

posed

**KANSAS INSURANCE DEPARTMENT
Notice of Hearing on Proposed
Administrative Regulations**

A public hearing will be conducted at 1:30 p.m., March 26, 2018, in the third floor conference room, Kansas Insurance Department ("KID"), 420 S.W. 9th, Topeka, Kansas, to consider the adoption of a proposed rule and regulation.

The 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed rules and regulations. All interested parties may submit written comments prior to the hearing to Diane Minear, Kansas Insurance Department, 420 S.W. 9th, Topeka, Kansas, 66612-1678, via facsimile at 785-291-3190, or via email at diane.minear@ks.gov. All interested parties will be given a reasonable opportunity to present their views orally on the adoption of the proposed regulation during the hearing.

A summary of the proposed regulation and its economic impact follows:

K.A.R. 40-1-48. Risk-based capital instructions for health organizations. This regulation adopts by reference the most recent version of National Association of Insurance Commissioners ("NAIC") health risk-based capital reports, including overview and instructions, 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 are uniform formats as established by the NAIC. NAIC rules, regulations, and instructions are promulgated after input from the insurance industry and regulators nationwide. Companies will generally be familiar with the format and requirements of these reports. The economic impact will be positive, if any, because the reports that are required to be filed in Kansas are uniform formats as established by the NAIC. There will be little or no economic impact on the Kansas Insurance Department, consumers, small businesses, or other governmental agencies.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request any proposed regulation and the economic impact statement in an accessible format. Requests for accommodation to participate in the hearing should be made at least 5 working days in advance by contacting Diane Minear at (785) 296-7847 or via email at diane.minear@ks.gov. Any individual desiring a copy of any regulation and/or the policy and procedure that is being adopted by reference, if applicable, may obtain a copy from our website, www.ksinsurance.org, under the Legal Issues link or by contacting Diane Minear by phone at (785) 296-7847 or via email at diane.minear@ks.gov. The charge for copies is fifty cents per page.

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SECRETARY OF STATE**

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40-1-48. Risk-based capital instructions for health organizations. The following document prepared by the national association of insurance commissioners is hereby adopted by reference:

"~~2015~~ 2016 NAIC health risk-based capital report including forecasting and instructions for companies as of December 31, ~~2015~~ 2016," including the appendices and excluding the unnumbered page titled "companion products" and the preceding unnumbered page; ~~the letter dated September 11, 2015 to health risk-based capital subscribers from Crystal Brown; the NAIC health risk-based capital newsletter, volume 47.1~~ 18.1, dated ~~September 2015~~ August 2016; pages i through iii; pages 18 through 24 titled "underwriting risk – XR012-A (for informational purposes only)"; pages 36 and 37 titled "operational risk informational section instructions – XR022 (for informational purposes only) XR022"; the last sentence on page 40; page XR012-A titled "underwriting risk —~~experience fluctuation risk~~— (for informational purposes only) experience fluctuation risk"; page XR022 titled "operational risk —~~informational only~~ XR022 (for informational purposes only)"; the health risk-based capital forecasting spreadsheet instructions; and the "health forecasting" CD-ROM attached to the inside back cover. (Authorized by K.S.A. 40-2d29; implementing K.S.A. 40-2d01(f), K.S.A. ~~2016~~ 2017 Supp. 40-2d02(a), K.S.A. 40-2d03(a), and K.S.A. ~~2016~~ 2017 Supp. 40-2d05; effective Dec. 28, 2001; amended July 5, 2002; amended Oct. 17, 2003; amended April 23, 2004; amended March 17, 2006; amended Dec. 1, 2008; amended Jan. 3, 2011; amended June 29, 2012; amended Jan. 31, 2014; amended Feb. 27, 2015; amended Aug. 18, 2017; amended P-_____.)

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ECONOMIC IMPACT STATEMENT

Proposed Kansas Administrative Regulation 40-1-48

Pursuant to the requirement of K.S.A. 77-416(b), the Kansas Insurance Department submits the following description of the economic impact of the above referenced proposed regulation K.A.R. 40-1-48:

1. This regulation adopts by reference the most recent version of National Association of Insurance Commissioners ("NAIC") health risk-based capital reports, including overview and instructions, 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.
2. The economic impact on companies, if any, is positive because the reports that are required to be filed in Kansas are uniform formats as established by the NAIC. NAIC rules, regulations, and instructions are promulgated after input from the insurance industry and regulators nationwide. Companies will generally be familiar with the format and requirements of these reports.
3. The economic impact will be positive, if any, because the reports that are required to be filed in Kansas are uniform formats as established by the NAIC. There will be little or no economic impact on the Kansas Insurance Department, consumers, small businesses, or other governmental agencies.

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