

February 15, 2012

The Honorable Clark Shultz, Chairperson
House Committee on Insurance
Statehouse, Room 166-W
Topeka, Kansas 66612

Dear Representative Shultz:

SUBJECT: Fiscal Note for HB 2681 by Representative Landwehr, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2681 is respectfully submitted to your committee.

HB 2681 would allow insurers that are domiciled outside of the State of Kansas to sell health insurance in Kansas if the insurers provide evidence to the Insurance Commissioner that the insurer is subject to the jurisdiction of another state and has met the solvency requirements of that state. The bill would require any policy issued by these insurers to provide a notice in at least 12-point boldfaced font that the policy is governed by the laws of the domiciliary state and is not subject to all the insurance laws and regulations of the State of Kansas for purposes of consumer protection or rates.

According to the Kansas Insurance Department, enactment of HB 2681 would result in insurers not operating under a Kansas certificate of authority and these insurers would not be subject to pay the 2.0 percent insurance premium tax on policies sold in Kansas. To the extent that policies sold by Kansas authorized insurers would be replaced with policies from out-of-state insurers, a loss of premium tax revenue to both the Department and to the State General Fund would occur. However, the Department does not have an estimate on the loss of revenues. Any fiscal effect associated with HB 2681 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Zac Anshutz, Insurance