

**SENATE BILL No. 121**

By Committee on Financial Institutions and Insurance

1-30

Proposed Amendment to SB 121  
For Senate Committee on Financial Institutions and Insurance  
Prepared by Eileen Ma  
Office of Revisor of Statutes  
February 11, 2025

AN ACT concerning insurance; relating to the regulation thereof; 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; adopting certain provisions from the national association of insurance commissioners holding company system regulatory act relating to group capital calculations and liquidity stress testing; amending K.S.A. 40-2d01, 40-3302, 40-3305, 40-3306, 40-3307 and 40-3308 and K.S.A. 2024 Supp. 40-2c01 and repealing the existing sections; also repealing K.S.A. 40-249 and 40-2c29.

*Be it enacted by the Legislature of the State of Kansas:*

New Section 1. (a) The commissioner is hereby authorized to select and announce the version of insurance calculations, instructions promulgated by the NAIC or other documents required by the NAIC that shall be in effect for the next calendar year. Not later than December 1 of each year, the commissioner shall cause such announcement to be published in the Kansas register.

(b) Calculations and instructions include, but are not limited to, risk-based capital instructions, as used in K.S.A. 40-2c01, and amendments thereto, risk-based capital managed care instructions, as used in K.S.A. 40-2d01, and amendments thereto, and group capital calculation instructions, as used in K.S.A. 40-3302, and amendments thereto.

Sec. 2. K.S.A. 2024 Supp. 40-2c01 is hereby amended to read as follows: 40-2c01. As used in this act:

(a) "Adjusted RBC report" means an RBC report that has been adjusted by the commissioner in accordance with K.S.A. 40-2c04, and amendments thereto.

(b) "Corrective order" means an order issued by the commissioner specifying corrective actions that the commissioner has determined are required to address an RBC level event.

(c) "Domestic insurer" means any insurance company or risk retention group that is licensed and organized in this state.

(d) "Foreign insurer" means any insurance company or risk retention group not domiciled in this state that is licensed or registered to do

1 guarantees or investments provided such transactions are equal to or  
2 exceed:

3 (A) With respect to nonlife insurers, the lesser of 3% of the insurer's  
4 admitted assets or 25% of surplus as regards policyholders; or

5 (B) with respect to life insurers, 3% of the insurer's admitted assets,  
6 each as of December 31 immediately preceding.

7 (2) Loans or extensions of credit to any person who is not an affiliate,  
8 ~~where if~~ the insurer makes such loans or extensions of credit with the  
9 agreement or understanding that the proceeds of such transactions, in  
10 whole or in substantial part, are to be used to make loans or extensions of  
11 credit to, purchase assets of, or make investments in, any affiliate of the  
12 insurer making such loans or extensions of credit—~~provided if~~ such  
13 transactions are equal to or exceed:

14 (A) With respect to nonlife insurers, the lesser of 3% of the insurer's  
15 admitted assets or 25% of surplus as regards policyholders;

16 (B) with respect to life insurers, 3% of the insurer's admitted assets,  
17 each as of December 31 immediately preceding.

18 (3) Reinsurance agreements or modifications thereto, including:

19 (A) All reinsurance pooling agreements; and

20 (B) agreements in which the reinsurance premium or a change in the  
21 insurer's liabilities, or the projected reinsurance premium or a projected  
22 change in the insurer's liabilities in any of the next three consecutive years  
23 equals or exceeds 5% of the insurer's surplus as regards policyholders, as  
24 of December 31 immediately preceding, including those agreements ~~which~~  
25 *that* may require as consideration the transfer of assets from an insurer to a  
26 nonaffiliate, if an agreement or understanding exists between the insurer  
27 and nonaffiliate that any portion of such assets will be transferred to one or  
28 more affiliates of the insurer;

29 (4) all management agreements, service contracts, tax allocation  
30 agreements and all cost-sharing arrangements; and

31 (5) any ~~material~~ transactions, specified by rules and regulations,  
32 ~~which that~~ the commissioner of insurance determines may adversely affect  
33 the interests of an insurer's policyholders.

34 Nothing ~~herein~~ contained *in this subsection* shall be deemed to  
35 authorize or permit any transactions ~~which~~, *that* in the case of an insurer  
36 not a member of the same insurance holding company system, would be  
37 otherwise contrary to law.

38 ~~(e)(f)~~ A domestic insurer ~~may~~ *shall* not enter into transactions ~~which~~  
39 *that* are part of a plan or series of like transactions with persons within the  
40 insurance holding company system if the purpose of those separate  
41 transactions is to avoid the threshold amount required under this section  
42 and thus avoid the review that would occur otherwise. If the commissioner  
43 of insurance determines that such separate transactions were entered into

unstrike