

UPDATED
SESSION OF 2008

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2686

As Amended by House Committee on
Insurance and Financial Institutions

Brief*

HB 2686, as amended, would amend a statute governing the examination of the affairs and financial condition of insurance companies to give the Insurance Commissioner the discretion to make or direct to be made a market regulation examination of any insurance company doing business in Kansas.

Background

The bill was introduced at the request of the Kansas Insurance Department whose representative indicated that while financial examinations are necessary to be conducted every five years, a market regulation examination does not need to be conducted nearly as often. The representative further stated that this type of examination only is necessary when misconduct is suspected, and these market regulation examinations are usually more expensive than financial exams due to the requirement to conduct interviews and investigations of the company's practices. There were no opponents at the time of the Committee hearing.

The House Committee on Insurance and Financial Institutions amended the bill to clarify the type of examination the Insurance Commissioner would be given discretion to conduct by replacing the term "market conduct examination" with the term "market regulation examination" and insurance

*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>

companies (those admitted to do business in the state) that would be subject to the exam.

The fiscal note prepared by the Division of the Budget on the introduced version of the bill states that the Kansas Insurance Department indicates there would be no fiscal effect associated with the enactment of the bill.