

SESSION OF 2015

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2126

As Recommended by House Committee on
Insurance

Brief*

HB 2126 would restore provisions in and update an expiration date in the Property and Casualty Actuarial Opinion Letter Law and would amend the effective date specified in the Insurance Code for the risk-based capital (RBC) instructions promulgated by the National Association of Insurance Commissioners (NAIC) for property and casualty insurance companies, as well as for life insurance companies.

The bill would restore language in the Property and Casualty Actuarial Opinion Letter Law relating to the authority of the Insurance Commissioner to release and utilize certain confidential documents, materials, and other information associated with disciplinary proceedings and other regulatory or legal actions. (The language was stricken as the provisions, originally enacted in 2008 and subject to legislative review in 2013, were not reviewed or updated during the 2014 Session). Additionally, the bill would specify these reinstated provisions would expire on July 1, 2020, unless the Legislature reenacts such provisions. The provisions would be subject to legislative review prior to July 1, 2020.

The bill also would amend the effective date for the RBC instructions promulgated by the NAIC for property and casualty insurance companies and for life insurance companies. The instructions currently specified are effective

*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>

on December 31, 2013. The bill would update the effective date on the RBC instructions to December 31, 2014.

Background

The bill was introduced by the House Committee on Insurance at the request of the Kansas Insurance Department. In the House Committee, a representative of the Department stated the goal of RBC laws is to ensure each Kansas domestic company has the minimum amount of capital needed to support its overall business operations in consideration of its size and risk profile. Amendments to the effective date of the instructions, the representative noted, have been made each year since 2009. (In 2009, a legislative oversight process for updating the annual RBC instructions was established. This process allows the Department to update the requirements by rules and regulations, unless one of two statutory triggers has been met.) The representative indicated legislative review allows an opportunity for the Department and the insurance companies to evaluate the updated RBC instructions. There was no other testimony offered at the House Committee hearing.

The fiscal note prepared by the Division of the Budget states, according to the Department, enactment of the bill would have no fiscal effect.