985
Total Reportable Expenditures	775,291	609,000	694,000
Total Expenditures	775,291	609,000	694,000
Balance Forward	3,023,985	2,464,985	1,820,985
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Version: 2025-A-02-00331

Fund Number: 2242 2244 Name: IEF OFFICIAL HOSPITALITY	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	0	(726)	(726)
40001 APPROPRIATION	0	6,000	6,000
Total Available	0	5,274	5,274
Total Reportable Expenditures	726	6,000	6,000
Total Expenditures	726	6,000	6,000
Balance Forward	(726)	(726)	(726)
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Agency: 00331 Insurance Department
Version: 2025-A-02-00331

Fund Number: 2270 2400 Name: INSURANCE DEPT SVC REGLTN FD	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	58,887,382	64,922,527	64,915,779
413300 INSURANCE PREMIUMS - FOREIGN	1,693,132	1,700,000	1,700,000
420100 AUDITS AND INSPECTIONS	3,009	1,000	1,000
420200 TECHNICAL AND SKILLED SERVICES	3,821	5,000	5,000
420300 CORPORATION SERVICES	252,154	100,000	100,000
420400 CLERICAL SERVICES	7,738	5,000	5,000
420990 OTHER SERVICE CHARGES	89,650	75,000	70,000
421100 LICENSE PERSONAL SERVICES	350	500	500
421110 LICENSE BUSINESS	14,760,861	10,000,000	9,500,000
462110 RECOVERY OF CURRENT FY EXP	3,807	0	0
766010 OPERATING TRANSFERS IN	25,000	25,000	25,000
766020 OPERATING TRANSFERS OUT	(200,000)	(200,000)	(200,000)
Total Available	75,526,904	76,634,027	76,122,279
Total Reportable Expenditures	10,604,377	11,718,248	11,671,121
Total Expenditures	10,604,377	11,718,248	11,671,121
Balance Forward	64,922,527	64,915,779	64,451,158
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Fund Number: 2270 2403 Name: IDSR-OFFICIAL HOSPITALITY	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	0	(2,500)	(2,500)
40001 APPROPRIATION	0	7,500	7,500
Total Available	0	5,000	5,000
Total Reportable Expenditures	2,500	7,500	7,500
Total Expenditures	2,500	7,500	7,500
Balance Forward	(2,500)	(2,500)	(2,500)
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Agency: 00331 Insurance Department
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Fund Number: 2309 2309 Name: CAPTIVE INSURANCE REG & SUPER	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	220	20,129	50,129
421110 LICENSE BUSINESS	30,000	30,000	30,000
Total Available	30,220	50,129	80,129
Total Reportable Expenditures	10,091	0	0
Total Expenditures	10,091	0	0
Balance Forward	20,129	50,129	80,129
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Fund Number: 2367 2600		FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
Name: INSURANCE EDU & TRN FD				
40007	CASH FORWARD	64,169	64,169	64,169
	Total Available	64,169	64,169	64,169
	Total Expenditures	0	0	0
	Balance Forward	64,169	64,169	64,169
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Fund Number: 2523 2520 Name: SETTLEMENTS FD	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	211	211	211
Total Available	211	211	211
Total Expenditures	0	0	0
Balance Forward	211	211	211

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Fund Number: 2665 2665 Name: PHARMACY BENEFIT MGR Licensure FD	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	15,266	165,454	251,091
421110 LICENSE BUSINESS	227,640	230,000	230,000
Total Available	242,906	395,454	481,091
Total Reportable Expenditures	77,452	144,363	143,799
Total Expenditures	77,452	144,363	143,799
Balance Forward	165,454	251,091	337,292
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Fund Number: 2678 2678 Name: PROFESSIONAL EMPLOYER ORG REG	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	732,738	784,310	827,029
421110 LICENSE BUSINESS	130,000	135,000	135,000
Total Available	862,738	919,310	962,029
Total Reportable Expenditures	78,428	92,281	91,919
Total Expenditures	78,428	92,281	91,919
Balance Forward	784,310	827,029	870,110
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Fund Number: 3648 3648 Name: FLEXIBILITY TO STABLZ MRKT GRT	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	(1,688)	(604,825)	(604,825)
440100 FEDERAL GRANT OPERATING	73,015	0	0
Total Available	71,327	(604,825)	(604,825)
Total Reportable Expenditures	676,152	0	0
Total Expenditures	676,152	0	0
Balance Forward	(604,825)	(604,825)	(604,825)
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Agency: 00331 Insurance Department
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Fund Number: 7354 7000 Name: WORKERS COMPENSATION FD	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	7,101,528	9,081,471	9,408,610
451100 WORK COMP FUND ASSESS	1,219,452	0	2,000,000
454090 OTHER FINES PENALTIES FORFEIT	318,541	200,000	200,000
462900 OTHER REIMB AND REFUNDS	606,962	300,000	300,000
Total Available	9,246,483	9,581,471	11,908,610
Total Reportable Expenditures	165,012	172,861	172,861
Total Expenditures	165,012	172,861	172,861
Balance Forward	9,081,471	9,408,610	11,735,749
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Fund Number: 7354 7010 Name: W/C-ADMINISTRATION	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	(709)	(332,725)	(675,162)
Total Available	(709)	(332,725)	(675,162)
Total Reportable Expenditures	332,016	342,437	341,722
Total Expenditures	332,016	342,437	341,722
Balance Forward	(332,725)	(675,162)	(1,016,884)
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Fund Number: 7354 7020	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
Name: W/C-INSOLVENT EMPLOYERS ACCT			
40007 CASH FORWARD	(5,612)	(1,536,459)	(3,362,930)
Total Available	(5,612)	(1,536,459)	(3,362,930)
Total Reportable Expenditures	1,530,847	1,826,471	1,826,471
Total Expenditures	1,530,847	1,826,471	1,826,471
Balance Forward	(1,536,459)	(3,362,930)	(5,189,401)
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Fund Number: 7354 7030 Name: W/C-REMIBURSEMENT ACCT	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	0	(505,363)	(1,194,216)
Total Available	0	(505,363)	(1,194,216)
Total Reportable Expenditures	505,363	688,853	688,853
Total Expenditures	505,363	688,853	688,853
Balance Forward	(505,363)	(1,194,216)	(1,883,069)
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Fund Number: 7356 7100 Name: MUNICIPAL GRP FUNDED POOLS FF	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	40,527	40,527	40,527
Total Available	40,527	40,527	40,527
Total Expenditures	0	0	0
Balance Forward	40,527	40,527	40,527
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Fund Number: 7374 7120 Name: GROUP FUNDED W/C POOLS FF	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	112,719	112,719	112,719
Total Available	112,719	112,719	112,719
Total Expenditures	0	0	0
Balance Forward	112,719	112,719	112,719
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Agency: 00331 Insurance Department
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Fund Number: 7652 7130 Name: STATE FIREFIGHTERS RELIEF FD	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	909,230	773,194	773,194
413310 INSURANCE PREMIUMS - FIREMEN	17,742,779	18,000,000	18,500,000
Total Available	18,652,009	18,773,194	19,273,194
Total Reportable Expenditures	17,878,815	18,000,000	18,500,000
Total Expenditures	17,878,815	18,000,000	18,500,000
Balance Forward	773,194	773,194	773,194
KANSAS	404 Report		cdaubert / 2025-A-02-00331

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Agency: 00331 Insurance Department
Version: 2025-A-02-00331

Fund Number: 7652 7139 Name: ST FF REL-ADMINISTRATION	FY 2023 Actuals	FY 2024 Adjusted Budget Request	FY 2025 Adjusted Budget Request
40007 CASH FORWARD	0	(83,012)	(168,179)
Total Available	0	(83,012)	(168,179)
Total Reportable Expenditures	83,012	85,167	85,142
Total Expenditures	83,012	85,167	85,142
Balance Forward	(83,012)	(168,179)	(253,321)
KANSAS	404 Report		cdaubert / 2025-A-02-00331

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Insurance Department

State of Kansas

Examination Funds

Statutory History: KSA 40-222a authorizes the Commissioner of Insurance to examine the affairs of any insurance company conducting business in the State of Kansas. KSA 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. KSA 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 KSA 40-225. An additional amount, not to exceed \$40,000, is authorized by KSA 40-223e to be set apart and maintained from company tax and fee collections to be used for the training of company examiners.

Statutory History: KSA 44-587 and KSA 12-2623 established the Municipal Group-Funded Pools Fund and the Group-Funded Workers Comp Pools. All operating expenditures incident to the supervision of the group-funded pools are to be paid from these funds. The Commissioner of Insurance shall impose an assessment on each group-funded pool no later than June 1 each year to cover estimated expenses for the next fiscal year.

2055 – Insurance Company Examination Fund

	<u>FY2022 Actuals</u>	<u>FY2023 Actual</u>	<u>FY2024 Estimate</u>	<u>FY2025 Estimate</u>
Audits & Inspections	233,812	267,194	575,000	575,000

2056 – Insurance Company Annual Statement Exam Fund

	<u>FY2022 Actuals</u>	<u>FY2023 Actual</u>	<u>FY2024 Estimate</u>	<u>FY2025 Estimate</u>
Ins Premiums - Foreign	28,000	28,000	28,000	28,000

2057 – Insurance Company Examiner Training Fund

	<u>FY2022 Actuals</u>	<u>FY2023 Actual</u>	<u>FY2024 Estimate</u>	<u>FY2025 Estimate</u>
Ins Premiums - Foreign	40,000	40,000	40,000	40,000

7356 – Municipal Group-Funded Pools

	<u>FY2022 Actuals</u>	<u>FY2023 Actual</u>	<u>FY2024 Estimate</u>	<u>FY2025 Estimate</u>
Audits & Inspections	-	-	-	-

7374 – Group-Funded Workers Comp Pools

	<u>FY2022 Actuals</u>	<u>FY2023 Actual</u>	<u>FY2024 Estimate</u>	<u>FY2025 Estimate</u>
Audits & Inspections	-	-	-	-

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Insurance Department

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 KSA 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 Securities Fund 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 in FY2024 are based on rates sufficient to cover operating costs.

KSA 17-12a601(a) provides for the disposition of fees and other revenues received by the Securities Commissioner. Except for fines and settlements as explained below, 90% of receipts are credited to the Securities Act Fee Fund and 10% to the State General Fund (up to an annual maximum of \$100,000 and then 100% is credited to the Securities Act Fee Fund).

In accordance with the provisions of Senate Bill No. 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.

	FY2022 Actuals	FY2023 Actual	FY2024 Estimate	FY2025 Estimate
License Personal Service	80,460	-	5,000,000	5,000,000
License Business	59,450	-	3,000,000	3,000,000
Other Misc. Revenue	-	-	-	-
Other Reimb. & Refunds	-	-	-	-
Rec. of Current FY Exp.	-	328	-	-
Rec. of Prior FY Exp.	223	-	-	-
Operating Transfer Out	(200,000)	(200,000)	(200,000)	(200,000)
TOTAL	(59,867)	(199,672)	7,800,000	7,800,000

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Insurance Department

State of Kansas

2242 – Investor Education and Protection Fund

Statutory History: Civil penalties (fines) for violations of the Kansas Uniform Securities Act or Regulations are specified under KSA 17-12a412 and 17-12a602 through 17-12a604. Those statutes provide that fines may be assessed up to \$25,000 for each violation and sections 412, 603 and 604 further provide for an additional fine of \$15,000 for each violation if the victim is elderly or disabled. Subsection (d) of KSA 17-12a601 provides that fines received are credited to the Investor Education and Protection Fund (fines are included with other fees for determining the 10% credit to the State General Fund up to the \$100,000 annual maximum credit to the State General Fund). Amounts received in settlement of enforcement cases may be designated for deposit to the Investor Education and Protection Fund.

Fines 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 \$50,000 was estimated based on averages during past fiscal years.

	<u>FY2022 Actuals</u>	<u>FY2023 Actual</u>	<u>FY2024 Estimate</u>	<u>FY2025 Estimate</u>
Other Fines & Penalties	227,276	457,436	50,000	50,000
Other Misc. Revenue	-	-	-	-
Recovery of Current FY Exp.	-	-	-	-
Other Reimb. & Refunds	-	-	-	-
TOTAL	227,276	457,436	50,000	50,000

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Insurance Department

State of Kansas

2270 – Insurance Department Service Regulation Fund

Statutory History: KSA 40-112 established the Insurance Department Service Regulation Fund for the purpose of maintaining the operations of the Kansas Insurance Department. The fund, which is to be administered by the Commissioner of Insurance, is funded by fees charged by the Department, 1% of premium taxes received from insurance companies pursuant to KSA 40-252, and an annual assessment imposed as deemed necessary by the Commissioner to fund the operations of the Department.

In accordance with the provisions of Senate Bill No. 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.

	FY2022 <u>Actuals</u>	FY2023 <u>Actual</u>	FY2024 <u>Estimate</u>	FY2025 <u>Estimate</u>
Insurance Premium	1,634,746	1,693,132	1,700,000	1,700,000
Audits & Inspections	7,512	3,009	1,000	1,000
Technical & Skilled Services	3,950	4,071	5,000	5,000
Corporation Services	253,565	251,764	100,000	100,000
Clerical Services	9,486	7,777	5,000	5,000
Other Service Charges	90,150	89,650	75,000	70,000
License Personal Services	310	325	500	500
License Business	15,550,249	14,777,017	10,000,000	9,500,000
Recovery of Current FY Exp.	4,751	3,807	-	-
Recovery of Prior FY Exp.	892	-	-	-
Operating Transfers In	25,000	25,000	25,000	25,000
Operating Transfers Out	(200,000)	(200,000)	(200,000)	(200,000)
TOTAL	17,380,611	16,655,552	11,711,500	11,206,500

2309 – Captive Insurance Regulation & Supervision Fund

Statutory History: KSA 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.

	FY2022 <u>Actuals</u>	FY2023 <u>Actual</u>	FY2024 <u>Estimate</u>	FY2025 <u>Estimate</u>
License Business	110	30,000	30,000	30,000

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Insurance Department

State of Kansas

2665 – Pharmacy Benefits Manager Registration Fund

Statutory History: KSA 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. 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.

	FY2022 <u>Actuals</u>	FY2023 <u>Actual</u>	FY2024 <u>Estimate</u>	FY2025 <u>Estimate</u>
License Business	10,080	227,640	230,000	230,000

2678 – Professional Employer Organization Fee Fund

Statutory History: KSA 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. 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

	FY2022 <u>Actuals</u>	FY2023 <u>Actual</u>	FY2024 <u>Estimate</u>	FY2025 <u>Estimate</u>
License Business	99,500	133,000	135,000	135,000

7354 – Workers Compensation Fund

Statutory History: KSA 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.

	FY2022 <u>Actuals</u>	FY2023 <u>Actual</u>	FY2024 <u>Estimate</u>	FY2025 <u>Estimate</u>
WC Assessment	3,132,306	1,496,424	-	2,000,000
Other Fines & Penalties	198,416	326,233	200,000	200,000
Other Reimb. & Refunds	333,141	606,962	300,000	300,000
TOTAL	3,663,863	2,429,619	500,000	2,500,000

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Insurance Department

State of Kansas

7652 – Firefighter Relief Fund

Statutory History: KSA 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 Insurance Department. Funds collected in the fund are distributed to various cities, townships, and counties in Kansas, less amounts retained by the Insurance Department for expenses connected to administration of the fund.

	<u>FY2022 Actuals</u>	<u>FY2023 Actual</u>	<u>FY2024 Estimate</u>	<u>FY2025 Estimate</u>
Insurance Premiums	16,123,457	17,742,779	18,000,000	18,500,000

3648 – Federal Fund (Flexibility to Stabilize the Market Grant)

The State Flexibility to Stabilize the Market Cycle II Grant Program provides grant funds to 28 States and the District of Columbia to enhance and support the roll of States in the planning for and implementation of selected Federal market reforms and consumer protections under Part A of Title XXVII of the Public Health Service Act. This grant helps support State Departments of Insurance efforts to make sure their laws, regulations and procedures are in line with Federal requirements and that States are able to effectively regulate their respective health insurance markets through innovative measures that support the selected Federal market reforms and consumer protections.

	<u>FY2022 Actuals</u>	<u>FY2023 Actual</u>	<u>FY2024 Estimate</u>	<u>FY2025 Estimate</u>
Insurance Premiums	17,019	73,015	-	-

Insurance Regulation

Consequences of Not Funding this Program

Without company examination the chances of insurance company insolvencies would increase. 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 regulation of the firefighter relief associations FRA funds may be misappropriated. Without regulation of the workers compensation program eligible workers compensation claims would not be paid.

	<u>Statutory Basis</u>	<u>Mandatory vs. Discretionary</u>	<u>MOE/Match Rqt.</u>	<u>Priority Level</u>
General	K.S.A. 40-101 et seq K.S.A. 40-1701 et seq K.S.A. 73-1209	Mandatory	No	1
Specific	K.S.A 44-581 through 592 K.S.A 12-2617 K.S.A. 44-501 through 580	Mandatory	No	

Program Goals

- A. Protect the insurance consumers of Kansas through supervision, control and regulation of persons and organizations transacting the business of insurance in the state.
- B. To administer the Firefighter Relief Act.
- C. To administer the portion of the Workers Compensation Act for claims involving employers who are uninsured and unable to pay claims.

Program History

The Kansas Insurance Department 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 the Commissioner 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. Insurance is not regulated at the federal level, so the Department has exclusive jurisdiction over the \$22.2 billion business of insurance in Kansas.

Performance Measures

<i>Outcome Measures</i>	<i>Goal</i>	<i>FY 2020 Actuals</i>	<i>FY 2021 Actuals</i>	<i>FY 2022 Actuals</i>	<i>FY 2023 Previous Est.</i>	<i>FY 2023 Actuals</i>	<i>FY 2024 Est.</i>	<i>FY 2025 Est.</i>	<i>3- yr. Avg.</i>
1. Amount of money recovered for Kansas consumers	A	\$1,883,718	\$2,657,248	\$7,181,996	\$3,800,000	\$8,244,034	\$6,000,000	\$6,000,000	\$6,027,759
2. No. of insurance fraud investigations submitted to AG for criminal disposition	A	14	9	21	20	23	25	25	18
3. Average cost per company examination	A	Didn't Track	117,829	130,403	132,000	132,245	135,000	135,000	126,826

Output Measures

4. No. of financial exams performed each year	A	8	11	18	14	12	11	14	14
5. No. of company license applications approved each year	A	10	23	17	25	25	30	30	22
6. No. of active licensed producers, adjusters and agencies each year	A	168,294	186,998	197,578	207,500	207,344	210,000	220,000	197,307
7. No. of consumer complaint & inquiry files closed each year	A	3,589	2,938	3,157	3,000	3,745	3,300	3,300	3,280
8. No. of FRAs receiving a distribution each year	B	561	555	556	556	554	553	553	555
9. No. of open work comp cases each year	C	1,837	1,638	1,660	1,675	1,649	1,700	1,700	1,649

Funding

<i>Funding Source</i>	<i>FY 2020 Actuals</i>	<i>FY 2021 Actuals</i>	<i>FY 2022 Actuals</i>	<i>FY 2023 Previous Est.</i>	<i>FY 2023 Actuals</i>	<i>FY 2024 Est.</i>	<i>FY 2025 Est.</i>	<i>3-yr. Avg.</i>
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-SGF State Funds	28,445,967	27,452,228	29,098,750	34,298,230	32,243,359	33,819,388	34,267,197	29,598,112
Federal Funds	21,295	62,244	18,706	656,881	71,327	-	-	50,759
Total	\$ 28,467,262	\$ 27,514,473	\$ 29,117,456	\$ 34,955,111	\$ 32,314,686	\$ 33,819,388	\$ 34,267,197	\$ 29,648,872
FTE	104.7	106.2	105.9	104.4	104.4	102.7	102.7	105.5

Securities Regulation

Consequences of Not Funding this Program

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. Investor abuse and investment losses due to ignorance 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.

<u>Statutory Basis</u>	<u>Mandatory vs. Discretionary</u>	<u>MOE/Match Rgt.</u>	<u>Priority Level</u>
General K.S.A. 17-12a101 et. seq.	Mandatory	No	1

Program Goals

- A. To administer and enforce the registration and examination provisions of the Kansas Uniform Securities Act.
- B. 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.

Program History

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. Securities regulation began in Kansas because, according to J. N. Dolley, Kansas Bank Commissioner at that time who was the driving force behind passage of the new law, it was intended to prevent the sale of securities by promoters who promised rain but delivered only "blue sky". During the next few years, several other states passed similar laws, and now all states have securities laws that are referred to as "Blue Sky" laws. The Kansas and other states' securities laws were enacted many years before the first federal Securities Act of 1933. 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.). The Securities Commissioner and 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.

Performance Measures

<i>Outcome Measures</i>	<i>Goal</i>	<i>FY 2020 Actuals</i>	<i>FY 2021 Actuals</i>	<i>FY 2022 Actuals</i>	<i>FY 2023 Previous Est.</i>	<i>FY 2023 Actuals</i>	<i>FY 2024 Est.</i>	<i>FY 2025 Est.</i>	<i>3- yr. Avg.</i>
1. Court ordered restitution	A	\$230,814	\$751,296	\$1,301,400	\$870,000	\$645,000	\$500,000	\$2,000,000	\$899,232
2. No. of individual suspects referred to criminal prosecution each year	A	7	-	1	2	4	3	2	2
3. Number of events (virtual or in person) provided each year	B	Didn't Track	Didn't Track	1	10	11	10	10	\$19.22

Output Measures

4. BD registrations & renewal filings each year	A	1,463	1,452	1,457	1,436	1,455	1,450	1,460	1,455
5. IA registrations/IA notice filings & renewals each year	A	1,491	1,517	1,552	1,573	1,569	1,575	1,600	1,546
6. BD Agent/IA Rep/Agent of issuer registrations & renewals each year	A	156,443	161,517	163,153	164,875	163,648	164,875	164,650	162,773
7. Issuer registrations and renewals each year	A	67	71	77	75	83	85	88	77
8. No. of compliance examinations performed each year	A	57	50	27	32	25	30	35	34
9. No. of complaints investigated each year	A	12	33	58	50	92	70	70	61
10. No. of enforcement investigatins initiated each year	A	16	21	20	20	20	20	20	20

Funding

<i>Funding Source</i>	<i>FY 2020 Actuals</i>	<i>FY 2021 Actuals</i>	<i>FY 2022 Actuals</i>	<i>FY 2023 Previous Est.</i>	<i>FY 2023 Actuals</i>	<i>FY 2024 Est.</i>	<i>FY 2025 Est.</i>	<i>3-yr. Avg.</i>
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-SGF State Funds	3,280,255	3,283,962	3,660,677	4,826,450	4,520,879	5,141,985	5,383,985	3,821,839
Federal Funds	1,252	17,756	-	-	-	-	-	5,919
Total	\$ 3,281,507	\$ 3,301,718	\$ 3,660,677	\$ 4,826,450	\$ 4,520,879	\$ 5,141,985	\$ -	\$ 3,827,758
FTE	29.8	29.8	29.6	30.6	30.6	32.6	32.6	30.0