

SESSION OF 2017

SUPPLEMENTAL NOTE ON SENATE BILL NO. 15

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 15 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 for property and casualty companies and for life insurance companies. The instructions currently specified became effective on December 31, 2015. The bill would update the effective date on the RBC instructions to December 31, 2016.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Kansas Insurance Department (Department). In the Senate Committee, a representative of the Department testified in support of the bill, stating the goal of RBC laws is to ensure each Kansas domestic company has the required amount of capital needed to support its overall business operations in consideration of its size and risk profile. The representative noted amendments to the effective date of the instructions 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.) There was no neutral or opponent testimony.

According to the fiscal note prepared by the Division of the Budget, enactment of the bill would have no fiscal effect.

*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>