

SESSION OF 2010

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2500

As Amended by Senate Committee on
Financial Institutions and Insurance

Brief*

HB 2500, as amended, would amend a provision in the Kansas Municipal Group-Funded Pool Act to allow municipal insurance pool applicants to submit a confirmation that reinsurance approved by the Insurance Commissioner is in effect or will be effective at the time the pool assumes risk. Confirmation of reinsurance approval would be in addition to current statutory requirement that a municipal pool holds excess insurance provided by an insurance company holding a Kansas certificate of authority. Additionally, the pool would be required to notify the Insurance Commission within 30 days of any change in the reinsurance it carries.

Background

The bill was introduced at the request of the Kansas County Association of Multi-Line Pools (KCAMP) whose representative indicated that the Insurance Department informed KCAMP during its 2009 financial examination that reinsurance was not specifically allowed under the law. (KCAMP had previously purchased reinsurance as a form of additional protection to help safeguard the financial integrity of the pool). Reinsurance, the KCAMP representative noted, offers the same protection as specific and aggregate excess insurance, at a lesser cost. The Kansas Insurance Department submitted written testimony in support of the bill. There were no opponents to the bill at the time of the Committee hearing.

*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>

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

The Senate Committee on Financial Institutions and Insurance recommended an amendment to the bill to add reinsurance to a notification requirement in current law for municipal insurance pools.

The fiscal note prepared by the Division of the Budget states that the Kansas Insurance Department indicates that the Department already reviews applications for municipal insurance pools and further, that the bill could be implemented within its existing resources.