

During the hearing on SB 25- creating Insurance Savings Accounts, Senator Peck asked a question about Premium Deposit Accounts commonly used with Life Insurance companies and if they could be utilized by Property and Casualty companies. The Department reached out to the Kansas Property and Casualty Insurance Companies (KAPCIC), who's members are both large and small domestic and non-domestic insurance companies. Below is a summary of the feedback:

1. Would the P&C industry be interested in utilizing Premium Deposit Accounts?
 - We are not sure companies would be interested in doing it even if they could legally do it.
 - There would be additional costs that would surely eat away any benefits and there would be little ability for companies to guarantee any interest upon those amounts, as the cost may exceed what they could even receive on those.
 - There may be an issue related to the relationship length between the company and the policyholder.
2. Are there barriers to P&C companies utilizing Premium Deposit Accounts that you are aware of?
 - While we are not aware of any statutes or regulations, the question would become whether the purpose under the charters of the company would include that ability.
 - It certainly would not exist in their Articles/Bylaws as something that would be an allowable function or purpose.
3. Are P&C companies offering Premium Deposit Accounts in any other states?
 - They are not aware of anything like that in P&C business in other states. (Many of them write in other states.)

The industry certainly understood the question, however for the P&C side they simply do not see how that would work on the industry side. The proposed account type in SB 25 would be much preferred. I have copied Marlee Carpenter, the lobbyist for KAPCIC.

In addition, the Department will be meeting with KDOA & KDOR on Monday re: the fiscal note. I have copied the Committee Assistant in the event you would like this shared with the full committee. Please let me know if you have additional questions prior to working the bill.

Thank you!

Mandy Roe

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