

# Local Premium Tax Advisory Council

July 16, 2008 ~ 1:30 pm

Department of Insurance Hearing Room

## Minutes

### Members Present

Commissioner Sharon Clark, Chair  
Neil Hackworth  
Mayor Will Cox  
Tom Troth  
Rich Ornstein, proxy for Judge Executive David Jenkins  
Stan Logan  
Greg Kosse  
Prentice Harvey, proxy for Mike Lane  
Mark Treesh

- I. Welcome and Introductions ~ Commissioner Clark called the meeting to order and the roll was called. A quorum was present. It was noted that Tom Troth replaced Rich Ornstein as one of the county government representatives at KACo's recommendation.
- II. Organizational Issues
  - a. Length of Terms for Initial Appointments ~ HB 524 requires the terms of members to be staggered. The following terms were approved during the meeting:
    - City Government Representatives:
      - Neil Hackworth ~ 4 years
      - Mayor Will Cox ~ 2 years
    - County Government Representatives:
      - Tom Troth ~ 4 years
      - Judge Executive David Jenkins ~ 2 years
    - Independent Insurance Agent Representative:
      - Stan Logan ~ 3 years
    - Domestic Insurance Company Representative:
      - Greg Kosse ~ 4 years
    - Foreign Insurance Company Representative:
      - Mike Lane ~ 2 years
    - Insurance Trade Association Representative:
      - Mark Treesh ~ 3 years

- b. Rules for Meetings ~ The Council agreed to follow Robert's Rules of Order when conducting its meetings.
  - c. Quorum of Members ~ The Council agreed that a simple majority constitutes a quorum.
  - d. Member Absences ~ The Council agreed that a member would be replaced if the appointed member was absent for two consecutive meetings without good cause or 50% of the meetings in a calendar year.
  - e. Proxies ~ The Council agreed that appointed members may send a proxy to Advisory Council meetings. Notification may be sent to the Department by e-mail or other written means prior to the meeting.
  - f. Meeting Schedule/Frequency ~ The Council agreed that due to the various implementation issues with HB 524 and other issues surrounding the local government premium tax, the Advisory Council will meet monthly until further notice.
- III. Overview of HB 524 ~ DJ Wasson gave a brief overview of the provisions of HB 524. The overview is attached.
- IV. Overview of Advisory Council Duties ~ John Burkholder reviewed the following statutory duties of the members:
- o Making recommendations on needed legislative changes
  - o Providing comments on needed regulatory reforms
  - o Providing information and assistance to insurance companies and local governments regarding procedures and practices related to compliance
  - o Reviewing the criteria for verification of risk location systems or programs and making recommendations for updating and improving the criteria
- V. DOI Update on Implementation Efforts
- a. Disclosure Regulation ~ DJ Wasson shared that the Department had received and considered numerous comments on the draft disclosure regulation, 806 KAR 2:092E. A final draft dated 7/15/08 was provided to the members for one last opportunity for comment. Comments were requested to be provided no later than July 23.
  - b. Verification Criteria ~ Interviews for the IT System Consultant have been completed. The Department intends to fill this position in the near future. This employee's primary focus will be to work with the Advisory Council to establish verification criteria.
  - c. Appeals Process ~ A flow chart was developed outlining the appeals process. It will be sent to members for discussion at the next meeting.

d. Assessment ~ The Department will be sending assessment notices to insurers and surplus lines brokers. It was commented that HB 524 allows an assessment up to \$200 per licensee. It was decided that insurance companies will be assessed \$200 and surplus lines brokers will be assessed \$50.

VI. Discussion of Subcommittees ~ The Advisory Council voted to establish subcommittees to serve as focused working groups on specific issues. An Advisory Council member will chair or co-chair each subcommittee and will be supported by a Department employee. The established subcommittees, chairs and staff support are as follows:

Risk Location Criteria

Neil Hackworth, Chair

Ray Perry, DOI Staff Support

Guidelines for Imposition of Tax

Greg Kosse, Chair

Sharron Burton, Taylor Hubbard ~ DOI Staff Support

Data Collection

Mark Treesh, Chair

IT System Consultant, DOI Staff Support

Education

Stan Logan, David Jenkins ~ Chairs

Ronda Sloan, DOI Staff Support

Future Reforms

Mike Lane, Will Cox, Tom Troth ~ Chairs

DJ Wasson, DOI Staff Support

VII. Next Steps ~ The next meeting of the Advisory Council will be held on August 27 at 1:30 in the DOI Hearing Room. The Council will make the final determination for upcoming meetings at the August 27 meeting.