

Kansas-Domiciled Life Insurance Companies—Permissible Investment Options; SB 336

SB 336 amends certain investment limitation requirements to increase the permissible investment options in equity interests and preferred stock for Kansas-domiciled life insurance companies. The bill also corrects the unlawful delegation of authority in current statutes.

Investments in Preferred Stock

The bill retains the existing statutory limitation on a Kansas-domiciled life insurance company's investment in the preferred stock of, or stocks guaranteed by, a corporation incorporated in the United States or any of its states, districts, insular, or territorial possessions, or incorporated in Canada or any of its provinces, to 25.0 percent of its admitted assets as shown on the annual report or more recent quarterly financial statement filed by the life insurance company with the Commissioner of Insurance (Commissioner). The bill removes all additional requirements placed on investments in preferred stock by Kansas-domiciled life insurance companies.

Investments in Equity Interests

The bill increases a Kansas-domiciled life insurance company's allowable investment in the equity interests of any business entity organized and doing business under the laws of the United States, any state, the District of Columbia, Canada, or any of its provinces, from 15.0 percent to 20.0 percent of its admitted assets, based on cost.

The bill removes five of seven existing limitations on investments in equity interests and the writing of call options by a Kansas-domiciled life insurance company. Regarding the two remaining limitations, the bill:

- Removes language prohibiting a Kansas-domiciled life insurance company from investing in more than 5.0 percent of the outstanding equity interests of the above-described business entities. The bill retains language limiting the insurance company's investment in the outstanding equity interests of such business entities to no more than 2.0 percent of the insurance company's admitted assets, determined on the basis of the cost of such equity interests to the insurance company at the time of purchase; and
- Retains language pertaining to the valuation of an equity interest owned by an insurance company that is obligated under an unexpired written call option.

Unlawful Delegation of Authority

To correct the unlawful delegation of authority in current statutes, the bill removes the requirement the annual report or quarterly financial statement of Kansas-domiciled life insurance companies filed with the Commissioner be on a form prescribed by the National

Association of Insurance Commissioners and instead requires these documents to be filed in the form and manner prescribed by the Commissioner in rules and regulations.