

# Kansas Association of Property and Casualty Insurance Companies

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## Senate Financial Institutions and Insurance Committee Testimony on Senate Bill 273

January 31, 2012

Madam Chair and Members of the Committee:

Thank you for this opportunity to present information on behalf of the Kansas Association of Property and Casualty Insurance Companies, our state trade association for domestic property and casualty insurance companies in Kansas.

KAPCIC agrees the statutory cap of \$25,000 for expenses associated with the financial examination is too low to actually cover the expenses of an examination. It has been a number of years since the state raised the cap and with the increase in complexity of the products and services offered within insurance, as well as the depth that regulators are looking into the risk management practices of their regulated entities, it is more expensive to do a thorough and effective review. An increase is appropriate.

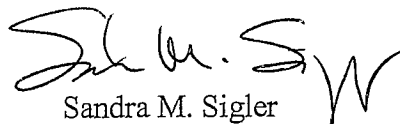
However, we can not support the \$100,000 statutory cap for company's with less than \$50,000,000 in gross premiums nor the uncapped provision of Senate Bill 273 for company's with more than \$50,000,000 in gross premiums.

First, we consider the \$100,000 statutory cap to be excessive. A fee this size potentially would be financially stressful for a small domestic company. Second, moving to a system with no cap causes concern. A no cap system does not encourage nor require the examiners to plan and execute an examination in an efficient and effective manner.

While we support the Kansas Insurance Departments' efforts to raise the statutory cap, we cannot support Senate Bill 273 as written. We encourage and ask the Committee to consider lower and more reasonable statutory caps.

On behalf of KAPCIC, I thank you for your consideration of our testimony.

Respectfully,

  
Sandra M. Sigler