

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 26, 2008 in Room 136-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department
Ken Wilke, Office of Revisor of Statutes
Bev Beam, Committee Secretary
Jill Shelley, Kansas Legislative Research Department

Conferees appearing before the committee:

John Meetz, Kansas Insurance Dept.
David Hanson, Kansas Insurance Associations

Others attending:

See attached list.

The Chair called the meeting to order.

Hearing on

HB 2689 - concerning insurance; pertaining to risk-based capital requirements

John Meetz, Kansas Insurance Department, said risk based capital is the method by which regulators and insurance companies determine appropriate reserves to have in order to pay out claims for disasters. He noted this method has been in place since the mid 90's to evaluate financial solvency of insurance companies doing business in Kansas. He said companies must file financial reports with the Insurance Department using RBC instructions and formulas developed by the National Association of Insurance Commissioners. He said these instructions and formulas are often amended 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. He continued that current law requires companies to use the December 31, 2006 version of the RBC instructions. He said 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, 2007. He said the most recently adopted RBC standards do not represent a significant change from the standards of the previous year.

(Attachment 1)

Dave Hanson testified on behalf of Kansas Insurance Associations in support of HB 2689. (Attachment 2)

The Chair closed the hearing on HB 2689.

Final Action

Senator Barone moved to pass HB 2689 out favorably. Senator Wysong seconded. Motion passed.

The Chair announced she would like to have some interim committees this summer. She said mandates must be reviewed this year. She asked for a motion by the committee to request an interim study of all mandates. Senator Steineger so moved. Senator Barnett seconded. Motion passed.

The Chair announced she would also like to have an interim committee on SB 540 and SB 564. Senator Steineger so moved. Senator Wilson seconded. Motion passed.

The Chair thanked her staff for all the hard work they have done this year.

The meeting adjourned at 10:05 a.m.