

SESSION OF 2024

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2531

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

HB 2531, as amended, would amend the effective date specified in the Insurance Code for the risk-based capital (RBC) instructions promulgated by the National Association of Insurance Commissioners (NAIC) for property and casualty companies and for life insurance companies. The instructions currently specified became effective on December 31, 2022. The bill would update the effective date of the RBC instructions to December 31, 2023.

The bill would be in effect upon publication in the *Kansas Register*.

Background

The bill was introduced by the House Committee on Insurance at the request of the Kansas Insurance Department (Department).

[*Note:* A companion bill, SB 339, has been introduced in the Senate.]

House Committee on Insurance

In the House Committee hearing, a representative of the Department provided **proponent** testimony, stating the goal of the RBC law is to ensure each Kansas domestic 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>

company has the required amount of capital needed to support its overall business operations in consideration of its size and risk profile. The representative also noted amendments to the effective date have been made each year since 2009.

[*Note:* In 2009, a legislative oversight process for updating the annual RBC instructions was established. This process allows the Department to update the requirements by rules and regulations, unless one of the two statutory triggers has been met.]

No other testimony was provided.

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, a representative of the Department provided **proponent** testimony, stating the bill would make the annual update to the RBC instructions that companies are required to utilize as they calculate and report RBC.

No other testimony was provided.

The Senate Committee amended the bill to change the enactment of the bill to upon publication in the *Kansas Register*.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department indicated enactment of the bill would have no fiscal effect.

Insurance; risk-based capital; NAIC; reporting