



KANSAS INSURANCE DEPARTMENT

Vicki Schmidt, Commissioner

Proponent Testimony for SB 28 – Credit for Reinsurance

March 15, 2021

Chairman Johnson and Members of the Committee,

Thank you for the opportunity to testify in support of SB 28. SB 28 passed the Senate 39-0 and is the Senate version of HB 2134, which this committee previously worked and passed the House 123-0.

SB 28 proposes changes to two provisions of the Kansas insurance statutes, both of which are required for accreditation with the National Association of Insurance Commissioners (“NAIC”). The first is the updating of the credit for reinsurance statutes, including the incorporation of the newest version of the NAIC model regulation.

This update in response to an agreement reached between the E.U. and the U.S. As part of the agreement, states must have five years to adopt these standards to avoid Federal preemption. The U.S. and E.U. are the largest markets for reinsurance and this agreement is designed to give confidence to both governments.

The second component of the bill is an update to the model holding company act. The model holding company act is existing law. This bill updates statutes to include a previously omitted definition and clarification regarding procedures for company filings with the Department for certain types of transactions. There is also a regulation update the Department is nearly through the rules and regulation process with no concerns or issues from the industry or public.

In summary, SB 28 is important to the state of Kansas as we go through the NAIC accreditation process later this year and ensures we maintain Kansas authority over Kansas companies.

Thank you for the opportunity to submit testimony in support of SB 28 and I’m happy to take any questions.

Lee Modesitt
Director of Government Affairs and Communication