

SESSION OF 2008

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2688

As Recommended by House Committee on
Insurance and Financial Institutions

Brief*

HB 2688 would enact the Property and Casualty Actuarial Opinion Letter Law, a law requiring every property and casualty insurance company doing business in the state of Kansas, unless exempted by the Insurance Commissioner, to annually submit to the Commissioner the opinion of an appointed actuary entitled "Statement of Actuarial Opinion." The opinion is to be filed in accordance with the appropriate National Association of Insurance Commissioners (NAIC) property and casualty annual statement instructions. The filing requirements for the opinions would become effective on January 1, 2009.

Additionally, the Insurance Commissioner would be authorized under the bill to adopt such rules and regulations establishing protocols governing the exchange of information as may be necessary to carry out the provisions of this act. The provisions applying to the Commissioner's authority to release documents or use the documents in regulatory actions would expire on July 1, 2013 unless reenacted by the Legislature.

Background

The bill was introduced by the House Committee at the request of the Kansas Insurance Department whose representative indicated that the bill was necessary because of the NAIC Accreditation Standards regarding laws and regulations. The Actuarial Opinion Standard requires a statute or regulation containing a requirement for an opinion on

*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>

reserves and loss and loss adjustment expense reserves by a qualified actuary on an annual basis for all domestic insurance companies. Using the exemptions provided in the model act, the representative noted, the Department will make every attempt to prevent the regulatory environment in Kansas from becoming overly burdensome on small domestic companies. The Kansas Association of Property and Casualty Insurance Companies provided neutral testimony on the bill.

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