



SECURITY BENEFIT®

One Security Benefit Place • Topeka, KS 66636-0001
800.888.2461 • SecurityBenefit.com

SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

Testimony on House Bill 2007

March 14, 2013

***By: Kevin R. Davis
Security Benefit Life Insurance Company***

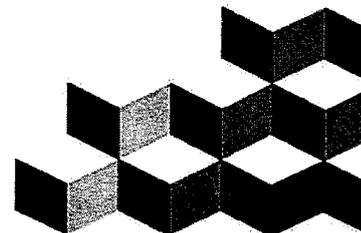
Mr. Chairman and members of the Committee:

I am Kevin Davis with Security Benefit Life Insurance Company ("Security Benefit") and I cannot appear in person today but am pleased to provide testimony in support of HB 2007.

Security Benefit is a Kansas-domiciled life insurance company in business since 1892 and is a part of the Guggenheim Partners holding company. We are a leading provider of savings and income solutions for America's pre and post-retirees. We are located here in Topeka and employ over 721 associates and we are growing rapidly.

This legislation that was considered by the 2012 Kansas Legislature in HB 2508, where after considerable discussion the House Insurance committee recommended an interim study on the topic. The 2012 Special Committee on Financial Institutions and Insurance conducted a hearing on the topic last fall and recommended the introduction of the current bill. Senator Longbine and Senator Schmidt both served on this Committee. There was no opposition to the bill and a number of industry proponents including Security Benefit testified in favor of the bill.

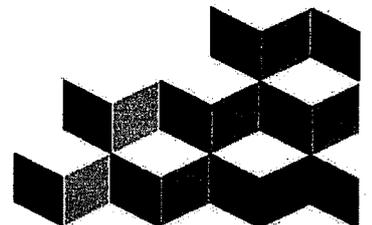
The impetus for this bill is the need by insurance regulators to better identify potential solvency risks (within insurance holding companies) that could affect insurers, including risks to insurers posed by non-insurer affiliates. There are four main provisions in the bill: the establishment of supervisory colleges, which are really just meetings of regulators with insurance holding companies to discuss their international plans, affiliates and operations; a requirement to file certain financial information if requested and a statement that internal controls are maintained by directors and principal officers; a requirement to file an annual enterprise risk report which identifies the risks within the holding company system that could pose material risk to the insurer; and provisions to maintain and enhance the confidentiality of the privileged information required to be disclosed under the act.



This legislation is extremely important to Security Benefit as a Kansas domestic life insurance company. We have worked closely with the Kansas Insurance Department for many months on this bill. This bill is necessary for KID to maintain national accreditation for financial surveillance laws. Accreditation signifies to insurance regulators in other jurisdictions that the home state regulator is adequately monitoring the financial solvency of its domiciled companies. Moreover, under these national accreditation standards, an accredited insurance department may accept the required financial examination conducted by another accredited regulator. This in turn reduces the need for an insurer to undergo multiple, duplicative financial condition examinations, saving the insurer a considerable amount of time and expense. Thus, the passage of the Holding Company Act legislation will not only strengthen the oversight of insurance holding company systems and give the KID a better picture of the risk affiliates pose to domestic insurers, but will also allow the KID to maintain its accreditation, which is of substantial benefit to Kansas-domiciled insurers such as Security Benefit.

For the above reasons, Security Benefit strongly supports HB 2007 and requests the passage of this important bill. Thank you again for the opportunity to submit testimony on this bill.

Kevin R. Davis



Kansas Insurance Holding Companies

A-1

<u>NAIC Code</u>	<u>Domestic Insurance Company</u>	<u>Type</u>	<u>Ultimate Controlling Person (Parent)</u>
14276	Amerigroup Kansas, Inc.	HMO	WellPoint, Inc.
15954	AmTrust Insurance Company of Kansas, Inc.	P&C	AmTrust Financial Services, Inc.
52024	CIGNA Dental Health of Kansas, Inc.	Prepaid Dental	CIGNA Holdings, Inc.
68276	Employers Reassurance Corp.	Life	General Electric Corporation
21628	Farmers Ins. Co., Inc.	P&C	Zurich Insurance Group Ltd. and Farmers Insurance Exchange/Fire Insurance Exchange
71455	Financial American Life Ins. Co.	Life	GCC Opportunity Fund Management GP, Ltd.
32077	Heritage Casualty Insurance Company	P&C	General Electric Corporation
20419	Homewise Indemnity Co.	P&C	Alleghany Insurance Holdings, Inc.
15962	Kansas Bankers Surety Co.	P&C	Berkshire Hathaway, Inc.
11878	MutualAid eXchange	P&C	MutualAid eXchange
68284	Pyramid Life Ins. Co.	Life	Universal American Corp.
68675	Security Benefit Life Ins. Co.	Life	Sammons Enterprises, Inc. ESOT
40584	Travel Air Ins. Co. (Kansas)	P&C	Onex Corporation and Goldman Sachs Group, Inc.
10696	Travel Air Ins. Co., Ltd	P&C	Onex Corporation and Goldman Sachs Group, Inc.
12805	UniCare Health Plan of Kansas, Inc.	HMO	WellPoint, Inc.
62596	Union Fidelity Life Insurance Company	Life	General Electric Corporation
70408	Union Security Insurance Company	Life	Assurant, Inc.
41181	Universal Underwriters Ins. Co.	P&C	Zurich Insurance Group Ltd. and Farmers Insurance Exchange/Fire Insurance Exchange
70173	Universal Underwriters Life Ins. Co.	Life	Zurich Insurance Group Ltd. and Farmers Insurance Exchange/Fire Insurance Exchange
14404	WellCare of Kansas, Inc.	HMO	WellCare Health Plans, Inc.

**Kansas Insurance
Holding Companies**

<u>NAIC Code</u>	<u>Domestic Insurance Company</u>	<u>Type</u>	<u>Ultimate Controlling Person (Parent)</u>
12143	Advance Ins. Co. of Kansas	Life	
33154	Alliance Indemnity Co.	P&C	Blue Cross Blue Shield of Kansas
19186	Alliance Ins. Co., Inc.	P&C	Farmers Alliance Mutual Ins Co
60542	American Home Life Ins. Co. (The)	Life	Farmers Alliance Mutual Ins Co
10235	American Southern Ins. Co	P&C	N/A
41459	Armed Forces Ins. Exchange	P&C	J. Mack Robinson and Family
14402	Bearing Midwest Casualty Company	P&C	Armed Forces Insurance Exchange
41394	Benchmark Ins. Co.	P&C	Midwest Builders' Casualty Mutual Company
70729	Blue Cross and Blue Shield of Kansas, Inc.	Life	Andrew M. O'Brien
15881	Bremen Farmers Mutual Ins. Co.	P&C	Blue Cross Blue Shield of Kansas
95489	Coventry Health Care of Kansas, Inc.	HMO	N/A
54615	Delta Dental of Kansas, Inc.	Dental Service	Coventry Health Care, Inc.
19194	Farmers Alliance Mutual Ins. Co.	P&C	Delta Dental of Kansas, Inc.
10323	Farmers Mutual Ins. Co.	P&C	Farmers Alliance Mutual Ins Co
11118	Federated Rural Electric Ins. Exch	P&C	N/A
14401	Horizon Midwest Casualty Company	P&C	Federated Rural Insurance Exchange
14132	Kansas Health Solutions, Inc.	HMO	Midwest Builders' Casualty Mutual Company
34703	Kansas Medical Mutual Ins. Co.	P&C	Assoc. of Community Mental Health Centers of Kansas, Inc.
14362	Kansas Mutual Ins. Co.	P&C	Kansas Medical Mutual Ins Co.
12966	Key Ins. Co.	P&C	N/A
14451	Marysville Mutual Ins. Co. (The)	P&C	Med D. James III
13126	Midwest Builders' Casualty Mutual Company	P&C	N/A
13816	MPM Ins. Co. of Kansas	P&C	Midwest Builders' Casualty Mutual Company
37060	Old United Casualty Co.	P&C	Missouri Professionals Mutual
14345	Sunflower State Health Plan, Inc.	HMO	Larry Van Tuyl
13175	Surency Life & Health Ins. Co.	Life	Centene Corporation
15296	Upland Mutual Ins. Co.	P&C	Delta Dental of Kansas, Inc.
14165	US Alliance Life and Security Company	Life	N/A
12969	ValueOptions of Kansas, Inc.	HMO	Jack H. Brier
			Ronald I. Dozoretz, M.D.

Holding Company with Foreign Operations

**Kansas Insurance Companies
Enterprise Risk Report**

<u>Company</u>	<u>Direct</u>	<u>Assumed - Affiliates</u>	<u>Assumed - Non- Affiliates</u>	<u>Total</u>	<u>Lead State</u>
Employers Reassurance Corp.	\$ 1,305,867,267		\$ 801,752,282	\$ 2,107,619,549	KS
Blue Cross and Blue Shield of Kansas, Inc.	\$ 1,723,731,933			\$ 1,723,731,933	KS
Security Benefit Life Ins. Co.	\$ 1,643,925,686		\$ 16,194,219	\$ 1,660,119,905	IA
Union Security Insurance Company	\$ 1,045,542,580		\$ 193,821,956	\$ 1,239,364,536	DE
Farmers Ins. Co. Inc.	\$ 942,543,124	\$ 106,168,964	\$ -	\$ 1,048,712,088	NY
Pyramid Life Ins. Co.	\$ 759,387,683	\$ -		\$ 759,387,683	TX
Goventry Health Care of Kansas, Inc.	\$ 528,314,287		\$ 72,606,005	\$ 600,920,292	DE/PA
Universal Underwriters Ins. Co.	\$ 588,816,408	\$ 7,457,825	\$ 74	\$ 596,274,307	NY
Union Fidelity Life Insurance Company	\$ 52,817,250		\$ 274,829,342	\$ 327,646,592	KS
UniCare Health Plan of Kansas, Inc.	\$ 157,176,604			\$ 157,176,604	IN
Federated Rural Electric Ins. Exch	\$ 146,719,300		\$ 663,104	\$ 147,382,404	KS
Farmers Alliance Mutual Ins. Co.	\$ 107,918,955	\$ 34,335,053	\$ 123,873	\$ 142,377,881	KS
Old United Casualty Co.	\$ 128,412,250	\$ (3,907)	\$ 4,131,813	\$ 132,540,156	KS
Homesite Indemnity Co.	\$ 67,136,507	\$ 54,792,678	\$ -	\$ 121,929,185	NH
Kansas Health Solutions, Inc.	\$ 95,726,909			\$ 95,726,909	KS
Armed Forces Ins. Exchange	\$ 81,670,867		\$ 412,521	\$ 82,083,388	KS
Delta Dental of Kansas, Inc.	\$ 69,114,101	\$ 440,353		\$ 69,554,454	KS
Benchmark Ins. Co.	\$ 62,108,182		\$ 1,938,426	\$ 64,046,608	KS
American Southern Ins. Co	\$ 38,988,996	\$ 2,915,862	\$ 3,607,767	\$ 45,512,625	GA
MPM Ins. Co. of Kansas	\$ 208,062	\$ 39,372,992		\$ 39,581,054	MO
American Home Life Ins. Co. (The)	\$ 32,576,632	\$ 778,796		\$ 33,355,428	KS
Kansas Medical Mutual Ins. Co.	\$ 29,072,118			\$ 29,072,118	KS
Alliance Indemnity Co.	\$ 22,725,851	\$ 3,199,558		\$ 25,925,409	KS
AmTrust Insurance Company of Kansas, Inc.	\$ 25,873,216		\$ 17,718	\$ 25,890,934	NC
Alliance Ins. Co., Inc.	\$ 11,609,202	\$ 12,798,228		\$ 24,407,430	KS
Bremen Farmers Mutual Ins. Co.	\$ 22,263,499			\$ 22,263,499	KS
Financial American Life Ins. Co.	\$ 22,245,341	\$ -		\$ 22,245,341	KS
Key Ins. Co.	\$ 22,095,459			\$ 22,095,459	KS
ValueOptions of Kansas, Inc.	\$ 19,732,718			\$ 19,732,718	PA
Marysville Mutual Ins. Co. (The)	\$ 19,005,676			\$ 19,005,676	KS
Upland Mutual Ins. Co.	\$ 17,455,852			\$ 17,455,852	KS
MutualAid eXchange	\$ 15,867,731		\$ 684,472	\$ 16,552,203	KS
Midwest Builders' Casualty Mutual Company	\$ 15,692,335		\$ 599,579	\$ 16,291,914	KS
Universal Underwriters Life Ins. Co.	\$ 12,489,377		\$ 200,679	\$ 12,690,056	NY
Advance Ins. Co. of Kansas	\$ 10,509,479	\$ -		\$ 10,509,479	KS
Kansas Bankers Surety Co.	\$ 8,769,117			\$ 8,769,117	NE
Kansas Mutual Ins. Co.	\$ 7,553,019			\$ 7,553,019	KS
Farmers Mutual Ins. Co.	\$ 2,477,245			\$ 2,477,245	KS
CIGNA Dental Health of Kansas, Inc.	\$ 1,782,731			\$ 1,782,731	CT
Surency Life & Health Ins. Co.	\$ 1,410,858			\$ 1,410,858	KS
Heritage Casualty Insurance Company	\$ 65	\$ -	\$ 10,876	\$ 10,941	KS
Travel Air Ins. Co. (Kansas)	\$ -			\$ -	KS
Travel Air Ins. Co., Ltd	\$ -			\$ -	KS
Amerigroup Kansas, Inc.	\$ -			\$ -	TX
Bearing Midwest Casualty Company	\$ -			\$ -	KS
Horizon Midwest Casualty Company	\$ -			\$ -	KS
Sunflower State Health Plan, Inc.	\$ -			\$ -	TX
US Alliance Life and Security Company	\$ -			\$ -	KS
WellCare of Kansas, Inc.	\$ -			\$ -	FL

Kansas Lead State-Enterprise Risk Report

Another State will be Lead State and require the Enterprise Risk Report

Another State may be Lead State and require the Enterprise Risk Report

