

KANSAS OFFICE *of*  
**REVISOR *of* STATUTES**

LEGISLATURE *of* THE STATE *of* KANSAS  
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**MEMORANDUM**

To: Chair Dietrich and the Senate Committee on Financial Institutions and Insurance

From: Office of Revisor of Statutes

Date: February 10, 2025

Subject: **SB 121** - Authorizing the commissioner of insurance to select and announce the version of certain instructions, calculations and documents in effect for the upcoming calendar year and cause such announcement to be published in the Kansas register, allowing certain life insurers to follow health financial reports and adopting certain provisions from the national association of insurance commissioners holding company system regulatory act relating to group capital calculations and liquidity stress testing.

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SB 121 would add the group capital calculation and liquidity stress test requirements from the NAIC model act to the insurance holding company act, provide definitions, authorize the commissioner to require an insurer to secure and maintain a deposit or bond under certain circumstances, require the commissioner to maintain the confidentiality of certain documents produced within the group capital calculation and related information received from insurance holding companies. The bill also creates a process by which the commissioner of insurance may select and announce the version of certain instructions, documents and calculations that would be in effect for the upcoming year and requires the commissioner to publish the announcement in the Kansas register.

Section 4 amends K.S.A. 40-3302, adding the definitions of "financial analysis handbook," and "group capital calculation instructions," "NAIC liquidity stress test framework," and "scope criteria.

Section 5 amends K.S.A. 40-3305 and clarifies the registration requirement for insurers. This section also requires the ultimate controlling person of every insurer to file an annual group capital calculation with the insurer's registration. This section also provides for certain exemptions to filing the group calculation report and gives the lead state commissioner the discretion to exempt certain insurers from the filing. This section also would require that the ultimate controlling person of every insurer scoped into the NAIC liquidity stress test framework file the results of a specific year's liquidity stress test.

Section 6 authorizes the commissioner to require an insurer that the commissioner deems to be in a hazardous condition to secure and maintain a deposit or bond for the duration of the contract or agreement or the existence of the condition for which the commissioner required the bond. This section also m all records and data of an insurer held by an affiliate to remain the property of the insurer, be segregated from other records and data at no additional cost to the insurer.

Section 7 would authorize the commissioner to examine any registered insurer and the insurer's affiliates to ascertain the financial condition, including the enterprise risk to the insurer to by the ultimate controlling person, or by any entity or by the insurance holding company as a whole.

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Section 8 states that information reported and provided to the commissioner pursuant to this act is confidential and that the commissioner has the responsibility to maintain confidentiality of the information.

Lastly, the group capital calculation and liquidity stress test framework require determination of which instructions, calculations and documents are in effect at any given time. The bill would authorize the commissioner to select and announce the version of such instructions, calculations and documents that are in effect for the upcoming year and cause the announcement to be published in the Kansas register. We've used the same approach to address the problem of needing an annual date change bill to determine the version of RBC instructions in effect, so that's another item that would be in the announcement made by the commissioner and published in the Kansas register. The authorization to make the selection and announce the version of calculations, instructions, or other documents required appears in section 1 of the bill.