



Testimony on HB 2637
Before the Senate Commerce Committee
By Kerri Spielman
March 8, 2012

Thank you, Madame Chair and Members of the committee, for the opportunity to offer written testimony on HB2637 as an interested, but neutral party.

KAIA has more than 550 member agencies and branches throughout the state and our members write approximately 70% of the commercial insurance in Kansas including workers compensation. Our members are free to represent many different insurance companies, allowing them to customize to clients' needs. They also work with Professional Employer Organizations (PEO's), as well as working with former clients of PEO's.

Properly structured, governed and operated PEO's can be a small business employer's answer to prayers for relief from dealing with many of the human resource issues and government regulations that come with being successful and employing others. They should not, however, be allowed to operate outside of the regulatory environment that exists to encourage workplace safety and accurate underwriting for the risks specific to each business.

Last year a provision was passed to require that PEO's use multiple-coordinated policies in order to track claims experience back to each business client. An exception was made to allow the Insurance Commissioner the ability to approve master policies if it was demonstrated that the claims experience could be tracked to each business.

There has been a concern raised that a carrier and/or PEO may need more time to adjust their business practices. Thus, HB 2637 was brought to allow more time.

As originally drafted, KAIA had some concerns. However, with Representative Kleeb's leadership and efforts, those concerns have been addressed. KAIA has no opposition to HB 2637 as amended and passed by the House Committee of the Whole.

Thank you. I am available for questions.

