



February 6, 2026
Kansas Legislature
House Committee on Insurance

RE: IN SUPPORT OF HB 2540

Chairman Sutton and Members of the House Insurance Committee,

Thank you for the opportunity to submit testimony in support of HB 2540 on behalf of Prudential Financial. Prudential Financial is a global financial services leader and premier active investment manager offering life insurance, annuities, retirement solutions, and investment management to more than 50 million customers worldwide.

We support HB 2540 because it is a targeted, technical amendment that aligns state law with the National Association of Insurance Commissioners (NAIC) model by exempting Contingent Deferred Annuities, or CDAs, from nonforfeiture requirements that are not well suited for them. HB 2540 will benefit not only Prudential, but all companies that offer CDAs – and, most importantly, Kansas consumers. Kansas’s current law is designed for traditional deferred annuities, where insurers hold the assets and minimum cash-value requirements apply. CDAs differ fundamentally: they guarantee lifetime income if a customer’s externally managed investment account is depleted, and the insurer never holds those underlying assets. Because there is no internal cash value, the nonforfeiture formulas in today’s statute simply should not apply to CDAs.

The bill makes two key updates to Kansas law. First, it exempts CDAs from traditional nonforfeiture formulas that were designed for products with internal cash values. Second, it grants the Insurance Director authority to craft protections specifically tailored to CDAs, ensuring that Kansas regulations align with how CDAs function. The legislation does not weaken consumer safeguards; instead, it ensures that the Department of Insurance can regulate CDAs in a way that accurately reflects their structure and risk profile.

CDAs offer consumers a modern way to secure lifetime income while keeping their assets with their trusted financial advisor. HB 2540 is a straightforward solution that paves the way for CDAs to become available in Kansas. The bill aligns Kansas law with a national model that supports



regulatory clarity, consumer choice, protection against outliving financial resources, and strong consumer protections.

Thank you for your consideration of HB 2540 and for your leadership on these important issues.

Sincerely,

A handwritten signature in black ink, reading "Elijah Gonillo".

**Elijah Gonillo,
Director, Actuary
Prudential Financial, Inc.**