

PTAC Meeting Summary
June 16, 2009

Following is a summary of the 6-16-09 Premium Tax Advisory Council Meeting. I will key each of the items to the agenda for the meeting which is enclosed under separate cover.

Note: The minutes for the April 15, 2009 meeting were not available at the meeting, but a draft copy is attached.

IV. Assessment

All insurance companies are in compliance and KDOI is working to bring all surplus lines brokers into compliance. Some have given up their licenses and some face the loss of license for failure to comply. The total collected on the assessments exceeded \$335 million.

KDOI also distributed a list of verified software programs, and it is attached. The list is also available [here](#) on the KDOI website.

V. Subcommittee Reports

A. Risk Location

Nothing new since the last meeting.

B. Due Diligence

The Due Diligence Subcommittee has been discussing several issues recently including surety bonds and title insurance. Generally the discussion has centered around the location for which the tax is to be assessed and the difficulties inherent in making that determination for those type of insurance. The issue is most likely to be addressed in the risk location chart.

Also, the Subcommittee has discussed adding a tax form reporting line to the risk location chart.

C. Data Collection

I presented the results of the May 29 conference call in which the Subcommittee discussed the e-filing of the annual reconciliation form. The summary of that conference call is attached.

D. Education

The Education Subcommittee is working on answering questions from specific groups.

E. Future Reforms

The Subcommittee has discussed the shape of the technical corrections bill to be offered in the 2010 legislative session. The issues are identified in the summary of a conference call that took place on Sept. 22, 2008, a summary of which is attached. The technical corrections bill will likely include the following issues:

- Clarify that the collections fee is in addition to the premium tax.
- Clarify that the premium tax applies to first-year life insurance premiums only.

- Clarify that the premium tax is the sole method of local taxation for insurance companies.

There was also discussion of whether or not a statutory change is necessary to deal with the issue of the location issue for warranties on cell phones and other similarly difficult issues. The possibility of addressing the issue through the risk location chart will be discussed further.

In addition, KDOI may want to address some technical issues that they have identified:

- Provide “teeth” to deal with companies which do not respond to the consumer before the appeals process begins.
- Clarify the effective date for Section 2(1) was at the effective date of the bill. Note: many of us believe that the statute is already clear.
- Bring surplus lines brokers into the disclosure requirements. They were not included previously, probably inadvertently.
- Clarify the one-time disclosure requirements for title insurers.
- Clarify that the ongoing disclosure requirement applies to new policies, not just renewals.
- Clarify what party should receive notice of the disclosure in the case of group coverage.
- Clarify that the data as digitized by COT is the standard by which to judge the accuracy of risk location.

VII. Old Business

None

VIII. New Business

None

IX. Next Meeting Date

The next PTAC meeting will be Wednesday, August 12 at 1:30 pm in the Hearing Room at the Department of Insurance.

There being no further business the meeting adjourned.