

PTAC Meeting Summary
August 12, 2009

Following is a summary of the August 12, 2009 Premium Tax Advisory Council Meeting. I will key each of the items to the agenda for the meeting which is enclosed under separate cover.

V. Subcommittee Reports

A. Risk Location

There is still a backlog at COT in the digitizing of boundaries submitted by cities. There is also a new list of verified software vendors which is available on the KDOI website [here](#). A copy is also attached.

At one member's request I raised the issue of discrepancies that still exist between different vendor software programs and also the erroneous tax jurisdictions returned by some programs. The consensus of the Subcommittee members and KDOI IT personnel was that these issues would resolve themselves over time as COT completed their work and as more vendors employed the updated data.

B. Due Diligence

The Due Diligence Subcommittee held a conference call on July 8 and continued their discussion of issues related to surety bonds. There are still issues that remain to be discussed which the Subcommittee will report after further discussion. The risk location chart will be updated following more discussion of the issues.

C. Data Collection

I verbally presented the results of the August 10 conference call in which the Subcommittee discussed the e-filing of the annual reconciliation form. A written summary of that conference call which I prepared later is attached.

The chief topic of discussion by the PTAC committee was the shift in focus by KDOI to require that paper copies of the Annual Reconciliation still be submitted to local governments which had not opted out of receiving those reports. The previous idea had been that the reports would be submitted electronically to KDOI and that local governments could then download information from KDOI or request a hard copy from KDOI.

Local governments met with KDOI and expressed their concerns about not receiving paper copies of the form from insurance companies. The chief concerns were a lack of internet access or a lack of sufficient electronic sophistication by some of the smaller cities as well as lack of an audit trail. After hearing their concerns KDOI decided to continue the requirement for insurance companies to send paper copies to local governments. However, local governments could opt out of receiving paper copies and KDOI would maintain a list of those governments making that election.

The PTAC committee discussed this issue and the consensus was that KDOI will still stand to gain a great deal by the e-filing of the Annual Reconciliation. Requiring a paper copy to be sent to the local governments did not seem to be a concern for insurance companies because that is being done already. The opinion was expressed that some

insurance companies may continue to send a paper copy to all local governments if the cost of keeping track of which local governments had opted out of paper copies exceeded the cost of sending paper copies to them.

Some on the Committee did express the hope that as local governments grow more comfortable with electronic access to the information that eventually the paper filing requirement could be eliminated.

D. Education

The Subcommittee had nothing new to report.

E. Future Reforms

The Subcommittee presented a tentative bill draft that deals with the following “technical correction” issues:

- Clarify the effective date for Section 2(1) was at the effective date of the bill.
- Bring surplus lines brokers into the disclosure requirements. They were not included previously, probably inadvertently.
- Clarify that the ongoing disclosure requirement applies to new policies, not just renewals.

I am not sure whether the Subcommittee or KDOI drafted this bill language, but it is attached as a PDF file.

Other issues discussed and their statuses are:

Can be handled by the risk location chart in lieu of a statutory change:

- Assignment of tax jurisdiction for cell phone insurance or other warranty type products:
- Group insurance tax jurisdiction: Can be handled by the risk location chart in lieu of a statutory change.

No statutory change deemed necessary or advisable:

- Clarify that the collections fee is in addition to the premium tax: The committee decided to “let sleeping dogs lie” on this issue.

VII. Old Business

None

VIII. New Business

None

IX. Next Meeting Date

Wednesday, October 21 at 1:30 PM.

There being no further business the meeting adjourned.