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MEMORANDUM

To: House Committee on Insurance and Pensions
From: Office of Revisor of Statutes
Date: Wednesday, March 9, 2022
Subject: Bill Brief SB 336 – Updating certain investment limitation requirements to provide increased options for Kansas domiciled life insurance companies investing in equity interests and preferred stock.

SB 336 is the Senate version of HB 2510 and is identical to the House bill. On February 23, 2022, SB 336 was passed by the Senate Committee of the Whole on a vote of 38 to 2 and referred to this committee on March 1, 2022.

The bill amends K.S.A. 40-2b06 and 40-2b07, relating to limitations on permissible investments made by Kansas domiciled life insurance companies investing in equity interests and preferred stock.

Section 1 amends K.S.A. 40-2b06, pertaining to investments in preferred stock. Under current law, a Kansas-sitused life insurance company may invest up to 25% of its admitted assets in the preferred stocks of, or stocks guaranteed by, an American or Canadian corporation. The life insurance company's admitted assets are based upon the company's last annual report, as filed with the Commissioner, or a more recent quarterly financial statement filed with the Commissioner. Subsections (a) through (e) are all requirements that current law places upon any potential investment made by a Kansas-sitused life insurance company in the preferred stock of an American or Canadian corporation. SB 336 would amend the statute by removing all of the requirements placed upon any such potential investment.

Section 2 amends K.S.A. 40-2b07, pertaining to investments in equity interests. Under current law, a Kansas-domiciled life insurance company may invest up to 15% of its admitted assets in the equity interests of an American or Canadian business entity. As with K.S.A. 40-2b06, the life insurance company's admitted assets are based upon the company's last annual report, as filed with the Commissioner, or a more recent quarterly financial statement. HB 2510 raises the admitted asset investment limit from 15% to 20% and it would remove the requirements placed on any potential investment made by a Kansas-domiciled life insurance company listed in subsections (a) through (d), as well as an exemption to subsections (b) and (d) provided in subsection (g).

Lastly, as I mentioned during the hearing on HB 2510, there were two unlawful delegations of legislative authority that were found and corrected.

The bill would become effective upon publication in the statute book.