

SESSION OF 2019

SUPPLEMENTAL NOTE ON SENATE BILL NO. 66

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 66 would amend registration requirements in the Insurance Holding Company Act related to a filing exemption for enterprise risk reports.

The bill would require an enterprise risk report filed by the ultimate controlling person of every insurer subject to registration to be appropriate to the nature, scale, and complexity of the insurer.

The bill would exempt the ultimate controlling person of a domestic insurer from submitting an enterprise risk report if the domestic insurer is authorized, admitted, or eligible to engage in the business of insurance only in Kansas with total direct and assumed annual premiums of less than \$300.0 million, unless the ultimate controlling person of the domestic insurer also controls other insurers not meeting the requirements of the section. The bill would specify an insurer is not considered to be authorized, admitted, or eligible to engage in the business of insurance only in Kansas if the insurer directly or indirectly writes or assumes insurance in any other manner in another state.

The bill would also make technical amendments.

*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>

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Kansas Insurance Department (Department).

In the Senate Committee hearing, a representative of the Department testified in favor of the bill noting its purpose is to repeal the small group exemption currently in statute. The representative stated Kansas is the only state that maintains an exemption for small groups and, absent repeal of this provision, the Department would be out of compliance with the National Association of Insurance Commissioners (NAIC) accreditation standards. The representative noted repeal of this provision would impact ten companies. The representative also provided a letter from the NAIC outlining the history of the enterprise risk report filing requirements.

No neutral or opponent testimony was provided.

According to the fiscal note prepared by the Division of the Budget, the Department indicated enactment of the bill would result in additional expenditures from the increased processing time required for submissions of Form F-Enterprise Risk Report. However, the Department indicated the additional expenditures would be negligible and could be absorbed within existing resources. Any fiscal effect association with enactment of the bill is not reflected in *The FY 2020 Governor's Budget Report*.