



Kansas Insurance Department

Ken Selzer, CPA, Commissioner of Insurance

TESTIMONY ON HB 2126

HOUSE INSURANCE COMMITTEE

February 2, 2015

Chairman and Members of the Committee:

I am Clark Shultz, Director of Governmental Affairs of the Kansas Insurance Department, and with me today is Ken Abitz, who is the Director of our Financial Surveillance Division. Thank you for the opportunity to testify in support of HB 2126.

HB 2126 is made up of two different parts having proposed changes to two different statutes.

The first part proposes to amend K.S.A. 40-223j, which will change the expiration date from July 1, 2013, to July 1, 2020 (i.e., sunset date). K.S.A. 40-223h established the property and casualty actuarial opinion letter law in 2008, which includes K.S.A. 40-223h through 40-223j.

The second part proposes to amend K.S.A. 40-2c01, which concerns a standard regulatory tool referred to as risk-based capital ("RBC"). The goal of RBC laws is to ensure each Kansas domestic company has the minimum amount of capital needed to support its overall business operations in consideration of its size and risk profile.

The amendment updates the RBC Instructions, which instruct companies how to calculate and report RBC, to the current 2014 version. The amendment merely replaces "2013" with "2014" in the definition for "RBC Instructions." Implementing the 2014 RBC Instructions is a national accreditation standard. A similar date change amendment has been made each year since 2009.

For these reasons, we ask the Committee to recommend HB 2126 favorable for passage.

Thank you for the opportunity to appear in support of this bill.

Clark Shultz
Director, Governmental Affairs
Kansas Insurance Department