

February 14, 2019

The Honorable Jene Vickrey, Chairperson
House Committee on Insurance
Statehouse, Room 276-W
Topeka, Kansas 66612

Dear Representative Vickrey:

SUBJECT: Fiscal Note for HB 2177 by House Committee on Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2177 is respectfully submitted to your committee.

HB 2177 would allow insurance companies that offer fixed index annuities to utilize alternative asset and reserve accounting practices. The bill would allow for any insurance company to account for eligible derivative assets at amortized cost if the insurance company demonstrates that the assets meet certain criteria for an economic hedge. In addition, the bill would not require eligible derivative assets purchased or written with a year or less to maturity or expiration to be amortized. In addition, the bill would create quarterly reporting requirements for insurance companies that use alternative accounting practices.

The Insurance Department indicates that enactment of HB 2177 would require the agency to analyze insurance companies' capital under alternative accounting methods. The agency states it would be able to absorb this analysis within its existing analysis with a negligible effect on workload and expenditures. Any fiscal effect associated with HB 2177 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Director of the Budget

cc: Glenda Haverkamp, Insurance