

SESSION OF 2022

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2564

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

HB 2564, as amended, 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, 2020. The bill would update the effective date of the RBC instructions to December 31, 2021. The bill would also amend the NAIC Credit for Reinsurance Model Regulation codified in statute in 2021 to correct a misnumbered paragraph citation.

Background

The bill was introduced by the House Committee on Insurance and Pensions at the request of a representative of Representative Steven Johnson.

[*Note:* A companion bill, SB 331, has been introduced in the Senate.]

House Committee on Insurance and Pensions

In the House Committee hearing, a representative of the Kansas Insurance Department (Department) provided **proponent** testimony, stating the goal of RBC is to ensure each Kansas domestic insurance company has the required

*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>

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 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 other testimony was provided.

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

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, a representative of the Department provided **proponent** testimony, stating the goal of RBC is to ensure each Kansas domestic insurance 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.

No other testimony was provided.

The Senate Committee amended the bill to insert NAIC Credit for Reinsurance Model Regulation language codified in statute in 2021 to correct a misnumbered paragraph citation.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department states enactment of the bill would have no fiscal effect.

Insurance; risk-based capital; NAIC; reporting; NAIC Credit for Reinsurance Model Regulation