

**Kansas Administrative Regulations  
Agency 40. Insurance Department  
Article 3. Fire and Casualty Insurance**

**K.A.R. 40-3-22. Marine, inland marine, and transportation insurance.**

(a) Risks and coverage that may be classified under Kansas insurance laws as marine, inland marine, or transportation insurance shall be those in this regulation. This regulation shall not limit the insuring powers granted under charters and licenses.

(b) Unless otherwise permitted, marine, inland marine, and transportation insurance shall not insure any of the following:

(1) Storage of insured's merchandise, unless specially permitted by this regulation;

(2) merchandise during manufacture that is the property of the manufacturer and is on the manufacturer's premises;

(3) furniture and fixtures, or other improvements to buildings; or

(4) money and securities stored in safes, vaults, and safety deposit vaults at any bank, or on the insured's premises, except while being transported.

(c) Any marine, inland marine, or transportation policy may insure the following:

(1) Imported property wherever located, if the coverage includes risks of transportation. Property shall qualify for coverage as an import if the property maintains

its separate identity and has not become mixed with other property in general commerce until one of the following occurs:

(A) The property is sold or delivered by the importer;

(B) the property is taken from its place of storage and put on sale as part of the importer's stock in trade at any sale or distribution point; or

(C) the property is delivered for manufacture, processing, or change in form;

(2) exported property wherever located, if the coverage includes risks of transportation. Property shall qualify for coverage as an export if it meets the following conditions:

(A) Is designated for export or is being prepared for export; and

(B) has not been diverted for domestic trade;

(3) a domestic shipment that begins and ends within the United States, if the coverage includes risks of transportation, including the following:

(A) Property on consignment while it is:

for sale or distribution;

for exhibit, trial, approval, or auction;

in transit; in the custody of others; or being returned. Coverage shall not apply to property while on any premises owned, leased, or operated by the consignor;

(B) property that is not on consignment, except under either of the following conditions:

(i) The property is on any manufacturing premises; or

(ii) the property has arrived at any premises owned, leased, or operated by the insured or purchaser;

(4) an instrumentality of transportation or communication, excluding buildings and their improvements, furniture, furnishings, ordinary contents, and stored supplies.

Instrumentalities of transportation or communication shall include the following:

(A) Bridges, tunnels, and similar transportation facilities, including their auxiliary structures and equipment;

(B) piers, wharves, docks, slips, dry docks, and marine railways;

(C) pipelines, including on-line propulsion, regulating, and other related appurtenant equipment and excluding property at manufacturing, producing, refining, converting, treating, or conditioning plants;

(D) power transmission lines or telephone and telegraph lines, excluding all property at generating, converting, or transforming stations, substations, and exchanges;

(E) radio and television communication equipment, including towers and antennae with their auxiliary equipment and appurtenant electrical operating and control apparatus; and

(F) outdoor cranes, loading bridges, or similar equipment used for loading, unloading, and transport;

(5) a policy for an individual, including the following:

(A) A personal effects policy;

(B) a personal property policy;

(C) a government service policy;

(D) a personal fur policy;

(E) a personal jewelry policy;

(F) a wedding present policy, for up to 90 days after the wedding day;

(G) a silverware policy;

(H) a fine art policy, insuring paintings, etchings, pictures, tapestries, art glass windows, and other works of art that are rare or that have historical value or artistic merit;

(I) a stamp and coin policy;

(J) a musical instrument policy. "Musical instrument" shall not include a radio, television, or record player, or any combination of these items;

(K) a mobile articles policy covering identified property of a mobile nature common to a household. A floater shall not cover furniture and fixtures that are customarily used on the premises where the property is usually kept;

(L) a machinery and equipment policy, except for policies covering motor vehicles, auto homes, trailers, or semitrailers designed for highway use. Trailers or semitrailers hauled by a tractor not designed for highway use may be covered under this policy, however;

(M) an installment sales and leased property policy covering property, except for motor vehicles designed for highway use, that is in transit and meets either of the following conditions:

(i) Is sold under a conditional contract of sale, partial payment contract, or installment sales contract; or

(ii) is leased. This policy shall not cover beyond the termination of seller's or lessor's interest in the property; or

(N) a live animal policy; or

(6) a commercial property policy for business or professions, including the following:

- (A) A radium policy;
- (B) a physicians' and surgeons' instrument policy. The policy may also cover furniture, fixtures, and the insured's interest in improvements to buildings located in those portions of the premises occupied by the insured for professional purposes;
- (C) a pattern and die policy;
- (D) a theatrical policy. However, the policy shall not cover buildings and their improvements and furniture and fixtures that do not travel with theatrical troupes;
- (E) a film policy covering either of the following:
  - (i) A film during production; or
  - (ii) a completed negative, positive, and sound recording;
- (F) a salesmen's samples policy;
- (G) an exhibition policy covering property while on exhibition and while in transit to or from an exhibition;
- (H) a live animal policy;
- (I) a builders' risk or installation risk policy, covering machinery, equipment, building materials, or supplies being used with and during installation, testing, building, renovating, or repairing. A policy may cover property designated for and awaiting

specific installation, building, renovating, or repairing under any of the following conditions:

(i) While at a point or place where work is being performed;

(ii) while in transit; or

(iii) during temporary storage or deposit. The policy shall cover against perils in addition to fire and extended coverage perils. Coverage shall cease when an insured owner completes and accepts the building or installation and the insured seller's or contractor's interest ceases;

(J) a mobile articles policy covering identified property of a mobile nature that is in the custody or control of a party who intends to use the property for its manufactured or created purpose. The policy shall not cover furniture and fixtures that are not customarily used away from the premises where the property is usually kept;

(K) a machinery and equipment policy, except for a motor vehicle or snow plow designed for highway use, an auto home, or a trailer or semitrailer unless hauled by a tractor not designed for highway use;

(L) a bailment policy covering property in the custody of any bailee and while in transit to or from the bailee. Any bailment policy may include coverage that will indemnify the owner of the property for loss from specific perils subject to approval by the commissioner of insurance pursuant to K.S.A. 40-216(a) and amendments thereto. The application of an additional or separate charge for the indemnity coverage shall not

constitute the transaction of the business of insurance if the charge does not exceed the premium approved by the commissioner and the bailee and if the bailee's employees or other organizations receive no compensation or other valuable consideration for performing the administrative tasks associated with the insurance coverage. The policy shall not insure property if either of the following conditions is met:

(i) The property is owned by the bailee at the bailee's premises; or

(ii) the property is in the custody of any bailee owned, controlled, or operated by the bailor;

(M) an installment sales and leased property policy covering property, except a motor vehicle designed for highway use, that is in transit and meets either of the following conditions:

(i) Is sold under a conditional contract of sale, partial payment contract, or installment sales contract; or

(ii) is leased. The policy shall not cover any point beyond the termination of the seller's or lessor's interest in the property and shall not cover machinery and equipment subject to certain "lease-back" contracts. A "lease-back" contract shall mean a contract, expressed or implied, under which the property is purchased by the lessor for the benefit and use of the lessor. This provision shall not apply to "lease-back" contracts involving machinery and equipment for which marine or inland marine coverage is otherwise permitted by this definition while the machinery and equipment are in the custody of the lessee;



(N) a garment contractors policy;

(O) a furrier or fur storer policy covering specified articles belonging to a customer for which the furrier or fur storer issues a certificate or receipt to the customer;

(P) an accounts receivable policy and valuable papers and records policy;

(Q) a floor plan policy covering property for sale, except for an automobile or other motor vehicle designed for highway use, while in transit and while in possession of any dealer under a plan by which the dealer borrows money from a bank or lending institution with which to pay the manufacturer. In addition, the following requirements shall be met:

(i) The property shall be specifically identifiable as encumbered to the bank or lending institution;

(ii) the dealer's right to sell or otherwise dispose of the property shall be conditioned upon its being released from encumbrance by the bank or lending institution; and

(iii) the policy shall not cover any point beyond the termination of the dealer's interest in the property;

(R) a sign and street clock policy. The policy may include insurance of a neon sign, an automatic or mechanical sign, and a street clock while in use-;

(S) a fine art policy for the account of a museum, gallery, university, business, municipality, or other similar interest, covering paintings, etchings, pictures, tapestries, art glass windows, and other works of art that are rare or have historical value or artistic merit;

(T) a dealers policy insuring a dealer in personal property that may be covered specifically under an inland marine policy by the ultimate purchaser. A policy under this paragraph may cover money stored in locked safes or vaults on the insured's premises, furniture, fixtures, tools, machinery, patterns, molds, dies, and the insured's interest as a tenant in improvements to buildings. This policy may include the following:

(i) Any musical instrument dealer covering property consisting principally of musical instruments and their accessories. Musical instruments shall not include radios, televisions, record players, and any combinations of these items;

(ii) any camera dealer covering property consisting principally of cameras and their accessories;

(iii) any fur dealer covering property consisting principally of furs and fur garments;

(iv) any equipment dealer covering mobile agricultural and construction equipment and accessories, except for motor vehicles designed for highway use;

(v) any stamp or coin dealer covering property of a philatelic or numismatic nature;

(vi) any jeweler's block; and

(vii) any fine art dealer;

(U) a woolgrower's policy;

(V) a domestic bulk liquid policy, covering tanks and domestic bulk liquids stored in them;

(W) a difference-in-conditions policy. The policy shall not insure against fire and extended coverage perils; and

(X) any electronic data processing policy. (Authorized by K.S.A. 40-103; implementing K.S.A. 40-901; effective Jan. 1, 1966; amended Jan. 1, 1967; amended May 1, 1986; amended Jan. 6, 1992; amended March 17, 2006.)