

HOUSE BILL No. 2531

By Committee on Insurance

Requested by Eric Turek on behalf of the Kansas Insurance Department

1-18

1 AN ACT concerning insurance; relating to risk-based capital requirements;
2 updating the version of instructions in effect; amending K.S.A. 2023
3 Supp. 40-2c01 and repealing the existing section.
4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2023 Supp. 40-2c01 is hereby amended to read as
7 follows: 40-2c01. As used in this act:

8 (a) "Adjusted RBC report" means an RBC report that has been
9 adjusted by the commissioner in accordance with K.S.A. 40-2c04, and
10 amendments thereto.

11 (b) "Corrective order" means an order issued by the commissioner
12 specifying corrective actions that the commissioner has determined are
13 required to address an RBC level event.

14 (c) "Domestic insurer" means any insurance company or risk
15 retention group that is licensed and organized in this state.

16 (d) "Foreign insurer" means any insurance company or risk retention
17 group not domiciled in this state that is licensed or registered to do
18 business in this state pursuant to article 41 of chapter 40 of the Kansas
19 Statutes Annotated, and amendments thereto, or K.S.A. 40-209, and
20 amendments thereto.

21 (e) "NAIC" means the national association of insurance
22 commissioners.

23 (f) "Life and health insurer" means any insurance company licensed
24 under article 4 or 5 of chapter 40 of the Kansas Statutes Annotated, and
25 amendments thereto, or a licensed property and casualty insurer writing
26 only accident and health insurance.

27 (g) "Property and casualty insurer" means any insurance company
28 licensed under articles 9, 10, 11, 12, 12a, 15 or 16 of chapter 40 of the
29 Kansas Statutes Annotated, and amendments thereto, but does not include
30 monoline mortgage guaranty insurers, financial guaranty insurers and title
31 insurers.

32 (h) "Negative trend" means, with respect to a life and health insurer, a
33 negative trend over a period of time, as determined in accordance with the
34 "trend test calculation" included in the RBC instructions defined in
35 subsection (j).

1 (i) "RBC" means risk-based capital.

2 (j) "RBC instructions" means the risk-based capital instructions
3 promulgated by the NAIC that are in effect on December 31, ~~2022~~ 2023,
4 or any later version promulgated by the NAIC as may be adopted by the
5 commissioner under K.S.A. 40-2c29, and amendments thereto.

6 (k) "RBC level" means an insurer's company action level RBC,
7 regulatory action level RBC, authorized control level RBC or mandatory
8 control level RBC where:

9 (1) "Company action level RBC" means, with respect to any insurer,
10 the product of 2.0 and its authorized control level RBC;

11 (2) "regulatory action level RBC" means the product of 1.5 and its
12 authorized control level RBC;

13 (3) "authorized control level RBC" means the number determined
14 under the risk-based capital formula in accordance with the RBC
15 instructions; and

16 (4) "mandatory control level RBC" means the product of 0.70 and the
17 authorized control level RBC.

18 (l) "RBC plan" means a comprehensive financial plan containing the
19 elements specified in K.S.A. 40-2c06, and amendments thereto. If the
20 commissioner rejects the RBC plan, and it is revised by the insurer, with or
21 without the commissioner's recommendation, the plan shall be called the
22 "revised RBC plan."

23 (m) "RBC report" means the report required by K.S.A. 40-2c02, and
24 amendments thereto.

25 (n) "Total adjusted capital" means the sum of:

26 (1) An insurer's capital and surplus or surplus only if a mutual
27 insurer; and

28 (2) such other items, if any, as the RBC instructions may provide.

29 (o) "Commissioner" means the commissioner of insurance.

30 Sec. 2. K.S.A. 2023 Supp. 40-2c01 is hereby repealed.

31 Sec. 3. This act shall take effect and be in force from and after its
32 publication in the statute book.