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MEMORANDUM

To: House Standing Committee on Insurance
From: Eileen Ma, Assistant Revisor of Statutes
Date: February 18, 2019
Subject: Bill Brief for HB 2177

House bill 2177 would create all new law pertaining to the accounting treatment of eligible derivative assets when they are purchased or written to hedge the growth in interest credited to credited to an indexed product as a direct result of changes in each related external index.

Subsection (a) provides the definitions for the bill.

Subsection (b) provides the criteria under which an insurance company may account for eligible derivative assets at amortized cost.

Section (c) provides the accounting treatment that may be used to account for the eligible derivative assets.

Subsection (d) provides reporting requirements for insurance companies who elect to use the alternative accounting practices and also provides that an insurance company that elects to utilize the alternative accounting practices would not be able to revert to its former accounting practices without prior approval from the Commissioner of Insurance.

The bill would become effective upon July 1, 2019.