

SESSION OF 2007

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2107

As Amended by House Committee on
Insurance and Financial Institutions

Brief*

HB 2107, as amended, would amend the current law definition for "financial institution" in the security deposit requirements for the Insurance Commissioner. The definition also would designate custodial criteria for these institutions including capital standards, regulations, and legal qualifications.

Background

HB 2107 was requested by the Insurance Commissioner whose representative indicated the definition of financial institution was being amended to incorporate the definition included in a National Association of Insurance Commissioners (NAIC) model act. In consultation with representatives of the savings banks, the Department offered an amendment to the original bill at the time of the Committee hearing.

The House Committee on Insurance and Financial Institutions amended the bill to include savings and loan associations and savings banks in the definition of "financial institution." The Kansas Insurance Department proposed the amendment stating that the original bill was done in accordance with the NAIC model law which had omitted trust companies. The amendment restores the allowance for savings and loan associations and savings banks to accept custody of security deposits which is present in current law.

The fiscal note prepared by the Division of the Budget indicates that passage of the bill would have no fiscal effect on the Banking Department.

*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>