

SESSION OF 2020

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2479

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

HB 2479, as amended, would amend provisions in the Insurance Code governing requirements associated with the corporate governance annual disclosure (CGAD) report. Under continuing law, a CGAD is a confidential report filed by the insurer or insurance group.

Definitions; Requirements on Kansas-domiciled Insurers

The bill would add a definition for “senior management,” which would mean any corporate officer responsible for reporting information to the board of directors at regular intervals or providing this information to shareholders or regulators, including, but not limited to, the chief executive officer, chief financial officer, chief procurement officer, chief legal officer, chief information officer, chief technology officer, chief revenue officer, or any other “C” level executive.

Under continuing law, insurers domiciled in Kansas (or the insurance group of which the insurer is a member) must provide a copy of the CGAD to the Commissioner of Insurance (Commissioner) on or before June 1. The bill would require insurers, upon request, to provide a copy of the CGAD to the chief regulatory official of any state in which the insurance group has a domestic insurer. The bill would further require, each year following the initial filing of the CGAD, the insurer or insurance group file an amended version of the previously filed document indicating where changes have

*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>

been made. The amended filing would be required to state if no changes were made in the information provided or activities reported.

The bill would also make technical changes.

Background

The bill was introduced by the House Committee on Insurance at the request of the Kansas Insurance Department (Department).

In the House Committee hearing, a representative for the Department appeared as a proponent and addressed the National Association of Insurance Commissioners (NAIC) accreditation standards generally, stating the Department is up for accreditation in 2021. One of the requirements for accreditation is the adoption of corporate governance regulation. Rather than adopt the regulation through the regulatory process, the Department requested the bill to adopt the corporate governance regulation into statute.

No neutral or opponent testimony was provided.

The House Committee recommended the bill be placed on the Consent Calendar.

In the Senate Committee on Financial Institutions and Insurance hearing, a representative for the Department provided proponent testimony. No other testimony was provided.

The Senate Committee amended the bill to remove language relating to supporting documentation that insurers and insurance groups subject to CGAD reporting would be required to maintain and make available at the Commissioner's request. The Commissioner, under these provisions, would have been required to consider such documentation in order to gain an understanding of the insurer or group's corporate governance structure, policies, and procedures. [Note: This amendment removes language

that, in part, would have codified the NAIC Corporate Governance Model Regulation into statute.]

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, the Department states the bill would have no fiscal effect.