

Local Premium Tax Advisory Council

October 18, 2016 ~ 1:30 pm

Department of Insurance ~ Hearing Room

Minutes

Members Present

Commissioner Brian Maynard
Paula Smith, proxy for Greg Kosse
Mark Treesh
Beth Murphy
JD Chaney
Stan Logan
Shellie Hampton
Huston Wells

Members Absent

Steve Dawson

Call to Order / Roll Call / Welcome ~

Commissioner Maynard called the meeting to order and the roll was called. A quorum was present.

Approval of Minutes ~

The minutes for the May 10, 2016 meeting were approved as drafted.

Subcommittee Discussion ~

Clarify credit on quarterly statement

Members: JD Chaney, Shellie Hampton, Mark Treesh, and Beth Murphy

This issue has resurfaced again. As a reminder, insurers or brokers sometimes write a large policy in a tax jurisdiction and remit the taxes due. Later, that policy cancels and the local government is reluctant to refund the credit balance that results on a subsequent return. The insurer or broker has a credit carryforward that often cannot be used because no business is written in that jurisdiction.

The City of Nicholasville is refusing to refund a credit balance of over \$35,000 to an insurer, and they have taken a position that the credit may only be used for one succeeding quarter. JD Chaney of the Kentucky League of Cities will be contacting the City of Nicholasville to discuss this particular situation.

Given that this issue keeps coming up, the Subcommittee has been charged with taking up the issue again.

Old Business ~

The DOI gave a summary of non-filings on Annual Reconciliation Reports for 2015. The non-filers have been reduced to 121 companies and 86 brokers.

There was brief discussion regarding the Foremost case in which the Commissioner ruled that installment fees are not premium for the purpose of LGPT.

New Business ~

There was discussion regarding whether there might be a way to relieve insurers of the burden of filing an annual reconciliation form when they have no business in the Commonwealth. The DOI will examine some options.

The DOI has also considered putting together a Frequently Asked Questions (FAQ) document for their website on LGPT. It will likely cover commonly asked questions from the perspective of each the policyholder, the insurer, and the local government. Members were asked to submit FAQ ideas.

Mark Treesh suggested that on the occasions that customer complaints or queries were received about LGPT that consideration should be given to referring policy questions to the Local Premium Tax Advisory Council rather than immediately to the Market Conduct area so that policy questions could be addressed more broadly.

Suggested Next Meeting ~

The next meeting will be Tuesday, May 16, 2017, at 1:30 pm in the Hearing Room at the Department of Insurance.

Adjourn ~

Commissioner Maynard adjourned the meeting.

Submitted By:

Approved By:

Date

Date