

SESSION OF 2016

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2485

As Recommended by House Committee on
Insurance and Financial Institutions

Brief*

HB 2485 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, 2014. The bill would update the effective date on the RBC instructions to December 31, 2015.

Background

The bill was introduced by the House Committee on Insurance and Financial Institutions at the request of the Kansas Insurance Department (Department). In the House Committee, a representative of the Department stated the goal of RBC laws is to ensure each Kansas domestic company has the minimum amount of capital needed to support its overall business operations in consideration of its size and risk profile. The representative noted amendments to the effective date of the instructions have been made each year since 2009. (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.) There was no other testimony offered at the House Committee hearing.

*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>

The House Committee recommended the bill be placed on the Consent Calendar.

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