

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

The Committee on **Insurance** recommends **SB 410**, as amended by Senate Committee, be amended on page 7, in line 29, after "(l)" by inserting "'Securitization" means a transaction or a group of related transactions, which may include capital market offerings, that are effected through related risk transfer instruments and facilitating administrative agreements where all or part of the result of such transactions is used to fund a special purpose insurance captive's obligations under a reinsurance contract with a ceding insurer and by which proceeds are: (1) Obtained by a special purpose insurance captive, directly or indirectly, through the issuance of securities by the special purpose insurance captive or any other person; or (2) provided through one or more letters of credit or other assets for the benefit of the special purpose insurance captive that the commissioner authorizes to treat as admitted assets for purposes of the special purpose insurance captive's annual statement, where all or any part of such proceeds, letters of credit, or assets, as applicable, are used to fund the special purpose insurance captive's obligations under a reinsurance contract with a ceding insurer. The term "securitization" does not include the issuance of a letter of credit for the benefit of the commissioner to satisfy all or part of the special purpose insurance captive's capital and surplus requirements under the captive insurance act.

(m) ";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

On page 13, in line 10, by striking "only"; also in line 10, after "invest" by inserting "at least 90% of"; in line 11, after the period by inserting "The balance may be invested in cash,

securities or other assets otherwise permitted in chapter 40 of the Kansas Statutes Annotated, and amendments thereto."; in line 12, by striking all after "25."; by striking all in lines 13 and 14; in line 15, by striking "commissioner" and inserting "Admitted assets of the special purpose insurance captive shall include permitted investments, proceeds from a securitization, premium and other amounts payable by a ceding insurer to the special purpose insurance captive, and any other assets approved by the commissioner. Additionally, letters of credit and guarantees of a parent may be recognized as an admitted asset on the special purpose insurance captive's financial statements with prior approval of the commissioner. The commissioner may, by order, reduce the amount of admitted assets previously approved if the commissioner determines that the value of those assets has decreased. At least 30 days prior to issuing any such order, the commissioner shall notify the special purpose insurance captive and provide it with an opportunity to remedy the issues identified by the commissioner. If the issues identified by the commissioner have not been resolved to the commissioner's satisfaction at the end of the 30-day period, the commissioner shall issue the order. The special purpose insurance captive shall have the right to a hearing, at which the insurer may challenge any determination or action by the commissioner. The special purpose insurance captive shall notify the commissioner of its request for hearing within 15 days after the issuance of the order. Hearings under this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act"; and the bill be passed as amended.

_____Chairperson