

SESSION OF 2021

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2072

As Recommended by House Committee on
Insurance and Pensions

Brief*

HB 2072 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 companies and for life insurance companies. The instructions currently specified became effective on December 31, 2019. The bill would update the effective date on the RBC instructions to December 31, 2020.

Background

The bill was introduced by the House Committee on Insurance and Pensions at the request of the Kansas Insurance Department (Department). [*Note: A companion bill, SB 29, has been introduced in the Senate.*]

House Committee on Insurance and Pensions

In the House Committee hearing, a representative of the Department provided **proponent** testimony stating the goal of RBC, as a regulatory tool, 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 bill updates the RBC instructions, which instruct companies to calculate and report RBC, to the current version. [*Note: In 2009, a legislative oversight process*

*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>

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.]

No neutral or opponent testimony was provided.

The House Committee recommended the bill be placed on the Consent Calendar.

Fiscal Information

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

Keywords: Insurance; risk-based capital; NAIC; reporting