

PTAC Meeting Summary
November 8, 2010

Following is a summary of the November 8, 2010 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
No new action to report
- b. Due Diligence
No new action to report.
- c. Data Collection
No new action to report.
- d. Education
No new action to report.
- e. Future Reforms
 - There was a short discussion about the advantages for insurers of having model ordinances that would increase uniformity on exemptions and other non-rate issues. There was no conclusion reached as to any further action.

VII. Old Business

- a. KDOI distributed a revision to its draft regulation that attempts to clarify that the collection allowance is in addition to the premium tax rather than a deduction from it. That draft is attached under separate cover. The plan is for KDOI to file the regulation on December 15 if there are no more suggested edits.

VIII. New Business

- a. The Council is required to annually review the criteria for the approval of risk verification systems. After discussion the Council voted to retain the current standard of 90% accuracy for approval.
- b. KDOI discussed its dealings with the City of West Point which had questioned KDOI's jurisdiction over LGPT issues. KDOI asserted its statutory right but noted that West Point had also asserted that a carrier that had a credit balance on a quarterly return may not be entitled to a refund but would have to apply that credit to future returns. KDOI raised the possibility of legislation to revise KRS 91A.080(3) to clarify the fact that insurers may be entitled to refunds of credit balances.
- c. There was a brief discussion of phone calls that KDOI receives from policyholders questioning their insurer's identification of their tax jurisdiction. This discussion was combined with a above.
- d. KDOI reported that AON Company had reported that several municipalities were very tardy in cashing its checks. KLC representatives agreed to assist KDOI in investigating the situation.
- e. There was a brief discussion of the issue of insurers being required to pay premium tax when the government policyholder is exempt under statutes other than KRS 91A. I informed the Council that IIK was planning to move forward on a legislative remedy to the situation.

- f. There was a brief discussion of the status of the Kendrick class action lawsuit currently pending. The defendant insurers have appealed one of Judge Bunning's rulings to the Sixth Circuit and are awaiting a ruling on the appeal.
- g. KDOI reported that 117 brokers or insurers failed to file the annual reconciliation electronically. The number of non-filers is consistent with the number of paper non-filers in the past.
- h. KDOI reported that some insurers have attempted to again pay the \$200 fee set up by HB 524 to fund the implementation of the legislation. KDOI has had to remind them that the fee "sunset" after being assessed in 2008.

IX. Next Meeting Date

PTAC will plan to meet in May of 2011 with the possibility of also meeting before that date should it become necessary to meet during the session. KDOI will float meeting dates later.

There being no further business the meeting adjourned.