

# Local Premium Tax Advisory Council

October 22, 2008 ~ 1:30 pm

Department of Insurance Hearing Room

## Minutes

### **Members Present**

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

### **Welcome**

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

### **Approval of Minutes**

The minutes from the September 24 meeting were approved.

### **DOI Update on Implementation Efforts ~**

#### Appeals Process

The Department has received two complaints that will be reviewed under the appeals process.

#### Assessment

To date, the Department has collected \$125,000 from 35% of the entities assessed.

#### Implementation Guide

The Department has issued an implementation guide based on frequently asked questions related to the disclosure requirements. The guide is posted on the Department's Web site.

### **Subcommittee Reports ~**

#### Risk Location Criteria

Neil Hackworth reported that the subcommittee did not meet. Rather, cities have been busy updating their boundary data with the Secretary of State. Mayors have been

requesting an extension to file their boundary data. An extension through January 1 has been given.

The Department has completed drafting the verification regulation and will be distributing it to the subcommittee for review and comment.

#### Due Diligence

Greg Kosse reported that the subcommittee will have a conference call on Monday, October 27. A risk location chart has been distributed to the members for discussion on the call. Questions were raised as to whether bright line rules need to be established to identify the location of the risk. It was commented that while the chart establishes general rules, it is difficult to have bright line rules that address specific scenarios. Questions were raised about the agent's role in identifying the risk location in the application process. While some applications request that information, a statutory change would be needed to require that information.

#### Data Collection

Mark Treesh reported that the Data Collection Subcommittee met by teleconference and the members were updated on the activities of the Advisory Council including verification, location of risk related to commercial lines, and the jurisdiction of each subcommittee. The subcommittee will be holding regular update meetings, but won't be discussing any new initiatives unless they receive a charge from the Advisory Council or other subcommittees.

#### Education

Judge Jenkins distributed a draft of a brochure regarding the appeals process and a frequently asked questions document for review and comment by the Advisory Council members. Comments should be sent to Ronda Sloan at the department and are due by November 10, 2008.

A question was raised regarding the entity to receive the required notices when insurance that is paid through escrow (for example, homeowners insurance for which money is held in escrow by a mortgage lender). The Advisory Council members will consider the question. However, it was commented that policyholders (not the mortgage lender) would likely receive the notices when their renewal policy is mailed to them.

#### Future Reforms

Prentice Harvey reported that the subcommittee met on October 8<sup>th</sup> to provide drafting or research assignments for the items on the previously compiled wish list.

#### Old Business

Nothing to report.

### New Business

Commissioner Clark reported that she spoke at the Kentucky League of Cities Convention, and she promised to raise the following two issues to the Advisory Council:

1. Cities would like insurers to consider providing a listing of every address related to a tax payment when the quarterly returns are filed. This would help cities to better account for the payments received and ensure they were paid to the proper jurisdiction.
2. The importance of the insurance agents in determining the correct risk location should be stressed.

Commissioner Clark also reported that she and Neil Hackworth met with Rep. Riggs, sponsor of HB 524, to update him on implementation.

### Next Meeting Dates

The following meeting dates for November and December were scheduled:

Monday, November 17<sup>th</sup> at 1:30

Tuesday, December 16<sup>th</sup> at 1:30