

SESSION OF 2019

SUPPLEMENTAL NOTE ON SENATE BILL NO. 228

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 228 would amend license and renewal application fees and establish an annual report fee in the Third Party Administrators (TPA) Act.

The bill would amend the initial license application fee for home state and non-resident TPAs from “as provided for by rules and regulations” to the specified amount of \$400 and require an annual report fee of \$100 for both home state and non-resident TPAs. The bill would establish a \$200 renewal application fee for each non-resident administrator renewal application.

(*Note:* A TPA is any person who directly or indirectly underwrites, collects charges or premium from, or adjusts or settles claims on residents of this state in connection with life, annuity, or health insurance coverage offered or provided by a payor.)

Background

The bill was introduced by the Senate Committee on Ways and Means and referred to the Senate Committee on Financial Institutions and Insurance. In the Senate Committee on Financial Institutions and Insurance hearing, a representative of the Kansas Insurance Department (Department) provided proponent testimony. The representative provided information on the history of TPA

*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>

licensure and noted the bill would update and provide clarity to the changes made by 2017 SB 22, which established new licensure classification and financial reporting requirements and created the TPA Act. The representative stated non-resident TPAs are required to hold a license in a state with a substantially similar law as Kansas and the average application fee for those TPAs is approximately \$430. He stated the Department believes the fee structure proposed in the bill would cover the increased costs to the Department associated with additional oversight and such fees are in line with the average fee structure of other states with similar laws.

According to the fiscal note prepared by the Division of the Budget on the bill, the Department indicates enactment of the bill would generate approximately \$99,500 in revenue to the Insurance Department Service Regulation Fund from fees beginning in FY 2020 based on the expected number of new home state and non-resident applications, renewal of home state and non-resident applications, and annual report filing fees. The Department indicates it cannot estimate the expenditures associated with the additional oversight and analysis that would be required by enactment of the bill. However, the Department states the revenues generated from the bill are likely sufficient to cover any additional costs. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2020 Governor's Budget Report*.