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March 6, 2023

The Honorable Mike Thompson
Chair, Senate Committee on Federal and State Affairs
300 W. 10th, Room 136-E
Topeka, KS 66612

RE: OPPOSITION to SB 224, ESG Standards – WRITTEN TESTIMONY ONLY

Dear Chair Thompson and members of the Committee,

Representing nearly 60 percent of the U.S. property casualty insurance market, the American Property Casualty Insurance Association (APCIA) promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. In Kansas, APCIA's members write more than \$4.2 billion in property and casualty insurance premiums. We respectfully submit the following comments in **OPPOSITION TO SB 224**.

Kansas businesses, nonprofits, individuals and communities are best served when an insurance market is as large as possible with diverse players with diverse expertise and business models offering diverse products and services. For this reason, we support regulatory systems that allow the most robust free market subject only to time tested and proven effective solvency regulation. That kind of system is most in the public interest by assuring the largest pool of capital, competition and innovation that makes insurance as available and as affordable as possible.

Much of this legislation regulates how the state and instrumentalities of the state invest and what criteria they may and may use. It is ultimately the state's responsibility how it chooses to invest taxpayer dollars.

However, Section 24 and later provisions regulate how insurance companies can underwrite. While there is theoretically an exception for risk-based decisions, the legislation still sets up the scenario where every negative underwriting decision could be treated as a potential violation of the statutory standard. That is simply unworkable.



Insurers have various areas of expertise and appetites for risk embedded in their business models. But this legislation would impose a choice on insurers: either insure what they should not insure or possibly face the full array of statutory remedies because of an allegation that a particular underwriting decision was based on the prohibited criteria. This could have major negative solvency, competition and capital ramifications for insurers and the public.

We appreciate the concern expressed with regard to politically or ideologically motivated regulation and share it. But we see negative unintended consequences for the insurance market and Kansas consumers from this legislation.

We urge the committee to vote “**NO**” on **SB 224**. Please contact me directly at 512-461-1964 or via e-mail at scot.kibbe@apcia.org or APCIA’s local counsels Larrie Ann Brown at (785) 640-2747 via e-mail at larrieannbrown@gmail.com and Brad Smoot at 785-224-1200 or via e-mail at bradsmoot@smootlawoffice.com with any questions.

Sincerely,

N. Scot Kibbe

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