

February 16, 2024

The Honorable William Sutton, Chairperson
House Committee on Insurance
300 SW 10th Avenue, Room 218-N
Topeka, Kansas 66612

Dear Representative Sutton:

SUBJECT: Fiscal Note for HB 2787 by House Committee on Insurance

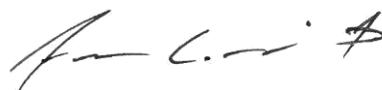
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2787 is respectfully submitted to your committee.

HB 2787 would amend the Kansas Insurance Guaranty Association Act. The bill would establish continuity of guaranty fund coverage when a policy is transferred from one insurer to another. The bill would add guaranty fund coverage when a policy is transferred through merger, assumption or otherwise made the sole responsibility of a second insurer, who subsequently becomes insolvent. The bill would also establish guaranty fund coverage related to cybersecurity insurance. The bill would also establish a limit on fund liability of \$300,000 for cybersecurity claims.

Currently the Kansas Insurance Guaranty Association Board of Directors consists of nine members. The bill would allow the Insurance Commissioner to determine the number of members, which could be between seven and nine members. The Commissioner could also remove members for inefficiency, neglect of duty, or malfeasance.

The Office of Judicial Administration states that the bill could have a negligible fiscal effect on agency operations that could be absorbed within existing resources. The Department of Insurance states that the bill would not have a fiscal effect on agency operations. Any fiscal effect associated with HB 2787 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Trisha Morrow, Judiciary
Bobbi Mariani, Insurance Department