

**Kansas Administrative Regulations**  
**Agency 40. Insurance Department**  
**Article 1. General**

**40-1-10 Insurance companies; premium financing plans; requirements.**

(a) For the purpose of this regulation, premium financing plans are defined as:

(1) Plans whereby the company offers the insured an installment method of paying premiums for each type of coverage purchased, such as life, casualty, fire, and inland marine or any combination, by combining the total of the premiums and charging an additional finance or service charge for the payment plan; and

(2) plans whereby the company offers the insured an installment method of paying premiums for a line of insurance that is in addition to any installment payment plan recognized by the company's existing rule and rate filings. This includes premium financing plans that are normally handled separately from the insurance contract and handled directly by the insurer or an affiliated insurer.

(b) The following rules are applicable to all insurance companies using a premium financing plan:

(1) Each interest or service charge shall be considered as premium income and the applicable premium taxes shall be paid.

(2) Each interest or service charge shall be reported as separate items on one line in the exhibit of premiums:

(A) contained in exhibit I, page 7, of the annual statement relating to life insurance companies; or

(B) on page 14 of the annual statement relating to other than life insurance companies.

(3) Each fire or casualty insurer shall file with the commissioner each manual of rules and rates, together with each form and modification of any rules, rates and forms used in connection with premium financing plans. Each filing shall indicate the character and extent of the interest or service charges contemplated and shall be accompanied by all pertinent information supporting the filing.

(4) Except as provided in K.S.A. 40-411 or K.S.A. 40-420, each form shall provide at least five days written notice of cancellation to an insured before the policy may be cancelled as a result of a premium installment nonpayment.

(Authorized by K.S.A. 40-103, 40-2203(G); implementing K.S.A. 40-252, 40-928, 40-1113, 40-2203; effective Jan. 1, 1966; amended May 1, 1979; amended May 1, 1986.)