



# Kansas Insurance Department

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## *Insurance Matters August 2018*

**Insurance, securities alignment saves money,  
increases efficiency of state agencies**

*By Ken Selzer, CPA, Commissioner of Insurance*

The Kansas Insurance Department (KID) and the Office of the Kansas Securities Commissioner (KSC) aligned as one state agency on July 1, 2017. In the 13 months since then, we have achieved many of the savings and service goals that we anticipated when we introduced legislation to make the transition possible.

As you might recall, the securities agency became a division of the insurance department when the legislation became effective. The law gave the insurance commissioner the authority to appoint the securities commissioner for a four-year term. Also, the securities commissioner can only be removed for official misconduct.

When we touted the alignment, we told the Kansas Legislature that we could show significant financial savings and service improvements because of it. Let me list some of those results that have occurred since last year.

- Total full-time equivalency (FTE) positions for KSC were reduced from 30 to 26 in fiscal year (FY) 2018 and reduced to 25 in FY 2019, in the updated budget estimates for the KSC division. Most of this reduction came from closing the KSC office in Prairie Village, KS, and by not filling a position being vacated by a retirement in April 2018.
- Total FTE positions for KID (other than KSC positions) have been reduced from 109 to 105.3 in both FY 2018 and FY 2019, in the updated budget estimates for KID.
- Payroll savings in the KSC portion of the KID budget, as compared to the original recommended pre-consolidation budgets, are \$462,630 in FY 2018 and \$498,141 in FY 2019. The actual savings in KSC payroll expenditures during FY 2018, as compared to the pre-consolidation governor's budget, totals \$726,809.

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- Estimated payroll savings for KID divisions other than KSC, as compared to the original recommended pre-consolidation budgets, are \$246,815 in FY 2018 and \$158,063 in FY 2019. These savings result from attrition, discontinuing the Deputy Insurance Commissioner position and a partial cross-appointment for one Director to supervise both the KID Anti-Fraud Division and the KSC Enforcement section.
- Other savings resulting from closure of the Prairie Village office based on pre-consolidated budget estimates for KSC are \$47,444 in FY 2018 and \$47,771 in FY 2019.
- Human Resources management is coordinated among KID and KSC staff members.
- Viatical providers are regulated by KID, and viatical investments as securities are subject to KSC regulation. Filings are jointly reviewed by KID and KSC. A viatical settlement allows a life insurance policyholder to sell his/her policies to a third party for an immediate cash benefit. The purchaser of the policy assumes responsibility for paying the remaining premiums and becomes the beneficiary of the life insurance policy.
- KID Public Outreach and KSC Investor Education services are coordinated with KSC staff currently co-located at the KID office building. A KSC administrative position was transferred to KID and is partially cross-appointed to assist with Investor Education and the KansasMoney.gov website.

Plans continue for consolidation of KSC staff and offices into the KID office building. Significant one-time costs of the move could be paid from rent savings, and then going forward, the annual building rent and parking savings will be approximately \$142,000 per year, based on current amounts being paid by KSC.

As you can see, we have made significant strides towards achieving efficient, consumer-friendly state governmental services. We will continue to find additional outcomes that will better assist Kansans with their insurance and investment needs.

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*The Kansas Insurance Department, established in 1871, assists and educates consumers, regulates and reviews companies, and licenses agents selling insurance products in the state. More about the department is online at [www.ksinsurance.org](http://www.ksinsurance.org) or at [www.facebook.com/kansasinsurancedepartment](https://www.facebook.com/kansasinsurancedepartment).*

*The mission of the Office of the Kansas Securities Commissioner (KSC) is to protect and inform Kansas investors; to promote integrity, fairness, and full disclosure in financial services; and to foster capital formation. More about the office is at [www.ksc.ks.gov](http://www.ksc.ks.gov).*