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Adam C. Proffitt, Director

Laura Kelly, Governor

January 30, 2024

The Honorable William Sutton, Chairperson
House Committee on Insurance
300 SW 10th Avenue, Room 218-N
Topeka, Kansas 66612
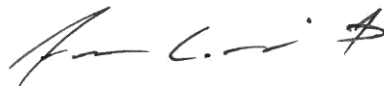
Dear Representative Sutton:

      SUBJECT: Fiscal Note for HB 2533 by House Committee on Insurance

      In accordance with KSA 75-3715a, the following fiscal note concerning HB 2533 is respectfully submitted to your committee.

      Under current law, there are two tiers in which insurance companies pay for their financial examinations that occur every four years which are based on gross premiums from the preceding calendar year. The bill would increase the number of tiers from two to seven for the amount insurance companies pay for their financial examinations. The bill would also place both the outside consultants' and the Insurance Department's charged costs under the new tiered structure and would ensure that all costs are reasonable. The bill would also make technical amendments.

      According to the Department of Insurance, the bill would increase its expenditures by a total of $305,000 from its Insurance Department Service Regulation Fee Fund over four years because each insurance company is examined every four years. Therefore, the average increase in expenditures per year would be $76,250. This is because the Department of Insurance would pay any amount above the cap defined in the bill when an insurance company's cost for the examination is more than the cap based on gross premiums. The estimate is based on past exam costs, including amounts paid by the companies to contractors, the amount the Insurance Department paid on behalf of the companies, and the amount paid by the companies to contractors. Any fiscal effect associated with HB 2533 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

Adam C. Proffitt
Director of the Budget

cc: Bobbi Mariani, Insurance Department