

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

40-3-9 Fire and casualty companies; participating policies; payment of dividends to insured required; conditioning dividends on continuance of policy prohibited.

(a) Each fire and casualty company issuing participating or dividend-paying policies shall issue dividend checks that are payable to the insured.

(b) Dividends shall not be credited to the account of the agent, except in those cases where the insured has not made payment of all premiums due on the policy under which the dividends are being paid. In such cases, the dividend portion equal to the unpaid premium may be credited to the agent's account, but the company shall retain evidence substantiating notice to the insured of the dividend amount due and the agent to whom the dividends have been credited.

(c) Each fire and casualty company issuing participating or dividend paying policies shall be prohibited from conditioning the payment of dividends on the continuance of the policy. To prevent unfair discrimination, the dividend shall be payable to the insured regardless of whether the policy is continued or terminated. Crediting of a dividend to the renewal premium shall not be prohibited where the insured desires to renew the policy. When the policy is not continued, the dividend shall be payable in accordance with subsection (a) above.

(Authorized by K.S.A. 40-103, 40-2404a; implementing K.S.A. 40-941, 40-1122, 40-2404; effective Jan. 1, 1966; amended May 1, 1979; amended May 1, 1986.)