

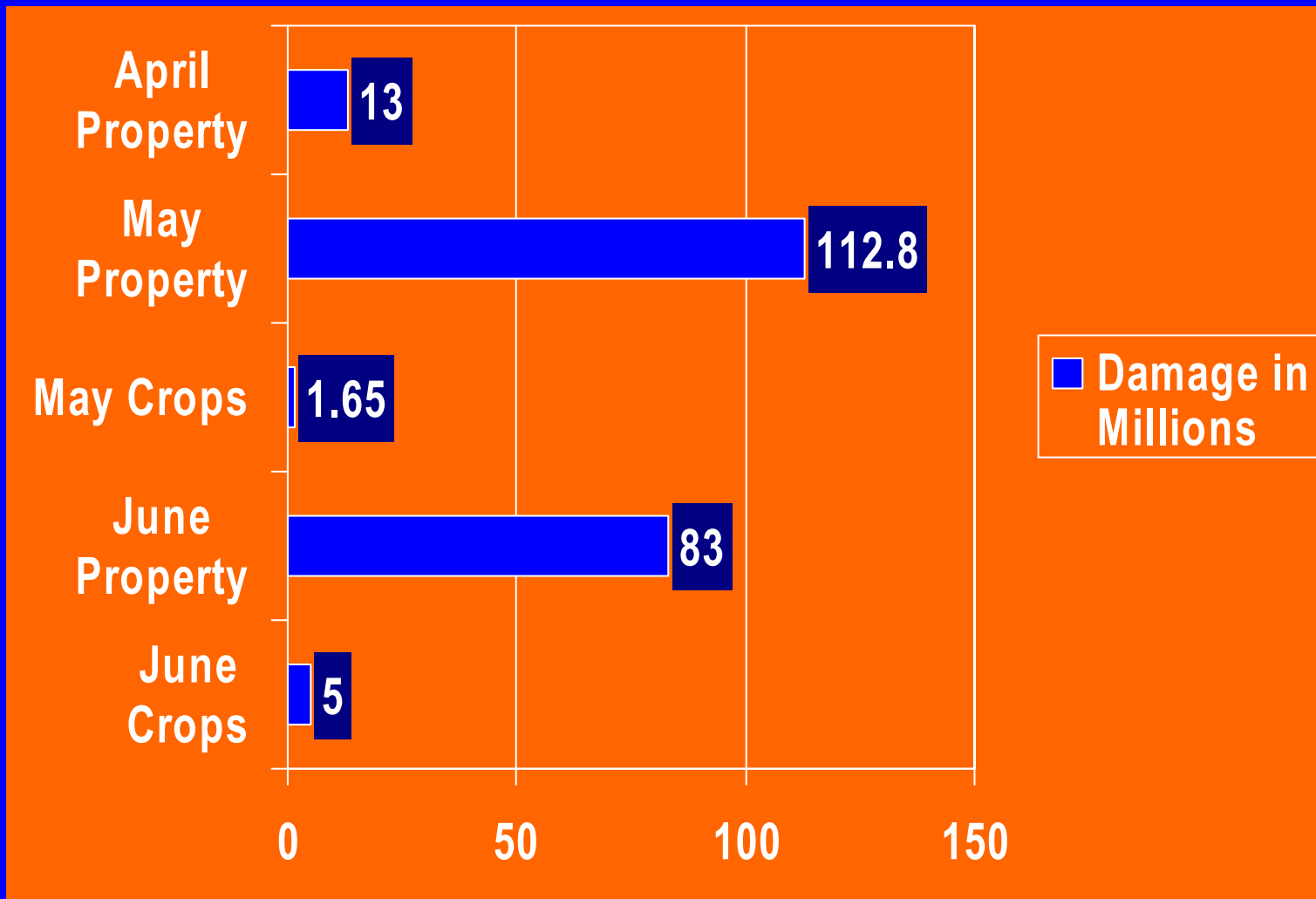
# Kansas Insurance Department



*Sandy Praeger*  
*Commissioner*

# Spring Storm Damage Estimates

As of July 31, 2003



**Total April-June estimated damage      \$215,480,000**



Wyandotte County







Crawford County





Lawrence

# My Priorities at KID

- Fighting for consumer rights
- Working to strengthen competitive balance in Kansas marketplace
- Streamlining government services



Another new “KID” in my life...



Jakson Praeger

# Insurance is a \$10 Billion Business in Kansas

- Kansans will spend more than twice as much for insurance than they spend on state taxes this year
- 23,300 resident agents and brokers in Kansas
- 1,684 Insurance companies licensed in Kansas



# Insurance Companies Doing Business in Kansas

- Homeowners
  - ◆ 527 licensed companies (19 Kansas-based)
- Automobile
  - ◆ 656 licensed companies (17 Kansas-based)
  - ◆ 183 companies wrote personal auto and 244 companies wrote commercial auto in 2002



# Insurance Companies Doing Business in Kansas

## ■ Life

- ◆ 13 Kansas-based companies
- ◆ 669 non-Kansas based companies
- ◆ 30 Fraternal companies
- ◆ 5 Viatical companies

## ■ Health

- ◆ 250 companies report some premium
- ◆ 30 companies write about 90% of all major medical premiums



# Our Job is to Protect Consumers

- KID monitors the activities of companies operating in Kansas
  - ◆ Compliance with state laws
  - ◆ Financially Solvent
- Educate Consumers
  - ◆ Provide free shoppers guides which provide rate comparisons
  - ◆ Publish a complaint ratio report



# Consumer Assistance

- Consumer Hotline
  - ◆ 1-800-432-2484
- Web site
  - ◆ [www.ksinsurance.org](http://www.ksinsurance.org)
- KID handled more than 5,700 consumer complaints in 2002
- Recovered nearly \$7.2 million for Kansas Consumers last year

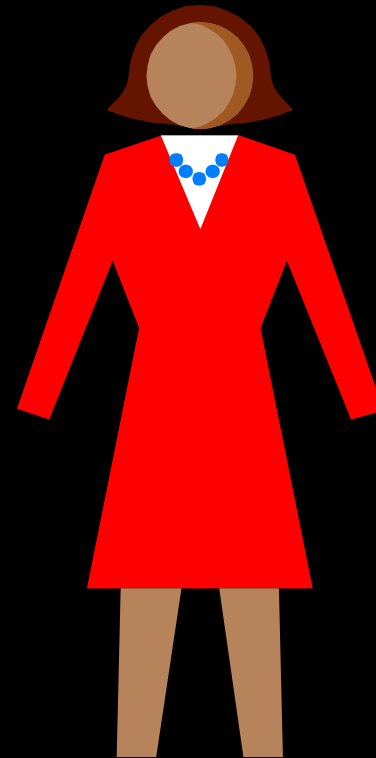
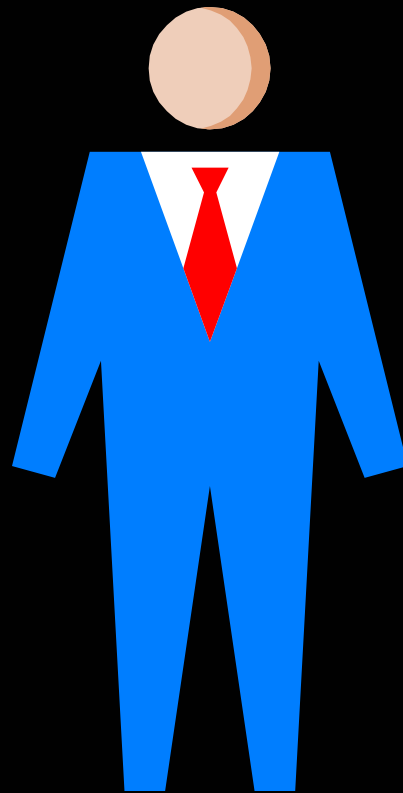


# KID is Fee Funded

- Contributed nearly \$85 Million to the State General Fund last year
- Third largest revenue producer in state government
- KID operates on a budget that is approximately one-tenth of one percent of the amount of insurance purchased in Kansas



# AICP Issues



# SERFF

## System for Electronic Rate and Form Filing

- Offers a decentralized point-to-point web-based system allowing insurance companies to file rates and forms electronically with state insurance departments
- Designed to improve efficiency of the approval process and reduce time and costs involved in making regulatory filings



# SERFF

## System for Electronic Rate and Form Filing

- NAIC developed the concept of SERFF in the early '90s
- Kansas was one of six states and ten companies involved in pilot test in 1997
- As of May 1, 2003, all 50 states, the District of Columbia, Puerto Rico and over 700 insurance companies are committed to SERFF



# SERFF

## System for Electronic Rate and Form Filing

- Has seen impressive growth
- The number of national filings submitted totaled 25,000+ in 2002 (an increase of 70% over 2001)
- The KID Life Division now receives approximately 25% of all form filings through the SERFF system



# SERFF Filings for 2002

Kansas

USA

Life

270

25,000

F&C

173

12,254

A&H

67

2,042



# Speed to Market

- Kansas has developed a checklist to help insurance companies know what to do to get filings approved quickly
  - ◆ Fire & Casualty is fully developed; other lines will be available in the future
- Information is available on our web site: [www.ksinsurance.org](http://www.ksinsurance.org)
- Our goal is to have all filings reviewed and approved within 30 days of receipt of the filing



# Speed to Market

- Objectives were developed as a result of the Gramm-Leach-Bliley Financial Services Modernization Act
- The initiative was a response to industry complaints that approval to market new products took too long
  - ◆ Some states could take months to review rates and forms
  - ◆ A life insurance product filed in Kansas receives action in under two weeks (not the national norm)



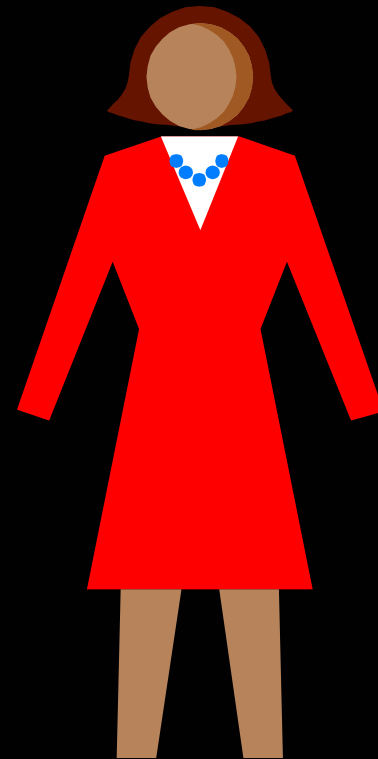
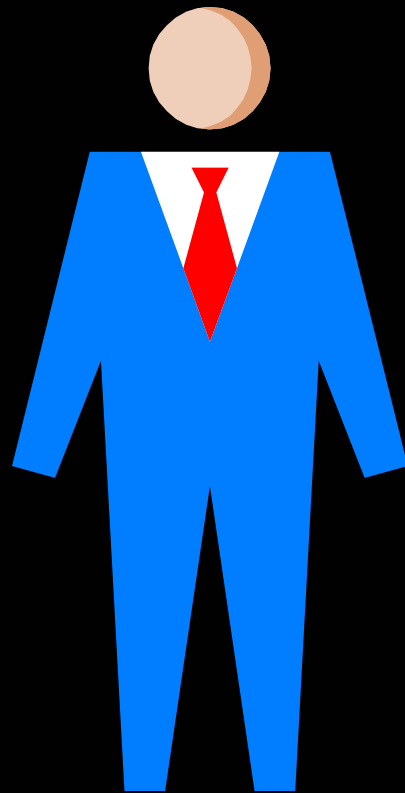
# CARFRA

## Coordinated Advertising, Rate & Form Review Authority

- In addition to SERFF, the NAIC is developing a system featuring:
  - ◆ A single point of filing and review
  - ◆ National standards for insurance products
  - ◆ Efficient state-based procedure for processing the filings
- CARFRA gives insurers a single point of entry to submit products for review, with the certainty that a filing can be approved for multiple state uses within an established number of days
  - ◆ Over the long-term, CARFRA could be replaced by interstate compacts



# Consumer Concerns



# Credit Scoring

- KID introduced successful legislation based on a national model and recommendations from the Task Force
- KID will begin regulating the use of credit-based insurance scoring on January 1, 2004



# Blue Cross/Blue Shield of Kansas and Anthem

- On August 6, the Kansas Supreme Court clarified the power of the Commissioner of Insurance regarding insurance company mergers and acquisitions. This decision clearly outlines the Department's jurisdiction and statutory authority to make decisions in the best interest of Kansas consumers.



# State vs. Federal Regulation

## Association Health Plans (AHPs)

### ■ Problems:

- ◆ Lack of appropriate oversight
- ◆ Lack of suitable financial solvency standards
- ◆ Lack of consumer protection standards
- ◆ Cherry-picking the market
- ◆ The Congressional Budget Office reports that 80% of workers in small firms would face higher premiums, while thousands of the sickest workers would lose coverage altogether under AHP legislation



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