

Local Premium Tax Advisory Council

September 24, 2008 ~ 1:30 pm

Department of Insurance Hearing Room

Minutes

Members Present

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

Welcome

DJ Wasson called the meeting to order and the roll was called. A quorum was present.

Approval of Minutes

The minutes from the August 27 meeting were approved.

DOI Update on Implementation Efforts ~

Appeals Process

At the last Advisory Council meeting, a flowchart of the appeals process was distributed. There was discussion as to the effective date of the appeals process and whether the sole and exclusive remedy provisions were intended to begin on the effective date of the law (July 15, 2008) or whether they begin January 1, 2009. It was commented that, during the legislative process, there were discussions of beginning the sole and exclusive remedy on January 1, 2009. However, because of the potential for litigation, that later date was not pursued. The intent was to make certain that there was an administrative remedy in place immediately. The delayed effective date was intended only to apply to the change in the statute of limitations.

Assessment

The Department recently sent the assessment notice of \$200 to insurance companies and \$50 to surplus lines brokers by e-mail or hard copy if an e-mail address was unavailable. The deadline to pay the assessment is December 5, 2008. Payment can be made on-line through eServices or by mailing a check to the Department.

Subcommittee Reports ~

Risk Location Criteria

JD Chaney provided the subcommittee report. Since the last Advisory Council meeting, a conference call of the Risk Location Criteria Subcommittee was held. The subcommittee discussed issues with compliance with the Secretary of State boundary filings. There are two primary issues: (1) maps that have been properly filed with the Secretary of State and sent to be digitized have been determined by COT to be “unmappable”; and (2) cities who haven’t filed their maps with the Secretary of State.

It was noted that insurance companies will need time to purchase and implement a verified risk location system. Therefore, it was asked when the Secretary of State data would be finalized in order for vendors to incorporate the boundary data into their systems and submit their systems to the Department for verification. In response, it was stated that the subcommittee had discussed this timing issue and realized that submission of maps will be an on-going process. At some time, vendors will need to use the most recent data available from the Secretary of State/COT and then have a process to incorporate updates.

It was also reported that the Department is beginning to draft the regulation outlining the verification process. The regulation is envisioned to have a process for applying for verification, renewing verification, de-verifying risk location systems (including notification to insurance companies about the potential for de-verification) and programs and creating a process for insurance companies with limited risks.

Due Diligence

Greg Kosse provided the subcommittee report. Since the last Advisory Council meeting, the subcommittee has met twice by conference call. The Department provided past opinions on location of risk which were helpful in framing the discussions. The subcommittee is focusing on creating guidelines that will be workable for all parties. The subcommittee is continuing its discussions.

Data Collection

The Data Collection Subcommittee did not meet. However, they do plan on meeting before the next Advisory Council meeting to provide an update to the members on the discussions at the Advisory Council and to focus on ways to improve reporting to local governments.

Education

Stan Logan provided the subcommittee report and noted that they are waiting on other subcommittees to complete their work before working on educational materials.

It was noted that one way to inform agents of these new requirements would be to ask the Independent Insurance Agents of Kentucky and the Professional Insurance Agents of Kentucky to include HB 524 in their ethics courses.

It was also requested that the Department develop a pamphlet that can be provided to policyholders regarding the appeals process. The Department agreed to draft a pamphlet.

Future Reforms

Prentice Harvey provided the subcommittee report. The subcommittee met by teleconference one time since the last Advisory Council meeting to prioritize the items submitted for future legislation. A copy of the draft minutes is attached.

Old Business

The Department raised the issue of the requirement that requests for an appeal be sent by certified mail. The Department interprets this requirement to mean that if a request is not sent by certified mail, the appeal process is not triggered. The Advisory Council members agreed that was the intent of the legislation.

New Business

No new business was raised.

Meeting Dates

The following meeting dates were discussed ~ October 22, November 19 and December 17 at 1:30 in the Department's Hearing Room.

Adjourn

With no further business, the meeting was adjourned.