



Kansas Insurance Department

Ken Selzer, CPA, Commissioner of Insurance

TESTIMONY ON SB 76

HOUSE INSURANCE COMMITTEE

March 11, 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 SB 76.

SB 76 requires insurance companies that have annual premiums of more than \$500 million and insurance groups with more than \$1 billion to submit a "high-level" report – Own Risk and Solvency Assessment Summary Report (ORSA Summary Report) – outlining their enterprise risk management processes, which includes the risks the insurance company or group could confront going forward and the sufficiency of their capital resources to address those risks.

The solvency modernization initiative was the outcome of the 2007-2008 market meltdown whereby there was a need to develop a group-wide supervisory model for insurance holding company systems. The goal was to create a link between risk and capital to prevent another crisis as seen during this market meltdown emanating from larger insurance holding company systems like AIG.

Insurance regulators typically focus on insurance entities and not the group-wide insurance holding company structures; but, with the recent changes in the insurance holding company system act and the addition of the ORSA, the Department should have greater access to group-wide information.

For these reasons, we ask the Committee to recommend SB 76 favorable for passage.

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

Clark Shultz
Director, Governmental Affairs
Kansas Insurance Department