

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on March 8, 2007 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department

Terri Weber, Kansas Legislative Research Department

Ken Wilke, Office of Revisor of Statutes

Bev Beam, Committee Secretary

Conferees appearing before the committee:

John Meetz, Government Affairs Liaison, KID; David Hanson, Kansas Insurance Associations

Others attending:

See attached list.

The Chair called the meeting to order.

Hearing on:

**HB 2109 - concerning insurance; pertaining to risk-based capital requirements**

John Meetz, Government Affairs Liaison, Kansas Insurance Department, testified in support of HB 2109. Mr. Meetz said this bill is a proposal to amend K.S.A. 40-2c01(j), which is the definition of risk-based capital instructions for insurance companies. RBC is a method that has been used by the Kansas Insurance Department since the mid 1990s to evaluate the financial solvency of insurance companies doing business in Kansas. The RBC statutes prescribe various forms of regulatory action that may be taken in the event a company's calculated RBC meets certain thresholds. Companies must file financial reports with the Department using RBC instructions and formulas developed by the National Association of Insurance Commissioners. These instructions and formulas are amended each year to address various matters, such as changes to line references in the annual statement blanks and to reflect any necessary modifications or adjustments to the formulas. This bill would reflect a change in the date of the standard so that companies would use the "RBC instructions," including the formulas, in effect as of December 31, 2006.

David Hanson, Legislative Counsel, Kansas Insurance Association, testified in support of HB 2109. Mr. Hanson said the risk-based capital provisions referenced in the bill were developed by the NAIC for adoption and use by the states as a standardized method of monitoring the solvency of insurers and assessing the need for corrective action. Mr. Hanson said while his organization believes their companies remain in good standing under the previously adopted NAIC instructions and formula, it is also their opinion that any significant changes in those instructions and formula by the NAIC in the future should be carefully considered before adoption in Kansas.

The Chair closed the hearing on HB 2109.

Action on:

Senator Wysong moved to put HB 2109 on the consent calendar. Senator Wilson seconded. Motion carried.

Ken Wilke presented a balloon on **Sub HB 2108 - An act relating to insurance unfair trade practices.** (Attachment 3)

Senator Vicki Schmidt moved to accept the amendments as presented. Senator Wysong seconded the motion. Motion carried.

Senator Schmidt moved the bill out favorably for passage as amended. Senator Wysong seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on March 8, 2007 in Room 234-N of the Capitol.

Ken Wilke presented a balloon to amend **HB 2110 - An act concerning insurance companies; pertaining to merger authority; and HB 2106 - concerning insurance; pertaining to the preparation and filing of certain reports combining the two bills into HB 2112 and amending the title to state “An act concerning insurance companies; relating to corporate seals; pertaining to merger authority; pertaining to the preparation and filing of certain reports; amending K.S.A. 409-218 and repealing the existing section, 40-252, 40-309 and 40-1702 and K.S.A. 2006 Supp. 490-3213 and 75-1508 and repealing the existing sections** along with other minor technical changes. (Attachment 4)

Senator Brownlee moved to adopt the balloon as presented. Senator Barnett seconded. Motion carried.

Senator Brownlee moved HB 2112 out favorably for passage as amended. Senator Barnett seconded. Motion carried.

The meeting adjourned at 10 a.m.