

Testimony in Support of SB 23
Hearing before the Senate Committee on Financial Institutions & Insurance
January 25, 2017 – 9:30am

Thank you, Chairman Longbine and members of the committee for the opportunity to speak in favor of SB 23 today.

SB 23 is the result of several years' worth of discussions among the Governor, the Office of the Kansas Securities Commissioner (KSC), the Kansas Insurance Department, the Attorney General's Office, and financial industry and consumer groups. This bill is a significant improvement to the public policy of the state for at least four reasons:

1) Creates savings to SGF

This bill will create \$900,000 in annual savings to SGF by coordinating the administrative, regulatory and investigatory functions of my office and the Kansas Insurance Department. A portion of those budget savings will be used to invest in a new, robust financial crimes prosecution unit under the Attorney General's Office.

2) Invests in a new Attorney General Financial Fraud Unit

While the KSC has historically prosecuted its own securities fraud cases across the state, the case load from year to year is inconsistent. By combining criminal enforcement functions of the KSC and the Insurance Department under a new specialized financial fraud unit in the Attorney General's office, state-level financial fraud prosecutorial expertise will be centralized under the state's chief law enforcement officer. Moreover, this will ensure a more consistent and efficient case load among dedicated prosecutors.

3) Reduces duplication of regulatory efforts

By relocating the KSC as a division under the Kansas Insurance Department, SB 23 prevents duplication of effort and expenditures in the regulation of the financial services industry. The securities and insurance industries are uniquely related in their financial services and products in ways not shared by banking, credit union, and other financial industries. A large percentage of those financial professionals who are licensed to sell insurance products in Kansas are dually-registered with my office to sell securities in the state.

4) Preserves independent administration of the Kansas Uniform Securities Act

By maintaining a separately-appointed and senate-confirmed securities commissioner, and adding a new four-year term, the bill preserves the unique enforcement objectives mandated in the separate securities and insurance statutory schemes.

I encourage you to pass SB 23 and help our three agencies become more efficient and effective in the regulation of the financial services and products industry in Kansas.