

## 2020 Kansas Statutes

**40-4327. Same; capital requirements; exemptions.** (a) No branch captive insurance company shall be issued a certificate of authority unless it shall possess and thereafter maintain, as security for the payment of liabilities attributable to the branch operations:

- (1) Minimum capital and surplus of an amount equal to the amount set forth in K.S.A. 40-4304, and amendments thereto, as the minimum capital requirement for a pure captive insurance company; and
- (2) reserves on such insurance policies or such reinsurance contracts as may be issued or assumed by the branch captive insurance company through its branch operations, including reserves for losses, allocated loss adjustment expenses, incurred but not reported losses, and unearned premiums with regard to business written through the branch operations, except that, the commissioner may permit a branch captive insurance company to credit against any such reserve requirement in accordance with K.S.A. 40-221a, and amendments thereto.

(b) Subject to the prior approval of the commissioner, the amounts required in subsection (a) may be held in the form of:

- (1) A trust formed under a trust agreement and funded by assets acceptable to the commissioner;
- (2) an irrevocable letter of credit issued or confirmed by a bank approved by the commissioner; or
- (3) any combination thereof.

(c) The commissioner may, on a case-by-case basis, exempt a branch captive insurance company from any or all of the requirements of this section, provided the commissioner finds satisfactory evidence of the branch captive insurer's financial stability.

**History:** L. 2018, ch. 50, § 10; July 1.