

KANSAS OFFICE of
REVISOR of STATUTES

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MEMORANDUM

To: Senate Standing Committee on Financial Institutions and Insurance

From: Eileen Ma, Assistant Revisor of Statutes

Date: February 14, 2018

Subject: SB 410

SB 410 updates and expands Kansas law relating to captive insurance companies. Currently, there are 18 current statutes relating to captive insurance companies. Only two of the 18 have been amended since originally enacted in 1988. Of the original 18 statutes, SB 410 updates 14 and repeals 2. The bill also enacts 35 new sections.

Existing and updated definitions:

- A captive insurance company is a pure captive insurance company or an association captive insurance company.
- A pure captive insurance company is a company that insures the risks of its parent and affiliated companies, and the risks of any business entity that is not in the parent company's corporate system and has an existing contractual relationship with the parent or an affiliate of the parent.

New definitions:

- An association captive insurance company is a company that insures the risks of members of the association.
- A branch captive insurance company is defined as an alien captive insurance company that has been issued a certificate of authority to transact the business of insurance in Kansas through a business unit with a principal place of business in Kansas and has not otherwise been issued a certificate of authority by the commissioner to transact insurance under this act.
- An alien captive insurance company is an insurance company that is formed to write insurance business of a nature that the commissioner determines is otherwise permissible under the act and is licensed or authorized pursuant to the laws of an alien jurisdiction that imposes statutory or regulatory standards in a form acceptable to the commissioner on companies transacting the business of insurance in that jurisdiction.

- A special purpose insurance captive is a captive insurance company that has received a certificate of authority to reinsure the risks of a ceding company pursuant to a special purpose insurance captive contract as per an approved plan of operations.

The branch captive insurance company and the special purpose insurance company are new captive insurance types created by this bill, and the regulatory scheme relating to the two types of insurance companies are also created within the bill.

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