

**MEMORANDUM**

**To:** Joint Committee on Administrative Rules and Regulations  
**From:** Kris Kellim  
Kansas Insurance Department  
**Re:** K.A.R. 40-1-28  
**Date:** November 5, 2013

My name is Kris Kellim and I am a Staff Attorney for the Kansas Insurance Department. With me today is Ken Abitz, Director of our Financial Surveillance Division. I would like to thank the committee for allowing the Department to appear and comment on the proposed amendment to K.A.R. 40-1-28.

This amendment is being proposed to change the current regulation relating to reporting forms and instructions for insurance holding company systems filed by insurance companies. This proposed amendment to K.A.R. 40-1-28 adopts by reference the October 15, 2013 "Policy and Procedure Providing Insurance Holding Company System Forms and Instructions," which is the current National Association of Insurance Commissioners (NAIC) model regulation with Kansas-specific revisions.

There would be minimal impact on companies required to update their procedures, although these updates would be required by other states as well. The proposed amended regulation will not have any economic impact on other insurance

companies, government agencies, regulated entities, large or small businesses, the general public, or consumers.

We would be happy to answer any questions the members of the committee might have. Again, thank you for allowing us to appear today and comment on the proposed regulation.

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MEMORANDUM

**To:** Joint Committee on Administrative Rules and Regulations  
**From:** Kris Kellim  
Kansas Insurance Department  
**Re:** K.A.R. 40-1-37  
**Date:** November 5, 2013

My name is Kris Kellim and I am a Staff Attorney for the Kansas Insurance Department. With me today is Ken Abitz, Director of our Financial Surveillance Division. I would like to thank the committee for allowing the Department to appear and comment on the proposed amendment to K.A.R. 40-1-37.

This amendment is being proposed to change the current regulation relating to annual financial reports filed by insurance companies. K.S.A. 40-225 directs the Commissioner to make amendments or additions to the reporting requirements prescribed by the National Association of Insurance Commissioners (NAIC). This proposed amendment to K.A.R. 40-1-37 adopts by reference the July 19, 2013 "Policy and Procedure Requiring Annual Audited Financial Reports," which is the current NAIC model regulation with Kansas-specific revisions. Companies already voluntarily comply with the NAIC model regulation.

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Because these national standards already exist, most companies will not change current practice or experience any fiscal impact. There could be minimal impact on companies required to update their procedures, although these updates would be required by other states as well. The proposed amended regulation will not have any economic impact on other insurance companies, this or other government agencies, regulated entities, large or small businesses or the general public.

We would be happy to answer any questions the members of the committee might have. Again, thank you for allowing us to appear today and comment on the proposed regulation.

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**MEMORANDUM**

**To:** Joint Committee on Administrative Rules and Regulations  
**From:** Kris Kellim  
Kansas Insurance Department  
**Re:** K.A.R. 40-1-48  
**Date:** November 5, 2013

My name is Kris Kellim and I am a Staff Attorney for the Kansas Insurance Department. With me today is Ken Abitz, Director of our Financial Surveillance Division. I would like to thank the committee for allowing the Department to appear and comment on the proposed amendment to K.A.R. 40-1-48.

This amendment to the regulation is being proposed to adopt by reference the most recent version of National Association of Insurance Commissioners ("NAIC") health risk-based capital reports for companies. Risk based capital is a method of measuring the minimum amount of capital appropriate for an insurance entity to support its overall business operation in consideration of its size and risk profile. Risk based capital standards for health organizations were enacted in Kansas in the year 2000 and have been amended. This regulation sets out the requirements and format of the risk-based capital report that all domestic health organizations are required to file each year.

The economic impact on companies, if any, is positive because the reports that are required to be filed in Kansas will use uniform formats as established by the NAIC. Affected companies will already be familiar with the format and requirements of these reports. There will be no known economic impact on the Department or other government agencies, small businesses or the general public and no other less costly or less intrusive approach for achieving the stated purpose was found.

We would be happy to answer any questions the members of the committee might have. Again, thank you for allowing us to appear today and comment on the proposed regulation.

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**MEMORANDUM**

**To:** Joint Committee on Administrative Rules and Regulations  
**From:** Kris Kellim  
Kansas Insurance Department  
**Re:** K.A.R. 40-3-59  
**Date:** November 5, 2013

My name is Kris Kellim and I am a Staff Attorney for the Kansas Insurance Department. With me today is Marty Hazen, who is a Policy Examiner in our Commercial Multi Peril & Casualty Section. I would like to thank the committee for allowing the Department to appear and comment on the proposed amendment to K.A.R. 40-3-59.

This new regulation is being proposed to provide definitions that are consistent with related terms defined under L. 2012, ch. 142, sec. 2, the Professional Employer Organization Registration Act, and to provide standards for insurance companies who elect to issue workers compensation insurance coverage on a master policy basis, which is otherwise prohibited under K.S.A. 40-955.

The proposed regulation would have minimal impact on companies who elect to issue workers compensation insurance coverage on a master policy basis. The proposed regulation would not have any economic impact on other insurance

companies, government agencies, regulated entities, large or small businesses, the general public, or consumers.

We would be happy to answer any questions the members of the committee might have. Again, thank you for allowing us to appear today and comment on the proposed regulation.

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MEMORANDUM

**To:** Joint Committee on Administrative Rules and Regulations  
**From:** Kris Kellim  
Kansas Insurance Department  
**Re:** K.A.R. 40-16-1 and 40-16-2  
**Date:** November 5, 2013

My name is Kris Kellim and I am a Staff Attorney for the Kansas Insurance Department. With me today is Marty Hazen, who is a Policy Examiner in our Commercial Multi Peril & Casualty Section. I would like to thank the committee for allowing the Department to appear and comment on the proposed amendment to K.A.R. 40-16-1 and 40-16-2.

The Professional Employer Organization Registration Act, L. 2012, ch. 142, sec. 10, authorizes the Commissioner to adopt necessary rules and regulations. K.A.R. 40-16-1 is being proposed to provide a definition for the term, "act." K.A.R. 40-16-2 is being proposed to set forth application fees as required under L. 2012, ch. 142, sec. 5.

K.A.R. 40-16-1 would have no economic impact. There would be minimal economic impact on professional employer organizations and groups required to pay application fees pursuant to K.A.R. 40-16-2. The proposed new regulations would not

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have any economic impact on other insurance companies, government agencies, regulated entities, large or small businesses or the general public.

We would be happy to answer any questions the members of the committee might have. Again, thank you for allowing us to appear today and comment on the proposed regulation.

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