

MEMORANDUM

To: Joint Committee on Administrative Rules and Regulations
From: John Wine
Kansas Insurance Department
Re: K.A.R. 40-1-37
Date: April 9, 2012

My name is John Wine and I am a Staff Attorney for the Kansas Insurance Department. With me today is Ken Abitz, Director of our Financial Surveillance Division. I would like to thank the committee for allowing the Department to appear and comment on the proposed amendment to K.A.R. 40-1-37.

This amendment is being proposed to change the current regulation relating to annual financial reports filed by insurance companies. K.S.A. 40-225 directs the Commissioner to make amendments or additions to the reporting requirements prescribed by the National Association of Insurance Commissioners (NAIC). This proposed amendment to K.A.R. 40-1-37 adopts by reference the March 6, 2012 "Policy and Procedure Requiring Annual Audited Financial Reports" which is the current NAIC model regulation with Kansas-specific revisions. Companies already voluntarily comply with the NAIC model regulation.

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Attachment 3

Because these national standards already exist, most companies will not change current practice or experience any fiscal impact. There could be minimal impact on companies required to update their procedures, although these updates would be required by other states as well. The proposed amended regulation will not have any economic impact on other insurance companies, this or other government agencies, regulated entities, large or small businesses or the general public.

We would be happy to answer any questions the members of the committee might have. Again, thank you for allowing us to appear today and comment on the proposed regulation.