

Approved: February 26, 2008

Date

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE  
COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on February 12, 2008 in Room 136-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department  
Ken Wilke, Office of Revisor of Statutes  
Bev Beam, Committee Secretary  
Jill Shelley, Kansas Legislative Research Department

Conferees appearing before the committee:

John Meetz, Kansas Insurance Department

Others attending:

See attached list.

The Chair called the meeting to order.

Hearing on:

**SB 464 - concerning insurance; relating to waiving certain requirements regarding reinsurance agreements when an insurance company ceases to do business.**

Melissa Calderwood, Legislative Research, gave an overview of the bill. She stated SB 464 was introduced at the request of the Kansas Insurance Department. She said this bill would amend the statute governing reinsurance arrangements to permit the Commissioner, at her discretion, to waive certain reinsurance requirements. Specifically, the Commissioner would be permitted to waive any requirement of the act or the transfer of obligation or risk or both that results from a discontinuance of business by the transferring insurer. The fiscal note states there would be no fiscal effect associated with the enactment of the bill.

John Meetz, Kansas Insurance Department, testified in support of SB 464. He stated that Article 52 of Chapter 40 of the Kansas Statutes outlines the things that must happen in order for an insurance company to assume the contracts of insurance of another insurance company. He said the assuming company is taking on all the liabilities of a block of business of the ceding insurer for a negotiated premium. These requirements are extensive and time consuming, he said. He noted that in some situations, the requirements are considered unnecessary and burdensome. He continued that for these reasons, the Insurance Department proposes SB 464 to give the Department the ability to waive some or all of these requirements for assumption reinsurance. He said the waiver is especially applicable when both companies are in good financial standing, affiliated in some way or, if the transfer makes good business sense for both parties. He said the Insurance Department believes the Assumption Reinsurance Agreement Act is an important tool to determine if a reinsurance transfer is appropriate for the business environment in Kansas and in the best interests of Kansas consumers; however, under some circumstances, the Assumption Reinsurance Agreement Act serves no purpose other than providing some bureaucratic hoops to jump through. It is under these circumstances that the Department asks for judgment to waive requirements of the act. (Attachment 1)

The Chair closed the hearing on SB 464.

There being no further business, the meeting adjourned at 9:50 a.m.

**SENATE FINANCIAL INSTITUTIONS & INS. COMMITTEE  
GUEST LIST**

DATE: 2-12-08

NAME	REPRESENTING
<i>Samuel Febo</i>	VHG
<i>Alex Koteyantz</i>	P.I.A.
<i>Bill Sneed</i>	AHIP
<i>Ken Abitz</i>	KID
<i>John Meetz</i>	KID
<i>Natalie Haag</i>	Security Benefit
<i>Lori Church</i>	KAPCIC
<i>LARRY MAGILL</i>	KAIN
<i>KERRI SPIELMAN</i>	KAIN
<i>Sandy Braden</i>	NAUPA KS



# Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

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## TESTIMONY ON SB 464

### SENATE FINANCIAL INSTITUTIONS AND INSURANCE February 6, 2007

Madam Chair and Members of the Committee:

Thank you for the opportunity to appear today in support of SB 464, a bill that could potentially ease a regulatory burden on insurance companies that are involved in a crucial business transaction.

Article 52 of Chapter 40 of the Kansas Statutes outlines the things that must happen in order for an insurance company to assume the contracts of insurance of another insurance company. In essence, the assuming company is taking on all the liabilities of a block of business of the ceding insurer for a negotiated premium. These requirements are extensive and time consuming. In some situations we would consider the requirements to be unnecessary and significantly burdensome.

For these reasons the Insurance Department has proposed SB 464 which gives us the ability to waive some or all of these requirements for assumption reinsurance. The provision of waiver is especially applicable when both companies are in good financial standing, affiliated in some way or if the transfer makes good business sense for both parties.

The Insurance Department believes that the Assumption Reinsurance Agreement Act is an important tool to determine if a reinsurance transfer is appropriate for the business environment in Kansas and in the best interests of Kansas consumers. However, under some circumstances the Assumption Reinsurance Agreement Act serves no purpose other than providing some bureaucratic hoops to jump through. It is under these circumstances that we ask for the judgment to waive requirements of the act.

Thank you for the opportunity to appear today.

John Meetz  
Government Affairs Liaison

*FI&I Committee  
February 6, 2008  
Attachment 1*