

March 21, 2011

The Honorable Ruth Teichman, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Teichman:

SUBJECT: Fiscal Note for SB 178 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 178 is respectfully submitted to your committee.

SB 178 would address surplus lines insurance and the Non-Admitted and Reinsurance Reform Act (NRRA). The bill would require that no state but the home state of an insured may require any premium tax payment for non-admitted insurance or surplus lines. States would be authorized to set up an interstate compact or other agreement to establish procedures to collect and allocate among the states the premium tax paid to the insured's home state.

The Kansas Insurance Department states that it has collected an average of \$10.0 million in surplus lines taxes each of the last five years. Should SB 178 fail to pass, Kansas could lose that portion of the premium tax in which Kansas is not the "home state." The Insurance Department estimates potential losses to the State General Fund to total \$2.0 million a year. Any fiscal effect associated with SB 178 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Zac Anshutz, Insurance