
Meeting Minutes

Call to order.

A meeting of **Local Government Premium Tax Advisory Council** was held via video teleconferencing (TEAMS) on **May 13th, 2024, at 1:00 pm.**

Members Present:

Mr. Joseph Ewald
Ms. Shellie Hampton
Mr. David Thornton
Ms. Dana Hulbert proxy for Paula Smith
Ms. Jennifer Rodewald
Mr. Bart Rowland

Approval of minutes

Shellie Hampton moved for approval. Motion was seconded by Joe Ewald and motion passed.

Reports

Commissioner Introduction:

Debbie Stamper – Division Director of DOI

June Lester- LGPT Administrative Assistant

june.lester@ky.gov

Update: John Hord – Insurance Program Manager DOI

2024-2025 LGPT Resources posted 85 days prior to July 1st requirement. No major changes to 2024-2025 Bulletin, added Vicco Bulletin information. Two new counties added.

Non-Filer Report & Data (2023) Mailing out first letters later this month (230 Companies and 451 Brokers). Internally discussing transitioning non-filer letters to email.

John Hord is available for education virtual presentations. To help understand and navigate the Local Government Premium Tax-john.hord@ky.gov

Old Business Discuss:

City of Vicco:

Zachary Johnson provided summary of the City of Vicco issue; legislation was passed to dissolve the city.

New Business: Update by Benjamin Siegel

2024-02 AI Systems in the Business of Insurance

<https://insurance.ky.gov/ppc/Documents/20240416-0942.pdf>

Questions¹ from Members or Guests:

Caitlin Bair from: Celina Insurance Group

Regarding How this AI systems could work with joint market conduct exams with states that have not adopted the bulletin if there would be a joint market exam between Kentucky and Ohio?

Response: Benjamin Siegal would have to get back to guest with a more detailed answer.

In short will apply the guidance in the review of activity and take in account with Ohio Dept of Insurance they have not adopted the bulletin yet. benjamin.siegel@ky.gov

Reappointment 2024: representatives that are up for reappointment at the end of this year are: Mr. JD Chaney and Ms. Shellie Hampton (appointment letters to be sent)

Questions/Discussion: from Member David Thornton

Kentucky has seen dramatic increases in premiums over the past two years greatly increasing the dollars paid in through LGPT taxes.

Kentucky is now the third highest uninsured driver rate among the States. This is largely attributed to unaffordability of premiums, a situation exacerbated by the LGPT. As premiums increase, this situation will just get worse. I think we should discuss a limit on amount of premium tax a jurisdiction can impose. Surely the cost to society of uninsured drivers outweighs the benefits of collecting more in taxes.

Response: Shellie Hampton

Not that many counties (less than 50) have insurance premium tax, occupational tax is what they turn to. Welcomes follow - up with further discussions. It would take legislation to address this serious concern.

Response: Joseph Ewald

-the tax, it's a little different on the city side than the county side. The county relies on the business licensing and occupational tax. On the local level, the local insurance tax is significant and is our second largest revenue source. This would deprive the municipalities of that, and it would have a great impact on the local cities.

Response: Shellie Hampton

Technology has help to identify who is and what jurisdiction is heavily taxed. There is a natural cap that happens every four years with the voters. The members don't like to impose taxes, but the bills must be paid. Most likely that's the way the conversation would go. Maybe there's some other way to help the uninsured motorist.

Response: David Thornton

I did want to have the conversation and if there's an opportunity for us to find out if it warrants additional discussions if we could back it down to 5% or something like that even would be helpful for policyholders here in the state.

¹ Note the following questions and responses are short-hand summaries of the conversations which occurred.

At the request of Commissioner Clark, the following is a breakdown of current jurisdictions imposing an LGPT:

Cities	366
Counties	48

Announcements

Next meeting date Tuesday November 12, 2024, at 1 pm

Adjournment

At 1:49 pm adjourned by the Commissioner

Secretary

Date of approval