

SESSION OF 2002

SUPPLEMENTAL NOTE ON SENATE BILL NO. 388

As Amended by House Committee on
Insurance

Brief*

SB 388, as amended, concerns the filing of certain reports by insurance companies with the Insurance Department, the licensure of insurance agents, and the standard nonforfeiture provisions for annuities. The bill:

- ! Updates from December 31, 2000, to December 31, 2001, the risk-based capital instructions and formulas developed by the National Association of Insurance Commissioners (NAIC) and used by insurance companies in filing their financial reports with the Department;
- ! Reinserts the authority of the Insurance Commissioner to deny issuance of a license to an insurance agent;
- ! Lowers from 3 percent to 1.5 percent the nonforfeiture minimum annuity guarantee rate for individual annuity contracts issued on or after July 1, 2002, and before July 1, 2005; and
- ! Makes other necessary technical changes.

Background

SB 388 was requested by the Insurance Commissioner whose representative explained the date in the law is changed annually to reflect the latest changes in the NAIC instructions and formulas. The Commissioner also requested the amendment reinserting the Commissioner's authority to deny an agent license as that authority was

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/cgi-bin/fulltext/bills.cgi>

inadvertently left out in a revision of the agents and brokers statutes in 2001.

The bill is supported by the Kansas Insurance Associations—Kansas Association of Property and Casualty Companies and the Kansas Life Insurance Association whose representative also recommended the amendment to adjust the individual annuity guarantee rate. The reduced rate is supported by the NAIC, the Kansas Insurance Department, and the Prudential Insurance Company.

The fiscal note from the Division of the Budget indicates the passage of the original bill would have no fiscal impact.