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MEMORANDUM

To: House Committee on Insurance
From: Office of Revisor of Statutes
Date: February 15, 2023
Subject: Bill Brief, SB 28

Senate Bill 28 creates a new provision of law, amends K.S.A. 44-588, and repeals K.S.A. 12-2623 and 44-587 all for the purpose of eliminating assessments paid by group-funded insurance pools and group-funded workers' compensation pools to the state for supervisory services, refunding current balances in the pools' associated fee funds and winding down such funds.

Currently, under K.S.A. 12-2623, shortly after January 1, the insurance commissioner estimates the expenses for state supervision of the group-funded insurance pools for the fiscal year beginning on July 1. Then, not later than June 1 of the year, the commissioner notifies each of the participants of the group-funded pools of the amount of each assessment which then is due on July 1 of the year. The moneys are paid into the group-funded pools fee fund. The identical process for group-funded workers compensation fee funds occurs under K.S.A. 44-587.

Senate Bill 28 would end the assessment process and refund all moneys in the fee funds. The bill creates the group-funded pools refund fund ("refund fund") on July 1, 2023, and directs the director of accounts and reports to transfer the balances and existing liabilities of the group-funded pools fee fund and the group-funded workers' compensation fee fund into the refund fund. The remainder of the moneys left in the refund fund would then be returned to the entities that paid into the fee funds, on a pro-rata basis, based upon the premium taxes paid by each entity in the 2022 fiscal year.

The bill would then abolish the group-funded pools fund and the group-funded workers' compensation fee fund. The refund fund would then be abolished on July 1, 2024.

Lastly, section 2 of the bill strikes a portion of K.S.A. 44-588 that refers to fees paid pursuant to K.S.A. 44-587, which is the one of the fees being abolished.

If enacted, the bill would become effective on July 1, 2023.