

**From:** Kris Kellim [<mailto:KKellim@ksinsurance.org>]  
**Sent:** Thursday, October 04, 2012 3:20 PM  
**Subject:** Regulation notices; public hearing November 28, 2012

Good afternoon,

As with our legislative program, the Department would like to make the process of our adoption of new and amended Regulations as transparent as possible. In the future, the Department will provide informal notice of regulatory proposals to the Industry prior to initiating the formal adoption process. This will give interested parties the opportunity to provide feedback to the Department, and will hopefully avert unnecessary uncertainty and delay during the formal adoption process. Legal notice by publication as required by statute will continue as before.

If you wish to be omitted from future regulatory notices, or would like to have notices sent to additional individuals, please let us know. We look forward to working with you all on these and future regulatory matters in addition to legislative issues. Please see the Notice of Proposed Regulations below.

### **Notice of Proposed Regulations**

The Department will conduct hearings November 28, 2012 at 1:30 in the third floor conference room of the KID on four proposed changes to Kansas insurance regulations. Notice of the hearing is attached for your review. The proposals can also be found on our website: <http://www.ksinsurance.org/legal/regs2012.htm>.

These proposals include amendments to K.A.R. 40-1-20 (concerning prohibition of subrogation clauses in health insurance policies), 40-1-50 (concerning consumer notice of right to annual review of risks and rates), and 40-2-14a (adopting updated Suitability in Annuity Transactions Model Regulation), and a new regulation K.A.R. 40-1-52 (concerning notice to a claimants in third-party liability matters).

We have already received comments voicing concern with two of our proposals. One is the proposed change to subsection (d)(3) of K.A.R. 40-1-50. This amendment strikes the second sentence of the subsection, which states, "(a)ll underwriting guidelines shall be considered trade secrets and confidential under the Kansas open records act." The office of the Attorney General requested this change because the Trade Secrets Act generally and KSA 40-5108(b) specifically already makes these filings confidential. No substantive change is being made by deleting the language in the proposed regulation and underwriting guidelines will continue to be confidential.

We also have received comments regarding our proposed new regulation, K.A.R. 40-1-52, which would require insurers to notify claimants in third-party liability matters if settlement payments of \$5,000 or more are delivered to the claimant's lawyer or other representative. This regulation was requested by the Kansas Lawyers' Fund for Client Protection with the basic purpose of giving claimants notice of settlement payments made to their attorneys to prevent attorneys from withholding settlement payments from their clients. We will continue to take feedback we receive into consideration.

We encourage you to review these proposals, and submit any comments to the Department as soon as possible. Please feel free to contact us with any questions.

**Kris Kellim**  
Government Affairs Liaison  
Kansas Insurance Department  
[kkellim@ksinsurance.org](mailto:kkellim@ksinsurance.org)  
785.296.2461