

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
 - Insurance Regulation
 - Workers Compensation
 - Firefighters Relief Act
- Securities
 - Securities Regulation
 - 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.

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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	FY2025 FTEs Actual	FY2026 FTEs Estimate	FY2027 FTEs Estimate
Ins. Co. Examination	-	-	-
Insurance Regulation	98.93	93.13	93.13
Workers Compensation	2.49	2.37	2.37
Firefighter Relief	1.00	1.00	1.00
Securities Regulation	32.58	38.50	38.50
Agency Total	135.00	135.00	135.00

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Agency: Kansas Department of Insurance
Program: Insurance Regulation

INSURANCE 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

	FY2024 Actual	FY2025 Actual	FY2026 Estimate	FY2027 Estimate
Number of financial exams performed per year*	13	15	12	12
Number of company license applications approved per year	26	26	26	26
Number of active licensed producers, adjusters and agencies per year	208,496	223,499	225,000	227,000
Number of insurance fraud investigations submitted to AG for criminal disposition	20	20	25	25
Number of consumer complaint & inquiry files closed per year	4,346	4,933	5,323	5,524
Amount of money recovered for Kansas Consumers from consumer complaints filed per year**	\$17,449,005	\$25,608,119	\$13,209,230	\$14,322,866

*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.

**Amount reported above is for fiscal year, but the amount of money recovered for Kansas consumers is generally published by calendar year. Calendar Year amounts 2024 \$12,486,081, 2025 estimated to be \$25,731,768.

Expenditure Justification by Object Codes

Object Code 100 – Salaries and Wages
FTE: 93.13

To effectively carry out its mission, the Department must maintain the ability to hire and retain qualified staff. Competitive salaries are essential to minimizing turnover, ensuring continuity and supporting a stable and high-performing workforce. These positions play a pivotal role in carrying out the Department's mission.

The requested funding is based on current staffing levels, with funding designated for both the retention of existing employees and the recruitment of candidates to fill vacant positions.

FY 2026: \$9,508,573

FY 2027: \$9,562,335

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Agency: Kansas Department of Insurance
Program: Insurance Regulation

Object Code 200 – Contractual Services

Contractual services encompass essential professional services required to effectively regulate the insurance industry. The Department relies on external experts – including attorneys, actuaries, accountants/auditors and specialized consultants - to supplement in-house capabilities and ensure compliance with state regulations. These contracted professionals contribute critical expertise which strengthens regulatory enforcement and consumer protection.

The requested funding is essential to sustain these professional services and to support the successful implementation of the Department's real-time motor vehicle verification system enacted through SB 42. The requested amount for FY2027 reflects a transition from system development to operational support of the Department's real-time motor vehicle verification system.

FY 2026: \$4,580,800

FY 2027: \$4,055,300

Object Code 300 – Commodities

The requested funding is for essential consumable supplies required to support daily operations - cleaning supplies, stationery, office supplies, data processing supplies, as well as fuel for travel. Additionally, FY2026 reflects the formal implementation of the department's name change from the Kansas Insurance Department to the Kansas Department of Insurance as enacted through HB 2050. Funding is requested to update all relevant signage on and around the department's facilities.

FY 2026: \$131,500

FY 2027: \$ 81,500

Object Code 400 – Capital Outlay

The requested funding supports essential upgrades to the Department's technology infrastructure in order to strengthen cybersecurity systems per the agency CISO. The requested funding for FY2026 includes laptops, servers and SANs replacements.

FY 2026: \$562,500

FY 2027: \$290,500

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Agency: Kansas Department of Insurance
Program: Insurance Regulation

WORKERS COMPENSATION

Objective

To effectively and efficiently administer the Kansas Workers Compensation Fund by ensuring that payments are made solely to carriers, employers or employees who are entitled to payment under Kansas statutes.

Performance Measures

	FY2024 Actual	FY2025 Actual	FY2026 Estimate	FY2027 Estimate
Total number of open work comp cases each year	1,678	1,658	1,648	1,628

Expenditure Justification by Object Codes

Object Code 100 – Salaries and Wages
FTE: 2.37

To ensure the effective administration of the Workers Compensation Fund, the Department must maintain the capacity to hire and retain qualified personnel. These professionals are essential for defending claims against the Workers Compensation Fund and executing payment obligations when ordered to do so. The requested funding is based on current staffing levels, with funding designated for both the retention of existing employees and the recruitment of candidates to fill vacant positions.

FY 2026: \$282,607

FY 2027: \$284,348

Object Code 200 – Contractual Services

These expenditures primarily consist of professional fees paid to attorneys appointed to defend claims against the Fund. Additional costs include payments to physicians, hospitals and other healthcare providers delivering services to claimants. The requested funding supports these services.

FY 2026: \$797,400

FY 2027: \$797,400

Object Code 300 – Commodities

The requested funding is for drug and pharmaceutical claim payments.

FY 2026: \$75,100

FY 2027: \$75,100

Object Code 500 – Other Assistance

The requested funding is for director certifications. Pursuant to K.S.A. 44-534a(b), when an employer or its insurance carrier pays benefits to a claimant under the Workers Compensation Act and it is later found that the benefits paid exceeded the amount legally due – or that no benefits should have been paid - the Workers Compensation Fund shall reimburse the employer in the amount of the overpayment.

FY 2026: \$2,000,000

FY 2027: \$2,000,000

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Program: Insurance Regulation

FIREFIGHTER RELIEF

Objective

To effectively administer the Firefighters Relief Act and ensuring statutory distribution of the two percent premium tax on fire and lightning insurance written in the state of Kansas.

Performance Measures

	FY2024 Actual	FY2025 Actual	FY2026 Estimate	FY2027 Estimate
Number FRAs receiving a distribution each year*	553	554	554	554
Number of FRAs requesting a redetermination hearing each yr.	16	13	16	16
Number of FRA presentations given each year	3	2	3	3

**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

The requested funding is for a competitive salary essential for retaining qualified staff to effectively administer the insurance laws and regulations established under the Firefighters Relief Act. K.S.A. 40-1701 *et seq.*

FY 2026: \$86,814
FY 2027: \$87,787

Object Code 200 – Contractual Services

The requested funding is for travel and subsistence costs associated with the annual Firefighters Relief Seminar, the SCAFFA and the Kansas State Firefighters Association conferences.

FY 2026: \$700
FY 2027: \$700

Object Code 300 – Commodities

The requested funding is for fuel, which is used for travel to the annual Firefighters Relief Seminar, the SCAFFA and the Kansas State Firefighters Association conferences.

FY 2026: \$300
FY 2027: \$300

Object Code 500 – Aid to Locals

The requested funding does not represent an expenditure, but rather the transfer of earmarked funds to their intended recipients. Funds are generated from a two percent tax on fire and lightning premium written covering risks in Kansas. These funds are distributed in accordance with K.S.A. 40-1706.

FY 2026: \$23,000,000
FY 2027: \$24,000,000

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Agency: Kansas Department of Insurance
Program: Insurance Regulation

SECURITIES REGULATION

Objective

To administer Kansas Uniform Securities Act in a timely and professional manner, ensuring proper oversight of securities offerings in Kansas. The Department is committed to detecting and investigating potential violations of both the Kansas Uniform Securities Act and the Kansas Loan Brokers Act.

Performance Measures:

	FY2024 Actual	FY2025 Actual	FY2026 Estimate	FY2027 Estimate
BD Registration and Renewal Filings per year	1,414	1,386	1,350	1,300
IA Registration, IA Notice Filings and Renewals per year	1,605	1,579	1,550	1,500
BD Agent, IA Rep, Agent of Issuer Registrations and Renewals per year	167,158	166,785	166,500	166,000
Issuer Registrations and Renewals per year	108	113	110	110
Number of compliance examinations performed per year	35	36	40	40
Number of complaints investigated per year	133	62	80	80
Court Ordered Restitution	\$97,190	\$208,900	\$300,000	\$300,000
Number of enforcement investigations initiated per year	17	26	20	20
Number of reports of suspected financial exploitation of a vulnerable adult (mandated by 2024 HB 2562)	N/A	139	130	130

BD – Broker Dealer

IA – Investment Advisor

Expenditure Justification by Object Code

Object Code 100 – Salaries and Wages
FTE: 38.50

The Department must maintain the ability to hire and retain qualified staff. Competitive salaries are essential to minimizing turnover, ensuring continuity and supporting a stable and high-performing workforce. The requested funding is based on current staffing levels, with funding designated for both the retention of existing employees and the recruitment of candidates to fill vacant positions. These positions play a pivotal role in carrying out the Department's mission.

FY 2026: \$4,318,155

FY 2027: \$4,343,421

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Program: Insurance Regulation

Object Code 200 – Contractual Services

The requested funding is for essential services required to regulate the securities industry. In addition, it includes funding for publicity efforts for the Department's anti-fraud and investor education campaign.

FY 2026: \$1,462,250

FY 2027: \$1,446,250

Object Code 300 – Commodities

The requested funding is for essential consumable supplies required to support daily operations – cleaning supplies, stationery, office supplies, data processing supplies as well as fuel for travel.

FY 2026: \$37,500

FY 2027: \$37,500

Object Code 400 - Capital Outlay

The requested funding supports essential upgrades to the Department's technology infrastructure in order to strengthen cybersecurity systems per the agency CISO. The requested funding for FY2026 includes laptops, servers and SANs replacements.

FY 2026: \$218,000

FY 2027: \$ 89,500

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State of Kansas

Agency: Kansas Department of Insurance
Program: Insurance Regulation

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

	FY2024 Actual	FY2025 Actual	FY2026 Estimate	FY2027 Estimate
Number of events (virtual or in person) provided each year	14	32	32	32

Expenditure Justification by Object Code

Object Code 200 – Contractual Services

The requested funding is for publicity efforts for the Department's anti-fraud and investor education campaign. It also includes funding for transcription services and court reporter fees.

FY 2026: \$409,000

FY 2027: \$409,000

Object Code 300 – Commodities

The requested funding is for merchandise to publicize the Department's anti-fraud and investor education campaign. These materials support outreach efforts designed to inform the public about responsible investing, identifying and avoiding fraudulent schemes.

FY 2026: \$41,000

FY 2027: \$41,000

Object Code 500 – Other Assistance

The requested funding is for scholarships and grants that advance investor education initiatives. These funds support programs that promote financial literacy, responsible investing and fraud prevention – especially students.

FY 2026: \$250,000

FY 2027: \$250,000

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State of Kansas
Division of the Budget

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

Subprogram Name Insurance Regulation

Priority 1 of 3

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 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 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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State of Kansas
Division of the Budget

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

Subprogram Name	Workers Compensation
Priority	2 of 3
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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State of Kansas
Division of the Budget

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

Subprogram Name	Firefighter Relief
Priority	3 of 3
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.

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State of Kansas
Division of the Budget

Agency: 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, *et seq.*

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
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.

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Agency: 00331 Kansas Department of Insurance
Version: 2027-A-02-00331

Fund Number: 2055 2000 Name: INS COMPANY EXAMINATION FD		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	44,802	52,867	52,867
420100	AUDITS AND INSPECTIONS	19,719	0	0
Total Available		64,521	52,867	52,867
Total Reportable Expenditures		11,654	0	0
Total Expenditures		11,654	0	0
Balance Forward		52,867	52,867	52,867
KANSAS		404 Report		cdaubert / 2027-A-02-00331

Agency: 00331 Kansas Department of Insurance
Version: 2027-A-02-00331

Fund Number: 2056 2100 Name: INS COMPANY ANNL STMT EXAM FD		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	226,662	226,662	226,662
	Total Available	226,662	226,662	226,662
	Total Expenditures	0	0	0
	Balance Forward	226,662	226,662	226,662
KANSAS		404 Report		cdaubert / 2027-A-02-00331

Agency: 00331 Kansas Department of Insurance
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Fund Number: 2057 2200 Name: INS COMPANY EXAMINER TRN FD		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	127,676	127,364	127,364
	Total Available	127,676	127,364	127,364
	Total Reportable Expenditures	312	0	0
	Total Expenditures	312	0	0
	Balance Forward	127,364	127,364	127,364
KANSAS		404 Report		cdaubert / 2027-A-02-00331

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Agency: 00331 Kansas Department of Insurance
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Fund Number: 2162 0100 Name: SECURITIES ACT FEE FUND		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	11,414,173	15,576,598	9,343,693
421100	LICENSE PERSONAL SERVICES	6,276,261	0	6,500,000
421110	LICENSE BUSINESS	3,160,144	0	3,300,000
469010	RECOVERY OF PRIOR FY EXP	441	0	0
469090	OTHER NONREVENUE RECEIPTS	146	0	0
766020	OPERATING TRANSFERS OUT	(200,000)	(200,000)	(200,000)
Total Available		20,651,165	15,376,598	18,943,693
Total Reportable Expenditures		5,073,567	6,032,905	5,913,671
Total Non-Reportable Expenditures		1,000	0	0
Total Expenditures		5,074,567	6,032,905	5,913,671
Balance Forward		15,576,598	9,343,693	13,030,022
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Fund Number: 2162 0104 Name: SAFF OFFICIAL HOSPITALITY		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	0	(1,760)	(4,760)
	Total Available	0	(1,760)	(4,760)
	Total Reportable Expenditures	1,760	3,000	3,000
	Total Expenditures	1,760	3,000	3,000
	Balance Forward	(1,760)	(4,760)	(7,760)
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Fund Number: 2242 2240 Name: INVESTOR EDUCATION FUND		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	3,241,639	3,254,519	3,060,519
454090	OTHER FINES PENALTIES FORFEIT	429,018	500,000	500,000
Total Available		3,670,657	3,754,519	3,560,519
Total Reportable Expenditures		416,138	694,000	694,000
Total Expenditures		416,138	694,000	694,000
Balance Forward		3,254,519	3,060,519	2,866,519
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Fund Number: 2242 2244 Name: IEF OFFICIAL HOSPITALITY		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	0	(71)	(6,071)
	Total Available	0	(71)	(6,071)
	Total Reportable Expenditures	71	6,000	6,000
	Total Expenditures	71	6,000	6,000
	Balance Forward	(71)	(6,071)	(12,071)
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Fund Number: 2270 2400 Name: INSURANCE DEPT SVC REGLTN FD		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	71,283,080	70,040,995	63,582,622
413300	INSURANCE PREMIUMS - FOREIGN	1,776,507	1,900,000	0
420100	AUDITS AND INSPECTIONS	35,035	0	0
420200	TECHNICAL AND SKILLED SERVICES	4,160	4,000	4,000
420300	CORPORATION SERVICES	302,641	300,000	300,000
420400	CLERICAL SERVICES	8,725	9,000	9,000
420990	OTHER SERVICE CHARGES	84,200	90,000	90,000
421100	LICENSE PERSONAL SERVICES	25	0	0
421110	LICENSE BUSINESS	12,231,103	6,000,000	6,000,000
459090	OTHER MISCELLANEOUS REVENUE	11	0	0
462110	RECOVERY OF CURRENT FY EXP	503	3,000	3,000
469010	RECOVERY OF PRIOR FY EXP	1,763	0	0
469090	OTHER NONREVENUE RECEIPTS	2,365	0	0
766010	OPERATING TRANSFERS IN	63,922	25,000	25,000
766020	OPERATING TRANSFERS OUT	(200,000)	(200,000)	(200,000)
Total Available		85,594,040	78,171,995	69,813,622
Total Reportable Expenditures		15,553,045	14,589,373	13,794,785
Total Expenditures		15,553,045	14,589,373	13,794,785
Balance Forward		70,040,995	63,582,622	56,018,837
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Fund Number: 2270 2403 Name: IDSR-OFFICIAL HOSPITALITY		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	0	(2,438)	(9,938)
	Total Available	0	(2,438)	(9,938)
	Total Reportable Expenditures	2,438	7,500	7,500
	Total Expenditures	2,438	7,500	7,500
	Balance Forward	(2,438)	(9,938)	(17,438)
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Fund Number: 2309 2309 Name: CAPTIVE INSURANCE REG & SUPER		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	29,201	49,201	49,201
421110	LICENSE BUSINESS	20,000	5,000	5,000
Total Available		49,201	54,201	54,201
Total Reportable Expenditures		0	5,000	5,000
Total Expenditures		0	5,000	5,000
Balance Forward		49,201	49,201	49,201
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Fund Number: 2367 2600 Name: INSURANCE EDU & TRN FD		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	65,003	70,856	70,856
454090	OTHER FINES PENALTIES FORFEIT	5,853	0	0
Total Available		70,856	70,856	70,856
Total Expenditures		0	0	0
Balance Forward		70,856	70,856	70,856
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Fund Number: 2523 2520 Name: SETTLEMENTS FD		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 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 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	139,979	126,639	95,139
421110	LICENSE BUSINESS	145,000	150,000	150,000
	Total Available	284,979	276,639	245,139
	Total Reportable Expenditures	158,340	181,500	182,350
	Total Expenditures	158,340	181,500	182,350
	Balance Forward	126,639	95,139	62,789
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Fund Number: 2678 2678 Name: PROFESSIONAL EMPLOYER ORG REG		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	834,339	1	1
421110	LICENSE BUSINESS	46,500	0	0
766020	OPERATING TRANSFERS OUT	(797,245)	0	0
	Total Available	83,594	1	1
	Total Reportable Expenditures	44,671	0	0
	Total Non-Reportable Expenditures	38,922	0	0
	Total Expenditures	83,593	0	0
	Balance Forward	1	1	1
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Fund Number: 7354 7000 Name: WORKERS COMPENSATION FD		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	5,744,169	7,794,832	9,934,717
451100	WORK COMP FUND ASSESS	2,006,784	2,131,200	2,131,200
454090	OTHER FINES PENALTIES FORFEIT	187,776	199,500	199,500
462900	OTHER REIMB AND REFUNDS	159,419	169,300	169,300
	Total Available	8,098,148	10,294,832	12,434,717
	Total Reportable Expenditures	303,316	360,115	360,115
	Total Expenditures	303,316	360,115	360,115
	Balance Forward	7,794,832	9,934,717	12,074,602
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Fund Number: 7354 7010 Name: W/C-ADMINISTRATION		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	(3,478)	(351,242)	(721,904)
	Total Available	(3,478)	(351,242)	(721,904)
	Total Reportable Expenditures	347,764	370,662	372,403
	Total Expenditures	347,764	370,662	372,403
	Balance Forward	(351,242)	(721,904)	(1,094,307)
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Fund Number: 7354 7020 Name: W/C-INSOLVENT EMPLOYERS ACCT		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	(6,128)	(1,327,969)	(2,940,375)
	Total Available	(6,128)	(1,327,969)	(2,940,375)
	Total Reportable Expenditures	1,321,841	1,612,406	1,612,406
	Total Expenditures	1,321,841	1,612,406	1,612,406
	Balance Forward	(1,327,969)	(2,940,375)	(4,552,781)
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Fund Number: 7354 7030 Name: W/C-REMIBURSEMENT ACCT		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	0	(617,205)	(1,429,129)
	Total Available	0	(617,205)	(1,429,129)
	Total Reportable Expenditures	617,205	811,924	811,924
	Total Expenditures	617,205	811,924	811,924
	Balance Forward	(617,205)	(1,429,129)	(2,241,053)
KANSAS		404 Report		cdaubert / 2027-A-02-00331

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Fund Number: 7652 7130 Name: STATE FIREFIGHTERS RELIEF FD		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	841,776	820,359	820,359
413310	INSURANCE PREMIUMS - FIREMEN	21,707,358	23,000,000	24,000,000
	Total Available	22,549,134	23,820,359	24,820,359
	Total Reportable Expenditures	21,728,775	23,000,000	24,000,000
	Total Expenditures	21,728,775	23,000,000	24,000,000
	Balance Forward	820,359	820,359	820,359
KANSAS		404 Report		cdaubert / 2027-A-02-00331

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Fund Number: 7652 7139 Name: ST FF REL-ADMINISTRATION		FY 2025 Actuals	FY 2026 Adjusted Budget Request	FY 2027 Adjusted Budget Request
40007	CASH FORWARD	0	(87,370)	(175,184)
	Total Available	0	(87,370)	(175,184)
	Total Reportable Expenditures	87,370	87,814	88,787
	Total Expenditures	87,370	87,814	88,787
	Balance Forward	(87,370)	(175,184)	(263,971)
KANSAS		404 Report		cdaubert / 2027-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.

Effective July 1, 2024, the Department discontinued charging for internal Department costs. The amounts reflected for FY2025 represent residual reimbursement revenue. This program has been eliminated.

2055 – Insurance Company Examination Fund

	FY2024 <u>Actual</u>	FY2025 <u>Actual</u>	FY2026 <u>Estimate</u>	FY2027 <u>Estimate</u>
Audits & Inspections	243,928	20,935.39	-	-

2056 – Insurance Company Annual Statement Exam Fund

	FY2024 <u>Actual</u>	FY2025 <u>Actual</u>	FY2026 <u>Estimate</u>	FY2027 <u>Estimate</u>
Ins Premiums - Foreign	28,000	-	-	-

2057 – Insurance Company Examiner Training Fund

	FY2024 <u>Actual</u>	FY2025 <u>Actual</u>	FY2026 <u>Estimate</u>	FY2027 <u>Estimate</u>
Ins Premiums - Foreign	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 is based on rates sufficient to cover operating costs and are reflected in Special Orders 23E149.

In response to our current fund balance, we have implemented a moratorium on fees for FY2026, temporarily suspending the collection of applicable fees. This measure is intended to provide financial relief and support during this period.

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.

	FY2024 <u>Actual</u>	FY2025 <u>Actual</u>	FY2026 <u>Estimate</u>	FY2027 <u>Estimate</u>
License Personal Service	6,052,670	6,254,961	-	6,500,000
License Business	3,285,414	3,166,562	-	3,300,000
Rec. of Current FY Expenses	-	-	-	-
Rec. of Prior FY Expenses	389	441	-	-
Other NonRevenue Receipts	-	146	-	-
Operating Transfer Out	(200,000)	(200,000)	(200,000)	(200,000)
TOTAL	9,138,473	9,222,110	(200,000)	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.

	FY2024 <u>Actual</u>	FY2025 <u>Actual</u>	FY2026 <u>Estimate</u>	FY2027 <u>Estimate</u>
Other Fines & Penalties	458,479	429,018	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.

Due to the passage of 2025 House Bill 2050 the Department will experience a decrease in insurance related fees. This legislation eliminates the producer appointment renewal fee and authorizes the Commissioner to reduce other fees, provided they do not exceed existing limits. Additionally, 2025 Senate Bill 32 eliminates the requirement to remit 1% of collected premium taxes to the Insurance Department Service Regulation Fee Fund.

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.

	FY2024 <u>Actual</u>	FY2025 <u>Actual</u>	FY2026 <u>Estimate</u>	FY2027 <u>Estimate</u>
Insurance Premium	1,643,224	1,776,507	1,900,000	-
Audits & Inspections	-	35,035	-	-
Technical & Skilled Services	4,025	4,160	4,000	4,000
Corporation Services	304,760	302,291	300,000	300,000
Clerical Services	7,948	8,725	9,000	9,000
Other Service Charges	88,500	84,200	90,000	90,000
License Personal Services	25	25	-	-
License Business	13,212,716	12,238,786	6,000,000	6,000,000
Recovery of Current FY Exp.	2,665	588	3,000	3,000
Recovery of Prior FY Exp.	1,558	1763	-	-
Other NonRevenue Receipts	-	2,365	-	-
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	15,090,421	14,279,445	8,131,000	6,231,000

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Department of Insurance

State of Kansas

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.

2025 House Bill reduces the annual renewal fee from \$10,000 to \$2,500.

	<u>FY2024 Actual</u>	<u>FY2025 Actual</u>	<u>FY2026 Estimate</u>	<u>FY2027 Estimate</u>
Corporation Services	10,000	20,000	5,000	5,000

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.

	<u>FY2024 Actual</u>	<u>FY2025 Actual</u>	<u>FY2026 Estimate</u>	<u>FY2027 Estimate</u>
License Business	120,000	145,000	150,000	150,000
Other Fines Penalties Forfeit	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	122,500	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 the Secretary of State.

	<u>FY2024 Actual</u>	<u>FY2025 Actual</u>	<u>FY2026 Estimate</u>	<u>FY2027 Estimate</u>
License Business	134,500	46,500	-	-

Explanation of Receipts – DA 405

Division of Budget

Agency: Kansas Department of Insurance

State of Kansas

7354 – Workers Compensation Fund

Statutory History: K.S.A. 44-566(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.

	<u>FY2024 Actual</u>	<u>FY2025 Actual</u>	<u>FY2026 Estimate</u>	<u>FY2027 Estimate</u>
WC Assessment	957,274	2,108,194	2,100,000	2,100,000
Other Fines & Penalties	184,971	187,776	200,000	200,000
Other Reimb. & Refunds	<u>105,433</u>	<u>159,419</u>	<u>200,000</u>	<u>200,000</u>
TOTAL	1,247,678	2,455,389	2,500,000	2,500,000

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>FY2024 Actual</u>	<u>FY2025 Actual</u>	<u>FY2026 Estimate</u>	<u>FY2027 Estimate</u>
Insurance Premiums	19,855,016	21,707,358	23,000,000	23,000,000