

January 28, 2022

The Honorable Steven Johnson, Chairperson
House Committee on Insurance and Pensions
Statehouse, Room 218-N
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2547 by House Committee on Insurance and Pensions

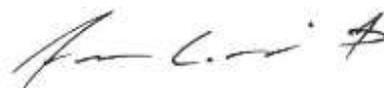
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2547 is respectfully submitted to your committee.

HB 2547 would allow a technology-enabled fiduciary financial institution (TEFFI) insurance company to operate as a captive insurance company. The bill details the requirements of a TEFFI insurance company, including the types of insurance and investments permitted. The bill requires that any suit, action, or proceeding relating to a TEFFI policy would be heard in a Kansas district court or federal district court.

The Insurance Department states that if one TEFFI insurance company applies for admission and approval, then the Department would be able to absorb the additional workload within existing resources. Currently only one TEFFI exists within Kansas.

Since the fiscal effect statement was issued, the Judiciary has provided information on the effect of this bill. The Office of Judicial Administration states that the enactment of HB 2547 could increase the number of cases filed in district courts and increase the time spent by district court judicial and nonjudicial personnel in processing, researching, and hearing cases. In addition, the district court clerks would be required to ensure that these particular court proceedings are sealed and not made part of the public record, which would require a new case type to be created in the Centralized Case Management System. If the System cannot be configured to add the new case type, additional manual work for clerks would be required. Enactment of HB 2547 could also result in the collection of additional docket fees collected. However, a fiscal effect cannot be estimated at this time. The Office of the State Bank Commissioner states that the bill would not have a fiscal effect on its operations. Any fiscal effect associated with HB 2547 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Bobbi Mariani, Insurance