January 17, 2017

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 341-E
Topeka, Kansas  66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 22 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 22 is respectfully submitted to your committee.

SB 22 would create the Third Party Administrator (TPA) Act. A TPA would be defined as any person who directly or indirectly underwrites, collects, or charges premiums from, or who adjusts or settles claims for, residents of Kansas in connection with life, annuity or health insurance coverage, with certain exceptions outlined in the bill. Upon submission of financial statements and organizational documents of an applicant, the Kansas Insurance Commissioner could issue a license to an individual to be a TPA. If the individual does not have a TPA license from his or her home state, the Kansas Insurance Commissioner could not issue a nonresident TPA license for use in Kansas. The bill would outline various information and documents required when applying for a TPA license.

Each administrator licensed under the TPA Act would be required to file an annual report for the preceding calendar year with the Kansas Insurance Department on or before July 1 of each year. The bill would also outline conditions when the license of a TPA administrator could be denied, suspended or revoked.

According to the Kansas Insurance Department, any fiscal effect resulting from the enactment of SB 22 would be negligible.

Sincerely,

Shawn Sullivan,
Director of the Budget

cc:  Glenda Haverkamp, Insurance
Linda Borror, Secretary of State’s Office