

**MEMORANDUM**

**To:** Joint Committee on Administrative Rules and Regulations  
**From:** John Wine  
Kansas Insurance Department  
**Re:** K.A.R. 40-1-48  
**Date:** April 9, 2012

My name is John Wine and I am a Staff Attorney for the Kansas Insurance Department. With me today is Ken Abitz, Director of our Financial Surveillance Division. I would like to thank the committee for allowing the Department to appear and comment on the proposed amendment to K.A.R. 40-1-48.

This amendment to the regulation is being proposed to adopt by reference the most recent version of National Association of Insurance Commissioners ("NAIC") health risk-based capital reports for companies. Risk based capital is a method of measuring the minimum amount of capital appropriate for an insurance entity to support its overall business operation in consideration of its size and risk profile. Risk based capital standards for health organizations were enacted in Kansas in the year 2000 and have been amended. This regulation sets out the requirements and format of the risk-based capital report that all domestic health organizations are required to file each year.

The economic impact on companies, if any, is positive because the reports that are required to be filed in Kansas will use uniform formats as established by the NAIC. Affected companies will already be familiar with the format and requirements of these

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reports. There will be no known economic impact on the Department or other government agencies, small businesses or the general public and no other less costly or less intrusive approach for achieving the stated purpose was found.

We would be happy to answer any questions the members of the committee might have. Again, thank you for allowing us to appear today and comment on the proposed regulation.