

SESSION OF 2013

SUPPLEMENTAL NOTE ON SENATE BILL NO. 25

As Recommended by Senate Committee on
Financial Institutions and Insurance

Brief*

SB 25 would amend certain risk-based capital (RBC) provisions in the Insurance Code to add a calculation provision associated with the determination of a company action level event for health organizations.

Specifically, the bill would amend the definition of “company action level event” to include a trend test calculation and establish a trigger for the calculation: a total adjusted capital which is greater than or equal to the organization’s company action level RBC but less than the product of its authorized control level RBC and 3.0; the determination of the trend test calculation is outlined in current law (KSA 40-2d01).

Background

The bill was introduced at the request of the Kansas Insurance Department, whose representative indicated the bill is part of a national accreditation standard for financial surveillance laws. The bill adds an alternate method for determining a company action level event referred to as a trend test calculation. Similar trend tests exist in statute for property and casualty insurers and life and health insurers. (2013 SB 24 would amend the established trend test for life and health insurance companies.)

There were no opponents present at the Senate Committee hearing.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The Senate Committee recommended the bill be placed on the Consent Calendar.

The fiscal note prepared by the Division of the Budget states the Kansas Insurance Department indicates enactment of the the bill would have no fiscal effect on the Department.