



Kansas Insurance Department

Ken Selzer, CPA, Commissioner of Insurance

SENATE FINANCIAL INSTITUTIONS AND INSURANCE

TESTIMONY ON SB 16

January 17, 2017

Chairman and Members of the Committee:

This bill amends the insurance holding company system act. The bill sets guidelines for the commissioner to gather necessary enterprise risk management information from companies.

It is important for insurance companies to develop accurate and deeper understanding of the extent and the composition of risk-taking and the greater risk control gained by the management system can be translated into increased efficiencies and tangibles as reduced earnings volatility, stronger capital position and higher profitability. The success of the enterprise risk management system by the company depends on how well the company is able to integrate the system into its underwriting, asset and operational risk categories.

SB 16 authorizes the Kansas Insurance Commissioner to act as a group-wide supervisor. In addition it allows the commissioner to work in cooperation with other state, federal, and international regulatory agencies to identify a single group-wide supervisor for any internationally active insurance group. This proposed amendment recognizes that as insurance groups acquire subsidiaries it is important that the appropriate level of supervision take place.

This bill follows the model act of the National Association of Insurance Commissioners and if implemented helps standardize the method of supervision of internationally active insurance groups. This in turn protects consumers.

Thank you for the opportunity to appear in support of this bill.

Clark Shultz
Deputy Commissioner of Insurance
Kansas Insurance Department