SUPPLEMENTAL NOTE ON SENATE BILL NO. 339

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 339 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 for property and casualty companies and for life insurance companies. The instructions currently specified became effective on December 31, 2022. The bill would update the effective date of the RBC instructions to December 31, 2023.

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 2531, 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 the RBC law is to ensure each Kansas domestic insurance company has the required amount of capital needed to support its overall business operations in

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*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

consideration of its size and risk profile. The representative also noted amendments to the effective date have been made each year since 2009.

[*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 the 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 indicated enactment of the bill would have no fiscal effect.

Insurance; risk-based capital; NAIC; reporting