

SESSION OF 2016

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2508

As Recommended by House Committee on
Insurance and Financial Institutions

Brief*

HB 2508 would eliminate provisions directing the Insurance Commissioner to conduct an examination of the affairs and financial condition of municipal group-funded liability pools and group-funded workers compensation pools every five years. Instead, under the bill, the Commissioner would be permitted to conduct these examinations as the Commissioner deems it necessary. The bill also would modify the examination period associated with the Kansas Insurance Guaranty Association to be consistent with the examination period prescribed for the Kansas Life and Health Insurance Guaranty Association.

Background

The bill was introduced by the House Committee on Financial Institutions and Insurance at the request of the Kansas Insurance Department (Department). At the House Committee hearing, a Department representative stated the bill would remove the required examination period and allow the Department to focus on potential problems arising from quarterly financial statements and yearly certified public accountant audits of the pools.

Opponent testimony was provided by a representative of the Kansas Association of Insurance Agents. The representative stated the pools have real risks associated

*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>

with them and the independent financial oversight by the Department should not be reduced.

According to the fiscal note prepared by the Division of the Budget, the Department states enactment of the bill would have no fiscal effect.