

SENATE BILL No. 15

By Committee on Financial Institutions and Insurance

1-14

1 AN ACT concerning insurance; relating to risk-based capital
2 requirements for certain insurers; amending K.S.A. 2010 Supp. 40-
3 2c01 and repealing the existing section.

4
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2010 Supp. 40-2c01 is hereby amended to read as
7 follows: 40-2c01. As used in this act:

8 (a) "Adjusted RBC report" means an RBC report which has been
9 adjusted by the commissioner in accordance with K.S.A. 40-2c04, and
10 amendments thereto.

11 (b) "Corrective order" means an order issued by the commissioner
12 specifying corrective actions which the commissioner has determined are
13 required to address a RBC level event.

14 (c) "Domestic insurer" means any insurance company or risk
15 retention group which is licensed and organized in this state.

16 (d) "Foreign insurer" means any insurance company or risk retention
17 group not domiciled in this state which is licensed or registered to do
18 business in this state pursuant to article 41 of chapter 40 of the Kansas
19 Statutes Annotated or K.S.A. 40-209, and amendments thereto.

20 (e) "NAIC" means the national association of insurance
21 commissioners.

22 (f) "Life and health insurer" means any insurance company licensed
23 under article 4 or 5 of chapter 40 of the Kansas Statutes Annotated or a
24 licensed property and casualty insurer writing only accident and health
25 insurance.

26 (g) "Property and casualty insurer" means any insurance company
27 licensed under articles 9, 10, 11, 12, 12a, 15 or 16 of chapter 40 of the
28 Kansas Statutes Annotated, but shall not include monoline mortgage
29 guaranty insurers, financial guaranty insurers and title insurers.

30 (h) "Negative trend" means, with respect to a life and health insurer,
31 a negative trend over a period of time, as determined in accordance with
32 the "trend test calculation" included in the RBC instructions defined in
33 subsection (j).

34 (i) "RBC" means risk-based capital.

35 (j) "RBC instructions" mean the risk-based capital instructions
36 promulgated by the NAIC, which are in effect on December 31,

1 ~~20092010~~, or any later version promulgated by the NAIC as may be
2 adopted by the commissioner under K.S.A. 2010 Supp. 40-2c29, and
3 amendments thereto.

4 (k) "RBC level" means an insurer's company action level RBC,
5 regulatory action level RBC, authorized control level RBC, or mandatory
6 control level RBC where:

7 (1) "Company action level RBC" means, with respect to any insurer,
8 the product of 2.0 and its authorized control level RBC;

9 (2) "regulatory action level RBC" means the product of 1.5 and its
10 authorized control level RBC;

11 (3) "authorized control level RBC" means the number determined
12 under the risk-based capital formula in accordance with the RBC
13 instructions; and

14 (4) "mandatory control level RBC" means the product of .70 and the
15 authorized control level RBC.

16 (l) "RBC plan" means a comprehensive financial plan containing the
17 elements specified in K.S.A. 40-2c06, and amendments thereto. If the
18 commissioner rejects the RBC plan, and it is revised by the insurer, with
19 or without the commissioner's recommendation, the plan shall be called
20 the "revised RBC plan."

21 (m) "RBC report" means the report required by K.S.A. 40-2c02, and
22 amendments thereto.

23 (n) "Total adjusted capital" means the sum of:

24 (1) An insurer's capital and surplus or surplus only if a mutual
25 insurer; and

26 (2) such other items, if any, as the RBC instructions may provide.

27 (o) "Commissioner" means the commissioner of insurance.

28 Sec. 2. K.S.A. 2010 Supp. 40-2c01 is hereby repealed.

29 Sec. 3. This act shall take effect and be in force from and after its
30 publication in the statute book.