

HOUSE BILL No. 2064

By Committee on Insurance

1-21

1 AN ACT concerning insurance; relating to legal services insurance;
2 amending K.S.A. 40-1102 and 40-4201 and repealing the existing
3 sections.

4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 40-1102 is hereby amended to read as follows: 40-
7 1102. Any insurance company, other than a life insurance company,
8 organized under the laws of this state or authorized to transact business in
9 this state may make all or any one or more of the kinds of insurance and
10 reinsurance comprised in any one of the following numbered classes,
11 subject to and in accordance with its articles of incorporation and the
12 provisions of this code:

13 (1) (a) To insure against bodily injury or death by accident and
14 against disablement resulting from sickness and every insurance
15 appertaining thereto;

16 (b) to insure against the liability of the insured for the death or
17 disability of or damages suffered by an employee or other person, and to
18 insure the obligations accepted by or imposed upon employers under the
19 laws for workmen's compensation;

20 (c) to insure against loss of or damage to, or destruction of property
21 of the insured, or to the property interests of the insured, and to insure
22 against such loss or damage to the property of others or to the property
23 interests of others, for which loss or damage the insured may be liable;

24 (d) to become surety or guarantor for any person, copartnership or
25 corporation in any position or place of trust or as custodian of money or
26 property, public or private; to become a surety or guarantor for the
27 performance by any person, copartnership or corporation of any lawful
28 obligation, undertaking, agreement or contract of any kind, except
29 contracts or policies of insurance;

30 (e) to insure titles to property and against loss by reason of defective
31 titles or encumbrances;

32 (f) to insure the correctness of searches for all instruments, liens, and
33 charges affecting property;

34 (g) to insure against loss by reason of the insufficiency of the security
35 conveyed or pledged under mortgage or deed of trust;

36 (h) to insure the payment of bonds and notes secured by mortgages or

1 deeds of trust, and to buy and sell mortgages or deeds of trust upon real
2 property and interest therein;

3 (i) to insure against loss or damage which may result from the failure
4 of debtors to pay their obligations to the insured, and including the
5 incidental power to acquire and dispose of debts so insured, and to collect
6 any debts owed to such insurer or to any person so insured by the insurer;

7 (j) to insure the payment of money for personal services under
8 contracts of hiring;

9 (k) to make inspections of and issue certificates of inspections upon
10 elevators, boilers, machinery and all mechanical apparatus and appliances
11 appertaining thereto;

12 (l) to insure against loss of use or occupancy caused by or resulting
13 from any of the risks comprised within this class; ~~and~~

14 (m) to insure against the cost of legal services; and

15 ~~(n)~~ (n) to insure against liability, loss or damage from any other risk,
16 hazard, or contingency which may lawfully be the subject of insurance,
17 and specific authority for the transaction of which has not been exclusively
18 delegated to any other class or kind of company. Any company writing
19 insurance against the loss or damage caused by fire, lightning, or by the
20 perils of either marine or inland navigation or transportation, to buildings
21 or other structures erected upon land, to piers, wharves, bulkheads,
22 warehouses, marine vessels, railroad engines, rolling stock or equipment
23 of railroads, or carrying charges for shipments of freight shall have a paid-
24 up capital stock of at least \$900,000, a surplus of at least \$600,000, and
25 shall have deposited, pursuant to K.S.A. 40-229a, *and amendments*
26 *thereto*, for the protection of its policyholders or creditors, or both with the
27 commissioner of insurance securities authorized by K.S.A. 40-227, and
28 amendments thereto, in an amount equal to not less than the minimum
29 capital stock required by such a company, and shall maintain all reserves
30 required by law for the kinds and classes of business transacted. The
31 deposit required by this section for insurance companies not organized
32 under the laws of this state may be deposited as provided herein or with
33 the insurance department of any other state in the United States.

34 Sec. 2. K.S.A. 40-4201 is hereby amended to read as follows: 40-
35 4201. As used in this act, unless the context requires otherwise:

36 (a) "Prepaid service plan" means any person, company, corporation,
37 partnership or other legal entity who collects periodic fees on a prepaid
38 basis from residents of this state in connection with for-profit legal or
39 dental coverage other than: (1) An employer on behalf of its employees or
40 the employees of one or more subsidiary or affiliated corporations of such
41 employer; (2) a union or association on behalf of its members ~~or~~; (3) an
42 organization transacting business in this state pursuant to article 19a of
43 chapter 40 of the Kansas Statutes Annotated, *and amendments thereto*,

1 including their sales representatives when engaged in the performance of
2 their duties as such; *or (4) an insurance company duly authorized to*
3 *conduct insurance pursuant to K.S.A. 40-1102(1)(m), and amendments*
4 *thereto.*

5 (b) "Provider" means any attorney or dentist currently licensed and in
6 good standing in this state who enters into a provider agreement as defined
7 in this act.

8 (c) "Member" means an individual or person on behalf of a group of
9 individuals who enters into a membership agreement with a prepaid
10 service plan which agrees to provide legal or dental services to the
11 member: (1) For a predetermined monthly membership fee; (2) at a
12 reduced rate in exchange for such a monthly membership fee; or (3) a
13 combination of both a predetermined monthly fee and a reduced rate in
14 exchange for such a monthly membership fee.

15 (d) "Membership agreement" means the written contract between the
16 member and the prepaid service plan.

17 (e) "Provider agreement" means the written contract between the
18 provider and the prepaid service plan.

19 Sec. 3. K.S.A. 40-1102 and 40-4201 are hereby repealed.

20 Sec. 4. This act shall take effect and be in force from and after its
21 publication in the statute book.