

40-4302. Certificate of authority to provide insurance coverage; certain risks not authorized to be covered; requirements for doing business; documents and information required to be filed with commissioner; examination and registration fees; issuance of certificate of authority. (a) Any captive insurance company, when permitted by its articles of incorporation or charter, may apply to the commissioner for a certificate of authority to do any and all insurance comprised in articles 9 and 11 of chapter 40 of the Kansas Statutes Annotated, except that:

- (1) No pure captive insurance company may insure any risks other than those of its parent and affiliated companies;
- (2) no industrial insured captive insurance company may insure any risks other than those of the industrial insureds that comprise the industrial insured group, and their affiliated companies;
- (3) no captive insurance company may provide homeowner's, workers' compensation or employers' liability insurance coverage, or any component thereof; and
- (4) no captive insurance company may accept or cede reinsurance except as provided in K.S.A. 40-4311.

Any captive insurance company that provides motor vehicle liability insurance coverage on motor vehicles of its industrial insureds or parent or affiliated companies shall be required to insure all of the motor vehicles of such industrial insureds or parent or affiliated companies, and when such insurance coverage is provided by the captive insurance company, no motor vehicle of an industrial insured or parent or affiliated company shall be eligible for insurance coverage under any automobile insurance plan provided for in K.S.A. 40-2101 and 40-2102, and amendments thereto.

- (b) No captive insurance company organized under the laws of this state shall do any insurance business in this state unless:
 - (1) It first obtains from the commissioner a certificate of authority authorizing it to do insurance business in this state;
 - (2) its board of directors holds at least one meeting each year in this state;
 - (3) it maintains its principal place of business in this state; and
 - (4) it authorizes the commissioner to accept service of process on its behalf in accordance with K.S.A. 40-218, and amendments thereto.

(c) (1) Before receiving a certificate of authority, a captive insurance company shall file with the commissioner a certified copy of its articles of incorporation and bylaws, a statement under oath of its president and secretary showing its financial condition, and any other statements or documents required by the commissioner.

(2) In addition to the information required by subdivision (1) of this subsection (c), each applicant captive insurance company shall file with the commissioner evidence of the following:

- (A) The amount and liquidity of its assets relative to the risks to be assumed;
- (B) the adequacy of the expertise, experience and character of the person or persons who will manage it;
- (C) the overall soundness of its plan of operation;
- (D) the adequacy of the loss prevention programs of its parent or industrial insureds as applicable; and
- (E) such other factors deemed relevant by the commissioner in ascertaining whether the proposed captive insurance company will be able to meet its policy obligations.

(d) Each captive insurance company shall pay to the commissioner a nonrefundable fee of \$500 for examining, investigating and processing its application for a certificate of authority. In addition, it shall pay a fee for the year of registration and a renewal fee for each year thereafter of \$110.

(e) If the commissioner is satisfied that the documents and statements that such captive insurance company has filed comply with the provisions of this act, the commissioner may grant a certificate of authority authorizing it to do insurance business in this state until April 1 thereafter, which certificate of authority may be renewed.

History: L. 1988, ch. 156, § 2; July 1.