

SESSION OF 2022

SUPPLEMENTAL NOTE ON SENATE BILL NO. 331

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 331 would amend the effective date specified in the Insurance Code for the risk-based capital (RBC) instructions promulgated by the National Association of Insurance Commissioners (NAIC) for property and casualty companies and for life insurance companies. The instructions currently specified became effective on December 31, 2020. The bill would update the effective date of the RBC instructions to December 31, 2021.

Background

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

[*Note:* A companion bill, HB 2564, has been introduced in the House.]

***Senate Committee on Financial Institutions and
Insurance***

In the Senate Committee hearing, a representative of the Department provided **proponent** testimony, stating the goal of RBC is to ensure each Kansas domestic insurance company has the required amount of capital needed to support its overall business operations in consideration of its size and risk profile. The bill updates the RBC instructions,

*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>

which instruct companies to calculate and report RBC, to the current version.

[*Note:* In 2009, a legislative oversight process for updating the annual RBC instructions was established. This process allows the Department to update the requirements by rules and regulations, unless one of two statutory triggers has been met.]

No other testimony was provided.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department states enactment of the bill would have no fiscal effect.

Insurance; risk-based capital; NAIC; reporting