

## SENATE BILL No. 289

By Committee on Financial Institutions and Insurance

1-22

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1 AN ACT concerning insurance; relating to version of risk-based capital  
2 instructions in effect; amending K.S.A. 2019 Supp. 40-2c01 and  
3 repealing the existing section.

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5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2019 Supp. 40-2c01 is hereby amended to read as  
7 follows: 40-2c01. As used in this act:

8 (a) "Adjusted RBC report" means an RBC report ~~which~~ *that* has been  
9 adjusted by the commissioner in accordance with K.S.A. 40-2c04, and  
10 amendments thereto.

11 (b) "Corrective order" means an order issued by the commissioner  
12 specifying corrective actions ~~which~~ *that* the commissioner has determined  
13 are required to address an RBC level event.

14 (c) "Domestic insurer" means any insurance company or risk  
15 retention group ~~which~~ *that* is licensed and organized in this state.

16 (d) "Foreign insurer" means any insurance company or risk retention  
17 group not domiciled in this state ~~which~~ *that* is licensed or registered to do  
18 business in this state pursuant to article 41 of chapter 40 of the Kansas  
19 Statutes Annotated, and amendments thereto, or K.S.A. 40-209, and  
20 amendments thereto.

21 (e) "NAIC" means the national association of insurance  
22 commissioners.

23 (f) "Life and health insurer" means any insurance company licensed  
24 under article 4 or 5 of chapter 40 of the Kansas Statutes Annotated, and  
25 amendments thereto, or a licensed property and casualty insurer writing  
26 only accident and health insurance.

27 (g) "Property and casualty insurer" means any insurance company  
28 licensed under articles 9, 10, 11, 12, 12a, 15 or 16 of chapter 40 of the  
29 Kansas Statutes Annotated, and amendments thereto, but shall not include  
30 monoline mortgage guaranty insurers, financial guaranty insurers and title  
31 insurers.

32 (h) "Negative trend" means, with respect to a life and health insurer, a  
33 negative trend over a period of time, as determined in accordance with the  
34 "trend test calculation" included in the RBC instructions defined in  
35 subsection (j).

36 (i) "RBC" means risk-based capital.

1 (j) "RBC instructions" means the risk-based capital instructions  
2 promulgated by the NAIC, ~~which~~ *that* are in effect on December 31, ~~2018~~  
3 *2019*, or any later version promulgated by the NAIC as may be adopted by  
4 the commissioner under K.S.A. 2019 Supp. 40-2c29, and amendments  
5 thereto.

6 (k) "RBC level" means an insurer's company action level RBC,  
7 regulatory action level RBC, authorized control level RBC, or mandatory  
8 control level RBC where:

9 (1) "Company action level RBC" means, with respect to any insurer,  
10 the product of 2.0 and its authorized control level RBC;

11 (2) "regulatory action level RBC" means the product of 1.5 and its  
12 authorized control level RBC;

13 (3) "authorized control level RBC" means the number determined  
14 under the risk-based capital formula in accordance with the RBC  
15 instructions; and

16 (4) "mandatory control level RBC" means the product of 0.70 and the  
17 authorized control level RBC.

18 (l) "RBC plan" means a comprehensive financial plan containing the  
19 elements specified in K.S.A. 40-2c06, and amendments thereto. If the  
20 commissioner rejects the RBC plan, and it is revised by the insurer, with or  
21 without the commissioner's recommendation, the plan shall be called the  
22 "revised RBC plan."

23 (m) "RBC report" means the report required by K.S.A. 40-2c02, and  
24 amendments thereto.

25 (n) "Total adjusted capital" means the sum of:

26 (1) An insurer's capital and surplus or surplus only if a mutual  
27 insurer; and

28 (2) such other items, if any, as the RBC instructions may provide.

29 (o) "Commissioner" means the commissioner of insurance.

30 Sec. 2. K.S.A. 2019 Supp. 40-2c01 is hereby repealed.

31 Sec. 3. This act shall take effect and be in force from and after its  
32 publication in the statute book.