

Local Premium Tax Advisory Council

July 20th, 2020 - 1:30 pm

Department of Insurance – Virtual (Zoom)

Minutes

Members Present

Commissioner Clark
Shellie Hampton
JD Chaney
Joseph Ewald
David Thornton
Greg Kosse
Beth Murphy
Huston Wells

Members Absent

Mark Treesh

Others in attendance:

DJ Wasson
Abigail Gall
John Hord
Russ Hamblen
Stephen Schneider
Paula Smith (proxy for Greg Kosse)
Gregg Mitchell

Call to Order / Roll Call / Welcome –

Commissioner Clark called the meeting to order at approximately 1:31 p.m. The commissioner welcomed all in attendance. She introduced herself as well as the DOI staff and presented the agenda order. Noted: there were many audio issues on the virtual call that will need to be addressed before the next meeting.

Approval of 10/15/2019 Minutes –

Discussion of the October 15, 2019 meeting minutes occurred. Greg Kosse moved to approve the minutes, Shelly Hampton seconded and the motion passed without question

DOI Update – (provided by John Hord)

John Hord, the Department's representative in charge of administering local government premium tax issues, briefed the council on various issues.

First, he touched on old business concerning the reconciliation process and how well that was going. He mentioned that the DOI is mailing out the letters to 2019 non-filers this week. There are 257 companies and 481 brokers. John also brought up the effects the Coronavirus has had on the completion of the reconciliations. He reassured that the Department is here to assist in the filing process and answer any questions necessary.

Secondly, Mr. Hord discussed the verified risk location vendor applications. He noted that the orders submitted for the current vendor approved software would expire in the next 6 months to a year. These contracts are only valid for 3 years. He informed the body that through the pandemic there have been no extension requests.

Mr. Hord provided an outstretch congratulations and thank you to the industry for their premium payback programs during the COVID19 pandemic. There was also a mention of the April COVID19 guidance concerning personal and auto coverage issued by the department.

Old Business -

The Commissioner raised the issue of the KACO meeting in February. The 10-15-2020 mentioned that DOI staff should be in attendance to address this meeting, and the Commissioner was interested in anyone had attended. Shellie Hampton mentioned there was no KACO meeting, but there was a County Judge Executive Conference. Shellie Hampton also mention the department's engagement in ordinance updates for cities and counties to enact new ordinance or amendments to current ordinances, and where the department was in this process. The Commissioner was adamant that the department will gladly assist in any way.

Though Mark Treesh was absent he did send an email prior to the meeting concerning the appointments of the council. He mentioned he did not receive a letter from Mrs. Atkins, the previous Commissioner for his reappointment. The Commissioner mentioned this issue and that it will be addressed by next meeting by Commissioner Clark and DOI staff.

New Business –

The Commissioner first called on the industry members to address the effects of COVID19 on business and industry as a whole. She asked if the COVID19 outbreak has had an impact on timely tax payments due to logistics or other reasons. Beth Murphy was first to address this point and noted that Grange Mutual Insurance has had a smooth transition to the "healthy at work"

guidance provide by the Governor. All staff has been able to complete their job duties/responsibilities efficiently and that all of their filing have had no submission issues. She also mentioned that they have not had any issues with business interruption lawsuits either.

Gregg Kosse with Farm Bureau shared with members that KFB employees have all been ordered to work remotely aside from a very small skeleton crew. The skeleton crew consists of those whose main duties are administrative. Mr. Kosse mentioned the hardest position to transition to working at home were the adjusters due to the nature of their job, but ensured that claims processes are able to function well during this time. He stated that the overall contingency plans of KY Farm Bureau was evolving and ever-changing due to the nature of the COVID19 pandemic and they are keeping an open mind on how to better serve Kentuckians. All in all business has not been harmed thus far and operations are running smoothly.

David Thornton of Greater Lexington Insurance Agency informed members that his agency has not undergone any big transitions during COVID19. He also noted that many businesses elected for no physical space and that there will be a lack of brick and mortar agencies aside from “main street”. He said that some clients were hesitant to come in the offices for premium payments, etc. and have been very thankful for the ability for agents to communicate using e-commerce.

Stephen Schneider with APCI (noted he was new to the position and KY) brought up the idea of payment submissions and logistics due to COVID19. He was interested to know if electronic payment could become an option in order to cut paper money and checks out of the equation. His intent seemed to derive from the idea that when offices are closed it is hard for individuals to pay in person as well as have someone process the cash or checks when received. Joseph Ewald, the newest member of the Council serves as the Finance Director for the city of Fort Thomas, KY, mentioned that for the size of his city this idea is something they could take on and would gladly embrace.

JD Chaney and Shellie Hampton chimed in that this would not be possible in all cities and counties, especially rural areas. Mr. Chaney state that a mandate would not be the right way to approach the subject and would lead cities/counties to reject the idea all together. He suggested that an “encouragement approach” might be the best tactic, but no forceful tactic would work. Another suggestion was to take on a “goal oriented” approach by setting a time frame and educating offices on how this could be done. Shellie Hampton agreed with JD and said that informing counties and cities of the benefits to using new technology in this situation would be helpful. She proclaimed that if counties were aware of how fast money could be received members would be more receptive. Huston Wells stated that majority of counties and cities would not be equipped to take this project on just yet, but it is a good time to present the idea and the incentives. He suggested that it be offered as an alternative, set a goal for the transition and move slowly to getting everyone on board.

The Commissioner agreed with a slow transition and noted that it should be presented as a possibility. The Commissioner then requested the Mr. Schneider’s thoughts on the idea. Mr. Schneider shared that he thought it was a great idea to start somewhere and the idea may need some more preparation before initiation. The Commissioner asked JD Chaney (Kentucky League of Counties) and Shellie Hampton (Kentucky Association of Counties) to reach out to their

members to determine if there was interest in receiving electronic payments. JD was concerned on the systematic structure of the program, whether it be a centralized system or each entity could develop their own system. The Commissioner stated there would be no centralized system and that entities should have the ability to create their own system for the process.

With no further discussion on old or new business, the Commissioner closed the meeting with a thank you to all members and industry for their hard work and dedication through the pandemic so far and reassured members that insurance is an essential business. Gregg Mitchell gave thanks to the Department for declaring insurance as essential.

Note: due to the audio issues that arose using the Zoom application for the virtual meeting, we will need to meet internally to discuss what program DOI staff believes will function more effectively. For example, Skype or Microsoft Teams.

Suggested Next Meeting – Monday, October 19th, 2020 at 1:30 p.m. (virtual)

Adjourn -

Motion to adjourn by JD Chaney and seconded by Greg Kosse at 2:17 p.m.

Submitted By:

Approved By:

APG// Abigail Gall

Date 10/15/2020

Date