

SESSION OF 2008

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2690**

As Amended by House Committee on  
Insurance and Financial Institutions

**Brief\***

HB 2690, as amended, would amend the law governing interest on life insurance and annuity policies to allow that during a deferral period, any interest or dividends that accrue, in the absence of a surrender of the policy, would continue to accrue until the surrender value is paid.

Under current law, an insurance company is permitted to reserve the right to defer the payment of any cash surrender value for a six-month period after the surrender of the policy.

**Background**

The bill was introduced by the House Committee at the request of the Kansas Insurance Department whose representative indicated that the bill would clarify that life insurance companies are required to pay accrued interest and dividends on surrendered life insurance policies during the deferral period if the companies elect to defer payment on the surrender value for a period not to exceed six months. There were no other proponents and no opponents at the time of the Committee hearing.

The House Committee on Insurance and Financial Institutions amended the bill to clarify when the accrual of interest or dividends would cease (payment of surrender value). The Kansas Insurance Department requested the amendment.

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\*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>

The fiscal note prepared by the Division of the Budget on the introduced version of the bill states that the Kansas Insurance Department indicates there will be no fiscal effect to the agency associated with the enactment of the bill.