

## HOUSE BILL No. 2072

By Committee on Insurance and Pensions

1-15

1 AN ACT concerning insurance; relating to risk-based capital requirements;  
2 updating the version of instructions in effect; amending K.S.A. 2020  
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. 2020 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 shall 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).

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

1 (j) "RBC instructions" means the risk-based capital instructions  
2 promulgated by the NAIC that are in effect on December 31, ~~2019~~ 2020,  
3 or any later version promulgated by the NAIC as may be adopted by the  
4 commissioner under K.S.A. 2020 Supp. 40-2c29, and amendments thereto.

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

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

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

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

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

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

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

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

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

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

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

29 Sec. 2. K.S.A. 2020 Supp. 40-2c01 is hereby repealed.

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