



ANNUAL REPORT

FY 2021



Vicki Schmidt, Commissioner
insurance.kansas.gov

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To the Governor

Dear Governor Kelly,

I am pleased to present to you the 2021 Annual Report of the Kansas Insurance Department. This report is established by the provisions of K.S.A. 40-108 and summarizes the activities of the Kansas Insurance Department through the period ending Dec. 31, 2021.

Sincerely,

Vicki Schmidt

Commissioner of Insurance

Accreditation

The Kansas Insurance Department is accredited by the National Association of Insurance Commissioners (NAIC). To achieve this accreditation, the department must meet stringent national standards that demonstrate it effectively monitors insurance company solvency.

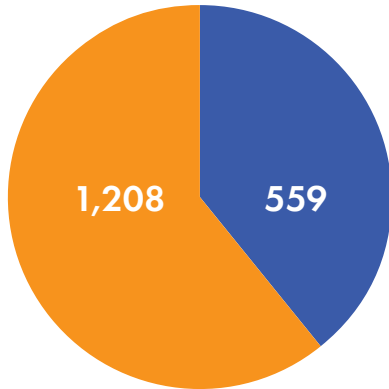
The Kansas Insurance Department views accreditation by the NAIC as a commitment to Kansas consumers to institute and maintain the highest standards in financial regulation. The accreditation review is repeated every five years to confirm the Kansas Insurance Department continues to meet all requirements. The Department was re-accredited in December 2021 (NAIC vote).



2021 Overview

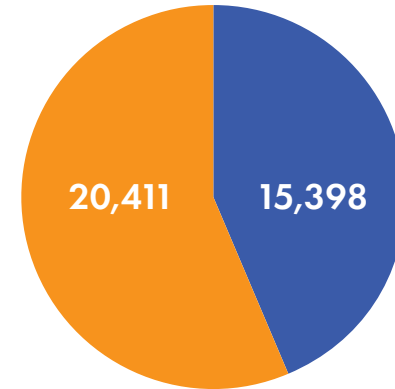
Number of Chats

LICENSING 1,208 CONSUMERS 559



Number of calls

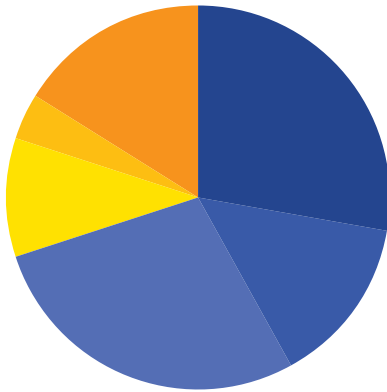
LICENSING 20,411 CONSUMERS 15,398



\$6.29 MILLION
RECOVERED FOR KANSAS CONSUMERS

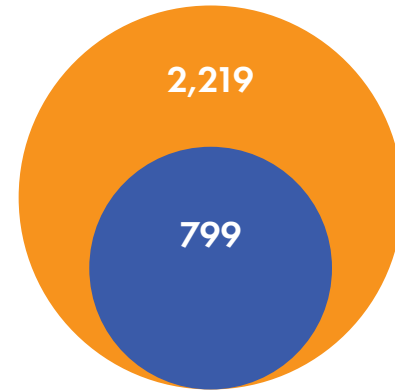
Complaints by line

Auto: 28% Health/Dental: 28% Long-Term Care: 4%
Home: 14% Life/Annuities: 10% Other: 16%



Number of Complaints

COMPLAINTS 2,219 INQUIRIES 799



Financial Information - FY 2021

JULY 1, 2020 TO JUNE 30, 2021

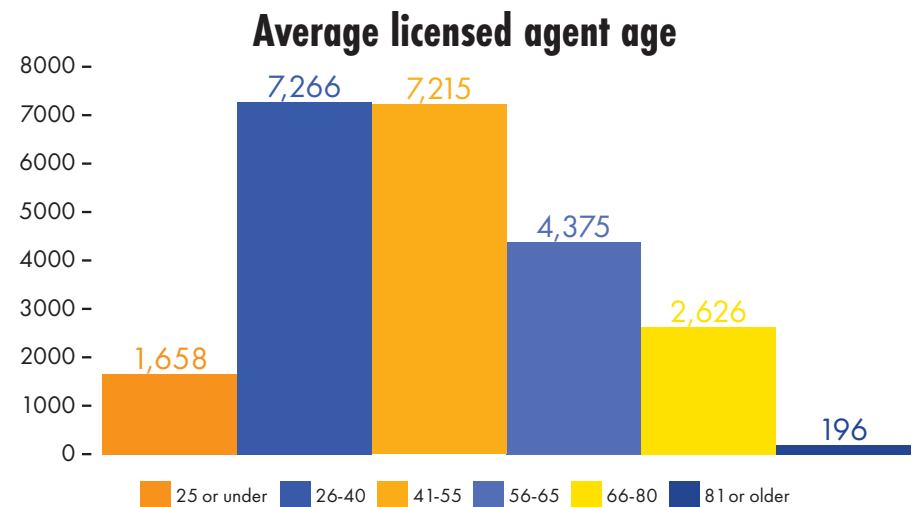
TO THE STATE GENERAL FUND:	
Taxes	\$181,941,106
License Business (Securities)	\$100,000
Fines & Penalties	\$38,967
TOTAL TO SGF	\$182,080,073
TO SPECIAL FUNDS:	
Insurance Company Examination Fund	\$368,366
Securities Act Fee Fund	\$16,525,073
Investor Education	\$3,043,561
Insurance Department Service Regulation Fund	\$22,270,920
Captive Insurance Regulation & Supervision Fund	\$110
Pharmacy Benefit Manager Registration Fund	\$7,560
Professional Employer Organization Registration Fund	\$112,500
Workers Compensation Fund	\$3,293,351
Municipal Group Funded Pools Fee Fund	-
Group Funded Work Comp Pools Fee Fund	-
Firefighter Relief Fund	\$15,106,157
TRANSFERS OUT	
Securities Act Fee Fund	(\$200,000)
Firefighter Relief Fund	(\$14,614,946)
TOTAL TO SPECIAL FUNDS	\$45,912,653
INSURANCE DEPARTMENT NET DEPOSITS FISCAL YEAR	\$227,992,726
FIRE MARSHAL TAXES REMITTED TO OTHER STATE AGENCIES	\$9,575,556

*Collected for other state agencies (Fire Marshal, EMS and KU) in accordance with K.S.A. 75-1514. Amount not included in net deposit totals.

Services provided during 2021

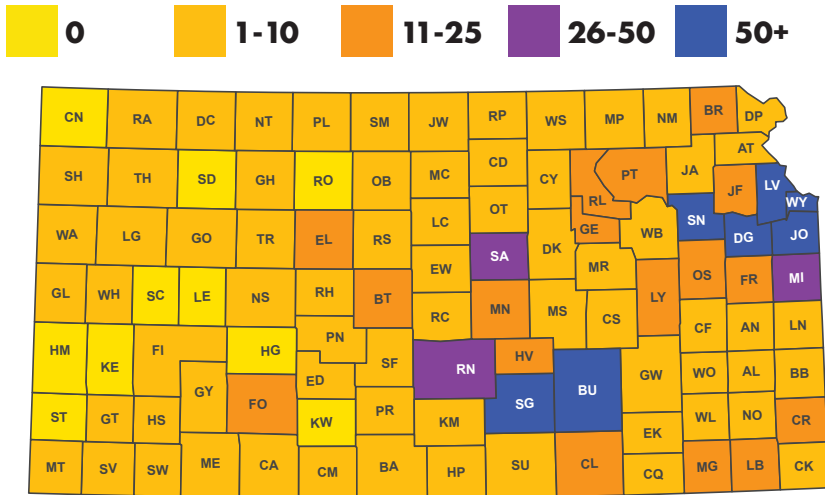
LICENSES ISSUED

AGENTS	
New Resident Agents (new licenses issued)	2,700
Total Resident Agents	22,502
New Nonresident Agents (new licenses issued)	37,815
Total Nonresident Agents	151,830
TOTAL AGENTS ON FILE	174,332
AGENCIES	
New Resident Agencies (new licenses issued)	147
Total Resident Agencies	4,563
New Nonresident Agencies (new licenses issued)	1,370
Total Nonresident Agencies	9,790
TOTAL AGENCIES ON FILE	14,353
EXCESS LINES	
Excess lines agents	1,524



Number of Complaints By County

Kansas consumer complaints regarding annuities, auto, health, life, property, or business policies.

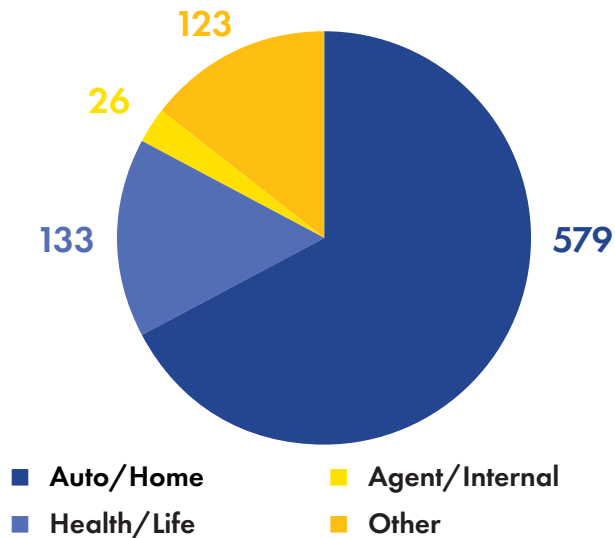


Compliance and Enforcement Cases by Year

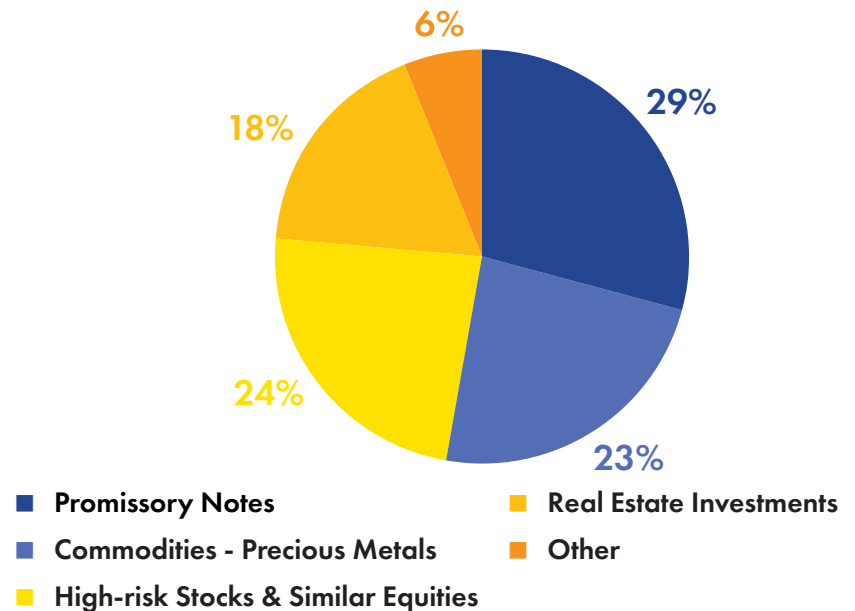
Compliance: Civilian staff conducting compliance examinations of registered firms and individuals. Enforcement: Law enforcement staff conducting investigations into generally unregistered individuals engaged in securities fraud.



Anti-Fraud Cases Investigated



Investment Fraud Cases Investigated



Department Organizations

Workers Compensation Fund

The Legal Division of the Kansas Insurance Department administers the Workers Compensation Fund (Fund) pursuant to the Kansas Workers Compensation Act, K.S.A. 44-501, et seq. The Fund has retained liability for all Second Injury Fund Cases, has current liability for all current workers compensation cases where the employer is uninsured and unable to pay, and all prospective cases where an employer or its insurance carrier has overpaid benefits. Attorneys with the Legal Division approve the Fund's claim-related expenditures and fund attorney payments.

Attorneys throughout Kansas are appointed by the department to protect the integrity and interests of the Fund. A detailed accounting of the Fund is filed annually with the Legislative Coordinating Council, Senate Committee on Commerce and the House Committee on Commerce and Labor. This annual report is available on the Department's website, insurance.kansas.gov.

Firefighters Relief Fund Tax

The Kansas Insurance Department administers the Firefighters Relief Act fund for the State of Kansas. It is our obligation to ensure the two percent premium tax on all fire and lightning insurance written in the state of Kansas is collected and distributed in a fair and equitable manner. We take this obligation very seriously and strive to make the Firefighter Relief Act program accurate, efficient and transparent for all fire service personnel across the state. The tax is collected, placed in the Firefighter Relief Fund and distributed to approximately 556 firefighter relief associations in Kansas. The 2021 tax distribution of the fund totaled \$15,735,104.

All monies received by a firefighters relief association under the provisions of the Firefighters Relief Act shall be held in trust and used as a fund:

1. For the relief of any member of the fire department of such city, township, county or fire district when injured or physically disabled in or by reason of the discharge of such member's duties as a firefighter;
2. For the payment of a death benefit when any member of such fire department is killed in the discharge of such member's duties as a firefighter, or who dies from the effect of injuries so received or from disease contracted by reason of such member's duties as a firefighter.

Kansas FAIR Plan

The purpose of the Kansas FAIR Plan (Fair Access to Insurance Requirements) is to provide fire, extended coverage, vandalism and malicious mischief, theft and personal liability insurance for qualified applicants unable to obtain this kind of insurance through the private market. A nine-member governing committee oversees the plan. In 2021, there were 11,985 policies in force with a total premium written of \$7,211,815. The total amount of insurance in force for 2021 was \$800,785,000. There were 649 claims reported in 2021, and \$2,413,868 paid in losses.

Kansas Automobile Insurance Plan

The Kansas Automobile Insurance Plan (KAIP) provides coverage for drivers who are unable to purchase automobile insurance in the private market. In 2020, the most recent year for which figures are available, KAIP collected premiums totaling \$811,901 and paid out \$441,543 in losses.

Kansas Underground Storage Tank Liability Plan

The purpose of the Kansas Underground Storage Tank Liability Plan is to provide owners/operators of petroleum underground storage tanks a method to achieve compliance with the financial responsibility requirements adopted by the federal Environmental Protection Agency. The plan operates under the authority of K.S.A. 65-34,126. For the fiscal year ending June 30, 2022, the plan issued 780 policies covering an average of 3,812 tanks and wrote \$713,069 in premiums. One incident received during the year was ultimately closed with no payment. One claim open from the previous fiscal year was closed during the 2021-2022 year. There were no claims remaining open at 6/30/21.

Kansas Health Care Provider Insurance Availability Plan

The Kansas Health Care Provider Insurance Availability Plan provides medical malpractice coverage to qualified health care providers who are unable to procure coverage in the private market. The plan is governed by a nine-member board appointed by the Commissioner of Insurance. Currently the servicing carrier is the Kansas Medical Mutual Insurance Company. For the fiscal year ending June 30, 2021, the plan wrote \$1,903,339 in premiums and incurred \$2,433,528 in losses and loss adjustment expenses.

Group-funded pools

Employers, including municipalities, may enter into agreements to self-insure certain insurance exposures as a group under the authority of two separate Kansas statutes:

- **Group-Funded Workers Compensation Pools** – Authorized under K.S.A. 44-581 (a), this law permits five or more employers in the same or similar business that belong to the same bona fide trade or professional association, which has been in existence for at least five years, to enter into agreement to pool their liability for Kansas workers compensation benefits and employers' liability. These pools are required to have a combined members' net worth of at least \$1,000,000; a combined annual workers compensation premium of \$250,000; and specific and aggregate excess workers compensation insurance.

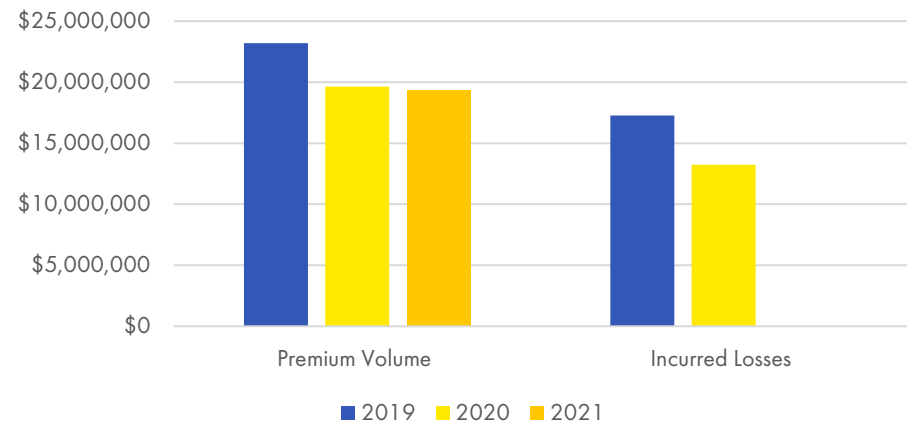
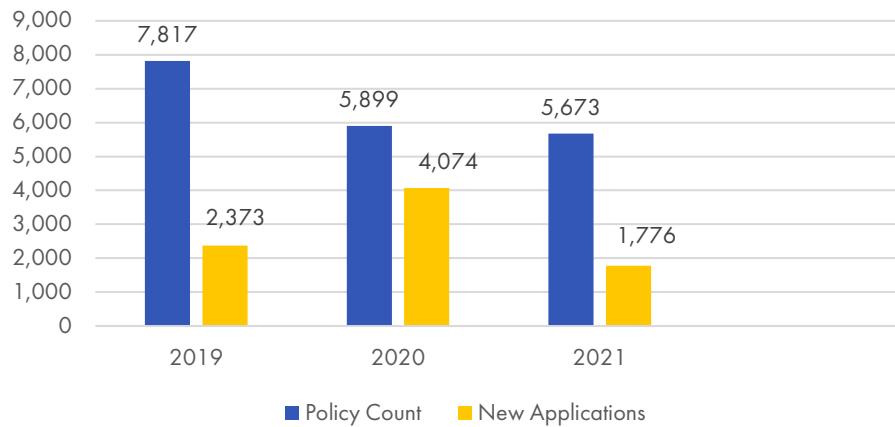
Five or more employers engaged in dissimilar types of business, under K.S.A. 44-581 (b), may form a pool. These pools are required to have a combined members' net worth of at least \$1,250,000; a combined annual workers compensation premium of \$500,000; and an aggregate excess workers compensation policy.

During 2021, 12 of these pools were licensed in the state of Kansas. Zero certificates of authority were issued in 2021.

- **The Kansas Municipal Group-Funded Pool Act** – This act was established under K.S.A. 12-2615 and allows five or more municipalities to enter into agreement to pool their liabilities for all fire and casualty lines, including workers compensation and employers' liability. Property, casualty and workers compensation pools must meet certain requirements, but municipal pools must have \$250,000 in premium per line of insurance and may substitute adequate surplus funds in place of excess insurance. Municipalities may also pool their liabilities for accident, sickness and life insurance lines. Accident and sickness pools must have at least \$1,000,000 in gross annual premium and may substitute adequate reserves with excess loss insurance. The oversight of municipal group-funded pools is handled by the Rate and Form Compliance Division. No currently funded municipal pools were involved in the transaction of life insurance. One currently funded municipal pool was involved in the transaction of health insurance. Two currently funded municipal pools were involved in the transaction of property & casualty insurance. Three municipal pools wrote workers compensation coverage.

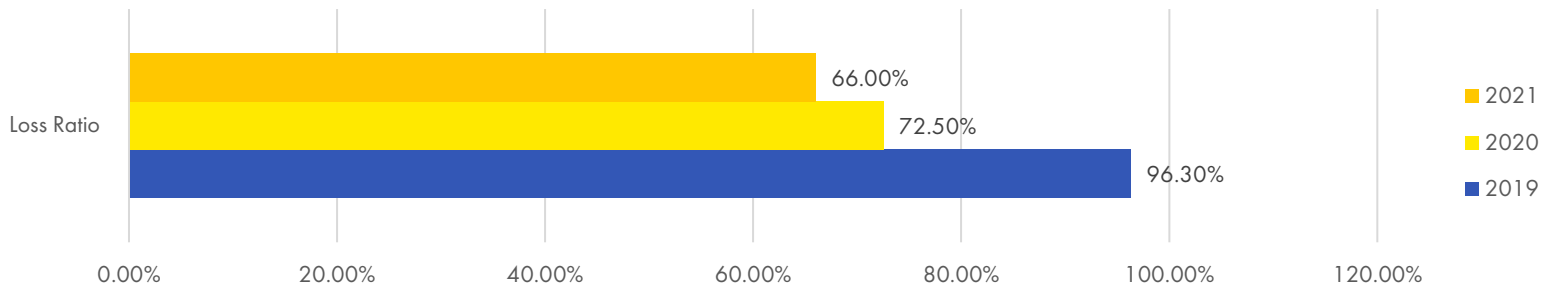
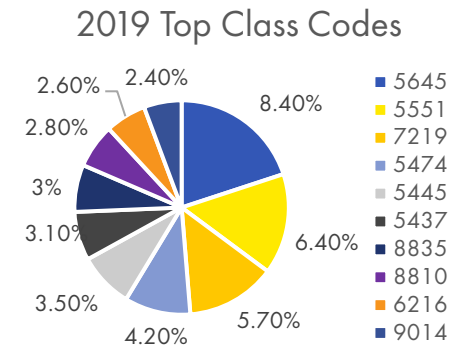
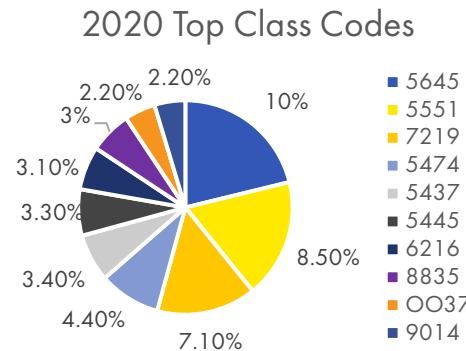
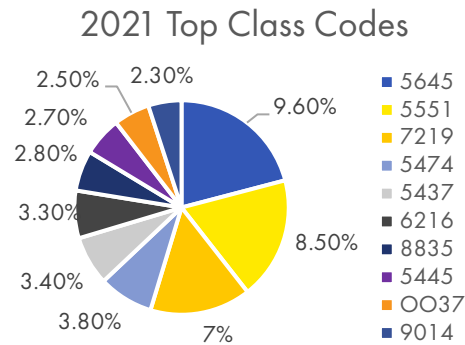
Workers' Compensation Assigned Risk Plan (Residual Market)

The Kansas Workers' Compensation Insurance Plan operates under the authority of KSA 40-2109. The plan provides workers' compensation and employers' liability for qualified applicants unable to procure coverage in the voluntary market. Information from National Council on Compensation Insurance (NCCI), which administers the Workers' Compensation Assigned Risk Plan, shows the following Statistics.



Class Codes –

NCCI develops and assigns Class Codes for Workers Compensation Insurance. NCCI class codes are 4-digit numerical codes that insurers use to classify employee's exposure to risk. ncci.com/pages/default.aspx





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