

Approved March 28, 1989
Date

MINUTES OF THE House COMMITTEE ON Insurance

The meeting was called to order by Dale Sprague at
Chairperson

3:30 ~~xx~~ a.m./p.m. on March 23, 1989 in room 531-n of the Capitol.

All members were present except:

Representative Delbert Gross, excused
Representative Larry Turnquist, excused

Committee staff present: Chris Courtwright, Research Department
Bill Edds, Revisor of Statutes
Patti Kruggel, Committee Secretary

Conferees appearing before the committee:

Others present: see attached list

Chairman called the meeting to order at 3:30 p.m.

The Committee began discussion on SB 110.

SB 110 -- Concerning the payment of claims; providing for accrual of interest on amounts owing under certain circumstances.

Dick Brock, Kansas Insurance Department, passed out a balloon amendment to SB 110 which incorporates previously received amendments and would: add a workmans compensation statute; reduce the penalty rate to 18 percent per annum; and move up the amendment which clarifies an agreement between the claimant and the insured. (Attachment 1)

Representative Sawyer moved to adopt the balloon amendment to SB 110. Representative Cribbs seconded. The motion carried.

A motion was made by Representative Sawyer, to recommend SB 110 as amended, favorable for passage. Representative Turnbaugh seconded. The motion carried.

The Committee opened hearings for proponents on SB 317.

SB 317 --Relating to rental companies that provide certain rental motor vehicles to the public; prohibiting certain acts and providing penalties for violation; repealing K.S.A. 1988 Supp. 50-654 to 50-658, inclusive.

Kevin Allen, Kansas Motor Car Dealers Association, provided testimony in opposition to SB 317 and explained that enactment of this legislation would cause a hardship to smaller rental companies and make it very tough to be price competitive. (Attachment 2)

Pam Seastrom, Ed Bozarth Chevrolet, opposes SB 317 and testified that this legislation would force small independent rental operators out of business because unlike larger rental companies they will be less able to spread the risk for a total accident. Ms. Seastrom asked the committee to consider making the driver's insurance company primary when driving a rented car. (Attachment 3)

Next appearing in opposition to SB 317 was Bruce Kruenegel, Enterprise Rent-A-Car. Mr. Kruenegel provided testimony (Attachment 4) that this legislation would lessen competition, raise prices and benefit only the largest rental companies at the expense of everyone else. Mr. Kruenegel asked consideration of the Committee to give the CDW disclosure law more time to prove what it was intended to do.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Insurance

room 531-N, Statehouse, at 3:30 ~~xx~~ a.m./p.m. on March 22, ~~19~~ 89

There were no other conferees wishing to testify and hearings on SB 317 were closed.

The Committee began hearings on SB 55.

SB 55 -- An Act concerning the firefighters relief act; relating to expenditures from the firefighters relief fund; amending K.S.A. 1988 Supp. 40-1706, as amended by section 97 of chapter 536 of the 1988 Sessions Laws of Kansas, and repealing the existing section.

Chris Courtwright, Legislative Research Department, gave an overview of the bill. SB 55 would amend the Firefighters Relief Act to provide that all local firefighters relief association expenditures are conditioned upon the availability of distributions to that association of the 2 percent insurance premium tax moneys at a level sufficient to meet those financial commitments. The Senate Committee amended the bill to increase the minimum payment from \$500 to 1,000 annually.

James Todd, Kansas State Firefighters Association, testified as a proponent to SB 55. Mr. Todd provided an amendment (Attachment 5) which would raise the minimum payment to \$1,500 and provided a comparison chart (Attachment 6) of the Firefighters Relief Distribution.

Jerry Marlatt, Kansas State Council of Firefighters Association, briefly testified in support of SB 55 and all amendments offered.

Jim Kaup, League of Kansas Municipalities, provided testimony in support of SB 55. Mr. Kaup stated the this bill will provide better accountability for expenditures made by firefighters relief associations and modify outdated restrictions on investments of associations. (Attachment 7)

Appearing as an opponent to SB 55 was Chief Gordon Fry, Coffeyville Fire Department. Chief Fry stated that he is not sure there is a distribution problem but if the legislature feels that some form of action needs to be taken, one would be to freeze the larger departments for a period of time and let the increase in funds due to the increase in sale of insurance be passed on to smaller departments. (Attachment 8)

There were no other conferees wishing to testify on SB 55 and the hearings were concluded.

The meeting was adjourned at 4:50 p.m.

GUEST LIST

COMMITTEE: _____

DATE: 3/23/89

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Dan Seaton	Topeka	Ed Bozarth Chevrolet
Kevin Allen	Topeka	KMEDA
PAT BARNES	TOPEKA	Ks. Motorist Dealers Assoc.
Gordon Fry	Coffeyville	Coffeyville Fire Dept
J. D. S Pohn	Coffeyville	Coffeyville Fire Dept
James A Todd	Wichita	Ks. State Firefighters Assoc
Joe Thibodeau	Lawrence	" "
John Eachart	Topeka	State Fire Marshal
William B. Mitchell	Hickman	Alliance Ins.
Ray C Reed	KANSAS CITY KS	KS FIRE FIGHTER ASSN
George R Sutton	Winfield Ks	Winfield F.D.
Bradley Post	Winfield	Winfield F.D.
Randy Currie	TOPEKA	TOPEKA FRA
Donald Knight	Lawrence	Lawrence FRA
Dave Willey	Wichita	Enterprise Rent a Car
BRUCE KNOWLES	OVERLAND PARK	" " "
BRAD BARACKMAN	KANSAS CITY KS	ENTERPRISE RAC
Bill Carpenter	WICHITA	" " "
Jim Kano	Topeka	League of Municipalities
Tim Gartland	KANSAS CITY, Mo.	Enterprise Rent a Car
CARL KINCAID	OUTH, KS	ENTERPRISE R-A-C
Notarid King	FORBES FIELD	NATIONAL FIRE ASSOCIATION

SENATE BILL No. 110

By Committee on Financial Institutions and Insurance

1-30

Attachment 1

Attachment 1

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AN ACT relating to insurance; concerning the payment of claims ~~or judgments~~; providing for accrual of interest on amounts owing under certain circumstances.

Be it enacted by the Legislature of the State of Kansas:

Section 1. Except as otherwise provided by K.S.A. 40-447 and ~~40-3110~~, 44-512a

and amendments thereto, each insurance company, fraternal benefit society and any reciprocal or interinsurance exchange licensed to transact the business of insurance in this state which fails or refuses to pay any amount due under any contract of insurance within ~~15~~ business days after final determination of the amount payable ~~or which fails to pay any judgment against any entity to which this act applies within 45 days after final judgment and there being no appeal pending and no supersedeas bond filed shall pay interest at the rate of 18% per annum on the amount due the time prescribed herein shall pay interest on the amount due. If payment is to be made to the claimant and the same is not paid within 30 calendar days after the payment is due, interest shall be payable from the date such payment was due. If payment is to be made to any other person for providing repair or other services to the claimant and the same is not paid within 30 calendar days following the date of completion of such services, interest on the amount agreed to shall be payable to the claimant from the date of completion of the services. The rate of such interest shall be equal to 1% multiplied by the number of days that such amount remained unpaid, but not exceeding 100%.~~

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Sec. 2. For purposes of this act, if a claimant agrees to accept other than a lump sum payment, the ~~penalty interest payable as~~ provided by section 1 shall apply separately *with respect* to each

44-512a

Section 1. Except as otherwise provided by K.S.A. 40-447, and 40-3110, and amendments thereto, each insurance company, fraternal benefit society and any reciprocal or interinsurance exchange licensed to transact the business of insurance in this state which fails or refuses to pay any amount due under any contract of insurance within the time prescribed herein shall pay interest on the amount due. If payment is to be made to the claimant and the same is not paid within 30 calendar days after the amount of the payment is agreed to between the claimant and the insurer, interest at the rate of 18% per annum shall be payable from the date of such agreement. If payment is to be made to any other person for providing repairs or other services to the claimant and the same is not paid within 30 calendar days following the date of completion of such services and receipt of the billing statement, interest at the rate of 18% per annum shall be payable on the amount agreed to between the claimant and the insurer from the date of receipt of the billing statement.

By the
KANSAS MOTOR CAR DEALERS ASSOCIATION
March 23, 1989

RE: Senate Bill No. 317
Elimination of Collision Damage Waiver Coverage on
rental vehicles

Mr. Chairman and members of the Committee, I am Kevin Allen, Executive Vice President of the Kansas Motor Car Dealers Association representing franchised new car and truck dealers of Kansas.

As a part of their operations, many KMCDAs members have lease/rental departments that would be affected by this proposal. I appear before you today in opposition to SB 317.

At a glance, this bill appears to be an issue for the benefit of the consumer. However, after a closer look, it appears to do more harm than good for those very consumers.

First, let's look at the problem. I do believe there should be concern with stopping those companies that undercharge on rental fees and make up for it on added charges such as CDW. **But, is this a Kansas Problem?** Have there been many complaints filed that the Kansas Attorney General would have jurisdiction over? This problem exists mainly in the highly competitive rental markets of airports and vacation areas. I have doubts if some of the HORROR STORIES related by proponents have occurred in Kansas.

As you already know, a disclosure is required on the face of rental agreements which tells the customer that CDW is **not mandatory** and their own automobile insurance might afford them coverage for damage to the rental vehicle.

Under this proposal, the rental customer only has responsibility for \$200 worth of damages which, in most cases, is not even sufficient to cover the deductible of the rental company insurance policy.

What's more, the driver's insurance company is now also free from any liability.

This bill will make everyone pay for CDW whether they want it or not since it will be written into the cost of the vehicle rental. This will cause prices to go up. How much - I am not sure. So, rental agencies should include damage to rented vehicles in the cost of doing business and pass it on to their customers. That might be fine for the **big** rental corporations, but, this will not affect them in the same manner, or to the same extent, as it will the smaller rental agencies. They will not be able to absorb these costs as easily because they won't have the "law of large numbers" on their side to spread the risk.

So, it will be tough for the smaller rental company to be price competitive. Those companies will have to cease their rental operations leaving the giant companies the entire market. For small companies, rental rates reflect the recovery of operating expenses, plus profit, but could not and do not reflect unanticipated large damage awards.

The Federal Trade Commission has also issued comments to the New York and New Jersey Legislatures regarding the affect of the elimination of CDW on consumers. I have included a copy of those submitted to New Jersey for your review. I have highlighted several areas which lend support to some of my points.

Summary:

* Higher base prices will result from inclusion of damage repair costs in the cost of doing business

* Law enforcement not legislation would be more direct and effective if unfair or deceptive marketing practices are being used.

* Because this bill eliminates security deposits, there will be an increase in unpaid charges which will be passed on to the customer increasing the basic price at the expense of the honest and careful consumers.

* If consumers are being provided confusing information by the rental company, require disclosure of information (which we currently have.)

FTC comments have also been requested on this proposal but are not yet available.

We also think there are legal arguments which could be raised against this proposal.

In Section 2 (a) beginning on line 48, it could be argued that this would deny rental companies equal protection under law and due process as constitutionally required by eliminating or reducing redress for property damage.

In the same Section 2 (b) beginning on line 68, the bill also alters the Kansas Long Arm jurisdiction over an individual in Kansas courts. Presently, operating a vehicle or entering into a contract in Kansas provides such jurisdiction to a court. Plus, it is unfair to make a Kansas company litigate a Kansas accident or damage claim in another state, possibly far away.

I would be happy to stand for any questions you might have.



26 FEDERAL PLAZA, 22nd FL.
NEW YORK, N.Y. 10278
(212) 264-1200

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
NEW YORK REGIONAL OFFICE

COMMISSION AUTHORIZED

V890036

March 6, 1989

The Honorable Wayne R. Bryant
The Assembly
State of New Jersey
309 Market Street
Camden, N.J. 08102

Dear Mr. Bryant:

The staff of the Federal Trade Commission is pleased to have the opportunity to respond to your request for comment on Assembly Bill 3597 ("the Bill"), which is currently pending before the New Jersey Assembly.¹ We are providing these remarks in response to your letter of February 16, 1989. Our comment addresses aspects of the Bill that may adversely affect consumers. We would be pleased to offer additional assistance on any particular amendments that are offered.

The Bill would alter the current methods of allocating the costs and risks of damage to (or theft of) a rental vehicle. In addition, it would prohibit rental car companies from requiring renters to provide, during the term of the rental agreement or pending resolution of any dispute, any security, deposit, or payment for damage. We are concerned that parts of these provisions might result in increased costs to consumers who rent automobiles without providing significant benefits to the majority of automobile renters or to the public at large.

The Federal Trade Commission is charged with promoting competition and protecting consumers from unfair and deceptive commercial practices.² In fulfilling this mandate, the

¹ These comments are the views of the staff of the New York Regional Office and the Bureau of Consumer Protection of the Federal Trade Commission. They are not necessarily the views of the Commission or any individual Commissioner.

² See 15 U.S.C. § 41 et seq.

The Honorable Wayne R. Bryant
March 8, 1989

staff of the Federal Trade Commission often submits comments, upon request, to federal, state, and local governmental bodies to help assess the competitive and consumer welfare implications of pending policy issues. In enforcing the Federal Trade Commission Act, the Commission has gained considerable experience in analyzing the impact of various private and governmental restraints on competition and the costs and benefits to consumers of these restraints.

The Commission and its staff have considered other matters involving the car rental industry. The Commission recently commented on Guidelines prepared by the National Association of Attorneys General's Task Force on Car Rental Industry Advertising and Practices ("NAAG Guidelines").³ The allocation of liability portion of the Bill is very similar to portions of these NAAG Guidelines.

Lessor Liability

The Bill would make significant changes in the allocation of the risk that a rental vehicle will be damaged or stolen. The Bill would require car rental companies, as an integral (and therefore not separately billable) part of every rental transaction, to assume all responsibility for any damage in most instances,⁴ and prohibits the offering of

³ Letter from the Federal Trade Commission (Commissioner Strenio not joining) to Robert T. Stephan, Attorney General, Kansas (February 24, 1989). A copy is attached. The Guidelines will be further considered by the Attorneys General at their March meeting.

⁴ Section 4 provides that an "authorized driver" -- defined as "a renter who drives a private passenger automobile rented under the terms of a rental agreement or any of the following other drivers of the vehicle: the renter's spouse if the spouse is a licensed driver and satisfies the rental company's minimum age requirement; any employee or co-worker of the renter who is engaged in business activity with the renter and is a licensed driver satisfying the rental company's minimum age requirement; any person who operates the vehicle during an emergency situation or while parking the vehicle at a commercial establishment; or any person expressly listed by the rental company on the rental agreement as an authorized driver" -- may be held
(continued...)

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a separate Collision Damage Waiver ("CDW").⁵ In practical effect, legislative restriction of the offering of a distinct CDW product is tantamount to mandating that car rental companies bundle CDW coverage into every car rental transaction.⁶ Any legislatively imposed bundling requirement will restrict consumer choice among CDW-like coverages of rental cars,⁷ resulting in some consumers having to bear greater costs, primarily in the form of higher base prices, than they otherwise might have incurred to cover the accident and theft losses statutorily shifted to the rental car companies. Recent news reports suggest that this may be happening to

⁴(...continued)

liable for damage or loss: caused intentionally by an authorized driver; resulting from an authorized driver's willful or wanton misconduct, intoxication or drug use (provided that the driver is consequently convicted in connection with that intoxication or drug use); that occurs while an authorized driver is engaged in a speed contest; where the rental transaction is based on information supplied by the renter with the intent to defraud the rental company; or that occurs while the authorized driver is engaged in a criminal act in which the vehicle usage is substantially related to the nature of the criminal activity, or is carrying persons or property for hire; or that happens during unauthorized use of the vehicle outside the United States or Canada, or while a driver other than the authorized driver is operating the vehicle. Assembly Bill 3597 § 4.

⁵ Assembly Bill 3597 § 2 (d).

⁶ Hereinafter we refer to measures that would restrict the offering of a distinct CDW product as "CDW-bundling" measures, in recognition of their practical effect.

⁷ These options include purchasing no insurance and assuming the full risk ("going naked"), purchasing CDW, relying on personal automobile liability insurance that extends to rented cars, and using coverage provided by a third party such as a credit card provider. Initially, credit card providers extended these benefits to holders of their "prestige" cards, such as "gold," "platinum," and corporate cards. Recently, however, American Express extended rental car damage coverage to its basic "green" card. Other credit card companies are expected to follow suit. The Record, Jan. 15, 1989, at B2, col. 2.

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some consumers in at least one state. A recent article in The New York Times regarding adoption of CDW-bundling legislation in Illinois said:

[C]ar-rental companies have raised their rates in Illinois, where the ban on collision waivers took effect Jan. 1. Hertz raised its prices by 8 percent in Illinois and by 2.5 to 5 percent elsewhere in anticipation of a decline in waiver sales to American Express's 22.1 million cardholders. Alamo and Budget have also followed Hertz's lead by raising prices in Illinois, but no other major company has raised prices across the board.⁸

Our analysis of the CDW issue comes to a different conclusion from that reached in the NAAG Guidelines.⁹ According to the Guidelines, CDW sales are troubling in part because consumers lack adequate information and they encounter deception or high pressure at the rental counter.¹⁰ Where consumers suffer from insufficient or confusing information, remedies requiring the disclosure of more or better information often may resolve the problem. Therefore, providing consumers information on CDW may be more effective

⁸ N.Y. Times, Jan. 7, 1989, § 1 at 52, col. 1.

More recently, a Hertz spokesman has indicated that due to a New York CDW-bundling law due to go into effect on April 1, 1989, "the company's rates will go up about 8%, or \$3 to \$4 per day for rentals in New York." N.Y. Daily News, Feb. 13, 1989, at 23.

⁹ The Guidelines make three alternative legislative proposals, two of which would irrevocably allocate most of the risk of damage to or loss of a rental car to the rental car company. The final legislative proposal would permit a rental car company to hold consumers liable for damages resulting from their negligence or intentional misconduct provided that the rental car company offered to sell to consumers a waiver at a regulated price related to the company's loss experience. See NAAG Guideline 3.1.

¹⁰ See generally NAAG Guideline 3.1 (c) and following discussion.

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and less costly than requiring that CDW be sold in the rental bundle regardless of whether consumers want it.¹¹

Accordingly, we believe that a legislature considering regulation of CDW ought first to determine whether information now conveniently available to consumers permits rational decisionmaking with respect to CDW. In the event that the legislature determines that currently available information is inadequate, it then ought to explore fully the efficacy of information-generating measures.¹² On the other hand, if consumers are encountering unfair or deceptive marketing practices at some car rental counters, the most direct and efficient remedy may be law enforcement action against the offenders.

Prohibition of Security Requirements

Another provision of the Bill states that "no security or deposit for damage in any form may be required or requested by the rental company during the rental period or pending resolution of any dispute."¹³ Thus, for example, under the Bill a rental car company would be prohibited from securing the lending of an automobile worth thousands of dollars through a "hold" on a consumer's credit card account, even if the hold were to be limited to the anticipated cost of the rental and the consumer manifested informed consent. If enacted, this provision may increase the number of instances in which rental car companies are unable to obtain payment for car rentals or for damages for which the Bill

¹¹ See Beales, Craswell & Salop, "The Efficient Regulation of Consumer Information," 24 J. L. & Econ. 491 (1981).

¹² The authors of the NAAG Guidelines state that they do "not believe that this [CDW] information gap can be filled by more disclosures" Comment to NAAG Guideline 3.1 (c). No explanation is offered for this belief. Nevertheless, if this conclusion is supported, traditional law enforcement efforts might be adequate to prevent deception or unfairness in the marketing of CDW. These alternatives are worth exploring in detail before concluding that mandated purchase of CDW is the proper solution to the problem of unwanted purchase of CDW.

¹³ Assembly Bill 3597 § 6.

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makes the renter responsible. Rental car companies may then have no recourse but to increase rental rates to cover any increase in unpaid charges, effectively requiring honest and careful consumers to bear debts incurred by less scrupulous and less careful persons.¹⁴

We note for your consideration that although the NAAG Task Force expressed concern regarding certain rental car companies' practices relating to deposits, credit card holds, and the like, the NAAG Guidelines would not bar these practices generally. The approach adopted in the NAAG Guidelines, instead, tends to focus on ensuring adequate disclosure of and consumer consent to deposit, credit card account hold, and similar rental car company requirements.¹⁵ This approach, although not cost-free, entails fewer costs to consumers than would be imposed by the Bill.

Conclusion

It is not clear that the Bill would provide net benefits to consumers. We hope you will take into account the prospect that the changes in liability for damaged or stolen rental vehicles, i.e., the mandatory "bundling" of CDW into the rental car rates, could mean, on balance, higher rental prices for consumers. In addition, we suggest that you consider whether it is advisable to shift to some consumers part of the losses that may be caused by other consumers, as may result from the provisions of the Bill relating to the holding of security.

¹⁴ Further, the proscription of security-taking, insofar as it may lead some drivers to conclude that they have a lesser financial stake in avoiding all harm to rental cars, may result in reduced care by some consumers.

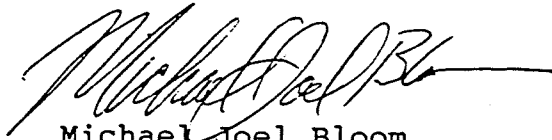
¹⁵ See, e.g., NAAG Guideline 3.4.

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March 8, 1989

We hope that these comments will help you in your determination of whether the Bill is likely to achieve the goal of protecting consumers and fostering a competitive environment in the car rental industry.

We appreciate the opportunity to comment.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Joel Bloom", with a long horizontal flourish extending to the right.

Michael Joel Bloom
Director
New York Regional Office



3731 SOUTH TOPEKA AVE. P.O. BOX 1477 • TOPEKA, KANSAS 66601 PHONE (913) 266-5151

Testimony for the
HOUSE INSURANCE COMMITTEE
by Pam Seastrom, Rental Manager
Ed Bozarth Chevrolet, Inc.

RE: SB. 317, Collision Damage Waiver Elimination

Good afternoon, my name is Pam Seastrom, and I am here to represent Ed Bozarth Chevrolet and myself to oppose bill #317 to ban the sale of cdw on rental cars. The proponents of this bill say it will protect the consumer from being taken advantage of, yet if this bill becomes law, the law will force rental companies to raise rates for everyone. The majority of Kansas residents have coverage of collision damage to a rented car right on their own policy, as long as they have full coverage insurance on their own car. These are people who, by form of a notice on our rental agreement, and, in my office, are told by me, are asked to check with their agents before they decide anything. (Of course, some agents will tell their customer it's better to buy the cdw anyway. You know why? -- because if they have an accident, I pay-- not the insurance company and not the consumer.)

Give these people some credit. They are smart enough to make that decision. You are taking advantage of this majority with this bill. The only people you will be protecting are the careless drivers. This is just like passing a law that says you can't hold a person responsible for more than 2% of the damages they do to a hotel room or to a video camera they rented. Would you pass a law that would allow a careless customer to leave the room key or return the camera and say: "Gee, sorry for all the damage."!

I have been in the car rental business for over five years now. A lot of my customers are repeat customers who know and trust me. Even more of my customers are referred to me by insurance adjustors who know and trust me. Only one percent of revenue in my department went to advertising last year. I give the customers the facts and they go where they want. I'm sure most places in Kansas are the same way. The biggest abuses have been in other parts of the country in airports and abuses of customers that Hertz themselves has admitted to. If you must pass a law, pass on that makes the driver's insurance primary when driving a rented car. Then we wouldn't need to sell cdw to those customers who have their own insurance. I don't make enough of a profit on cdw to cover many accidents. If I lose the sale of cdw, I will have to raise my rates, which will lose me business. If enough of my customers are careless on Kansas streets and highways, the cost of damages could put me out of business.

Last year was not a good year, and smaller businesses like mine just can't swallow the added expenses. I know - I work on commission. My insurance agent tells me there are less than ten insurance companies in the country that will sell insurance for a rental fleet, and the lowest I can get my deductible down to is \$500.00. That alone would cost me over \$3200.00 per year more in insurance premiums.

Do you want to be left with only two or three major companies to rent from? There will be little or no price competition if that happens. Let Kansas consumers make their own free choices. Some of them want to buy cdw, even knowing of their own coverage, because they have a high deductible or they don't want to file a claim with their own company. Other consumers keep prices as low as possible for themselves by using their own coverage and declining the cdw.

The largest percent of my business comes either from replacement vehicles paid for by insurance companies for claimants or from van rentals for leisure and vacation. The first group are people who have been in a car accident in which the other party was responsible. Insurance adjustors are my toughest clients. They will not like paying out more of their company's money to insure a car that's already insured. I'm going to have to tell them: "Sorry, it's because of this new law." The other group are people who rent vans to go on vacation or to take a group on an outing. Most of these customers want the cdw to reduce their liability to zero if there is a collision. These people are going to wonder why I will now present them with a contract saying they are responsible for \$200.00 in case of an accident, which I will surely have to do just to try and protect my company. Again, I will tell them: "It's because of this new law to protect you!".

I wonder if they will be grateful for this move to "protect" them.

A handwritten signature in cursive script, appearing to read "Dan Seas". The signature is written in dark ink and is located at the bottom left of the page.

TESTIMONY OF BRUCE KRUEGEL
ENTERPRISE RENT-A-CAR
HOUSE COMMITTEE - SENATE BILL 317
MARCH 21, 1989

Mr. Chairman and members of the Committee, my name is Bruce Kruegel, Vice-President and General Manager of Enterprise Leasing and Rent-a-Car of Kansas City. My Corporate Office is in Overland Park. Enterprise Leasing and Rent-a-Car has five rental locations in Kansas, Overland Park, Lenexa, Kansas City, KS, and Wichita East and Wichita West. We are opposed to SB317 for the following reasons:

It is contrary to the normal and expected relationship between a rental company and its customers. If a consumer rents any other product, an apartment, motel room, lawn and garden equipment, etc., the renter is expected to return it in the same condition as received less ordinary wear and tear. Why should a car really be any different?

SB317 is anti-consumer. It will require all renters to buy collision damage waiver (CDW). While it would not be sold as an option, it will now be required and all customers, whether they needed CDW before or not, will be paying for it. Prices will increase significantly. NAAG says \$200 which is low. Most operators say at least 15%. In Chicago, the airport rates increased about \$8.00 per day. SB317 would require renters to pay for coverage to a rented vehicle twice, both through their own insurance policy and through the increased cost of the rental cars.

SB317 discriminates against safe drivers. In the ordinary long standing relationship between customers and a rental company, the customers who damaged the product rented were expected to pay for the damages. Those who did not damage the product, who were safer drivers, or who had their own coverage were able to rent a car less expensively. Careless drivers who cause accidents under SB317 would pay only a very small part of the damages they cause. It could be argued that this in itself would be a dis-incentive for those who rent cars to operate them carefully, possibly causing additional liability expense.

SB317 is anti-competitive. It will force some small independent rental operators out of business, since they cannot afford the risk of a total loss without recovery from the driver. A single total loss on an automobile would wipe out several months profits from any of these operators. These smaller, off-airport independent rental companies provide lower cost rentals and competition which helps to maintain lower prices throughout the rental industry.

SB317 will hurt small business. Since small rental companies are less able to spread the risk for a total accident, they will be forced to buy insurance coverage from outside sources that will be quite expensive, and in some cases unavailable. Larger rental

companies can easily spread the risk, and in fact, self insure. The larger rental companies will not have to pay the extra fee or profit that an insurance company would make if they assumed the risk for the small operator.

Younger drivers, Senior Citizens, and lesser qualified drivers will likely be denied the opportunity to rent a car under SB317. Many rental companies, including Enterprise, are in the insurance replacement business. We provide vehicles for customer whose cars have been wrecked or stolen. Certain drivers are more likely to have an accident. They have paid for, in many cases, substitute transportation in the cost of their insurance policy. They have also paid an additional premium because of their age, driving experience, etc. Rental companies cannot underwrite this business like an insurance company does, and will therefore avoid doing business with drivers in higher risk categories. Without SB317, rental companies can provide cars as needed to these drivers since their own insurance coverage will cover the car.

SB317 will cause fewer rental cars to be available in small cities and to the customers of automobile dealerships. Many small rental companies in smaller cities will likely cease doing business if SB317 passes. We have seen this in southern Illinois, and we have seen it with automobile dealerships in Chicago. In many cases, an automobile dealership is the only source of cars in smaller towns. Insurance coverage would be very expensive for this type of small operator or for a auto dealership that runs only a few cars. Kansas has a lot of these small operators.

SB317 will result in less choice in vehicles to rent. As the cost of rental cars, passenger vans, and luxury cars increase, rental companies will be less likely to make available luxury cars or costly passenger vans to their customers.

The approach taken in SB317 is not supported by industry. The licensees of major airport rental companies are almost universally opposed to this approach, the Avis licensees, the largest Budget licensee, almost all licensees. The Hertz licensee group is universally opposed. (See attachment A) Independent rental companies, insurance replacement rental companies, and automobile dealers everywhere are almost universally opposed. Yes, the major airport rental company corporate officers support this approach but for their own reasons, one of which is certainly the increased revenue which will be paid to them from their franchisees due to the higher rates customers will be paying. They also hope to benefit because of lessened competition.

CDW Disclosure/Notice is favored by almost all rental operators. The thousands of independent rental companies across America, and the licensees of the major rental companies are overwhelmingly in favor of proper disclosure/notice bills to ensure the customers are adequately informed of their responsibility, to tell them damage waiver is optional, and to advise them to check their own

insurance company if they have a question as to coverage.

COMMENT/ANSWER

C: SB317 passed through the Senate without much opposition. Why is there opposition now?

A: It's not because we didn't care, it's simply that we didn't know about it until March 17th.

C: Horror stories abound.

A: We've had enough sensationalism. I'm not going to tell you any horror stories.

C: The cost for CDW is high, maybe as high as \$12 to \$15 per day.

A: In 1972 we offered Damage Waiver for \$2 per day. In 1989 we are offering Damage Waiver for \$5 per day or \$75 per month. Typical rental rates in 1972 were \$6 to \$8 per day. In 1989 they are \$16, \$17, and \$18 per day.

C: In the past customers were liable if they were negligent.

A: With Enterprise it's been the same in the past as it is now, we hold that if we give a customer a car in good shape that he please bring it back in good shape. That policy would align itself with the bailment theory of common law.

C: Customers who don't buy the damage waiver have to put up a large credit card or cash deposit.

A: That is not our policy. It is not the policy of anyone I know of in Kansas.

C: Customers who do not buy the damage waiver and who damage cars are charged on their credit card without them knowing it at the end of the rental.

A: That is illegal.

C: Most counter salespersons with rent-a-car companies are paid commission on Collision Damage Waiver.

A: Enterprise counter people are not paid commission. Nor are

most.

C: High CDW allows rent-a-car companies to advertise artificially low rates

A: Many smaller rent-a-car companies, like Enterprise, do very little if any advertising.

C: Bait and switch tactics are common place in the rental industry.

A: With or without new legislation, bait and switch is illegal under current law.

Note: Advertising Disclosure could accompany the CDW Disclosure Law.

C: Rent-a-car agents counsel consumers on their need to purchase the collision damage waiver.

A: I can't deny that our people are enthusiastic and positive when they offer this choice. However, if one thinks everyone who takes this is forced to take it he/she is mistaken.

C: Rent-a-car companies do not deal with insurance companies when collecting for damages.

A: Enterprise works with insurance companies all the time. It's true on real small items of a couple hundred dollars we prefer not to because of the extra time to process the claim but will do anyway. Much of our business comes from insurance companies and we are not about to jeopardize that.

C: CDW must not be worth much if the credit card companies are giving it away.

A: That's absurd there are no free lunches. It's easy for them in that the insurance company is primary and the credit card company secondary.

C: Rent-a-car companies expect to recover loss of use when their vehicle is damaged.

A: If an individual buys a policy he can buy an endorsement giving him a rental car when his own car is damaged so that he can get to work. With us it is no different - - our car is our livelihood and we can't earn income without it. If we buy a policy, that policy should have a provision to deal with loss of use. If we are relying on someone else's

insurance to cover our car we should likewise expect that our car is replaced while being repaired.

C: Rent-a-car companies make arbitrary, unilateral determination of repairs and repair cost.

A: As I mentioned before, we do work with the insurance companies but if time is of the essence \$40 will buy an independent appraisal from a number of companies like ADA or PDA which will be honored by those insurance companies.

C: The rent-a-car company does not care about the individual even if he brings in his insurance policy.

A: The rent-a-car company better care! We are in a customer service business which is highly competitive. If you don't care about your customers you won't have a business at all!

C: The Hertz Corporation favors elimination over disclosure.

A: If they're doing it only for the good of the customer they'd do it now without legislation and everyone would beat a path to their door. Other rent-a-car companies would be quick to follow. What the customers want is competition, lower prices and choice.

C: Customers can not call their insurance agencies from the airport.

A: The majority of airport renters are repeat renters and know what they want or don't want. It's in the local market, served by Enterprise and a lot of small independents and dealerships, where you find the majority of first time renters. They have the time to check before or shortly after the rental and changes can be made.

C: This model legislation has passed in Illinois and New York.

A: The model legislation was rejected in California, Virginia, Maryland, Georgia, Texas, Colorado, and your neighboring state of Nebraska.

C: We desperately need legislation.

A: Every state has deceptive trade practices laws which could be invoked without creating new law if and where abuses exist.

C: The customers do not know what to do.

A: See attachment B an AllState Handout . . . It's current, typical and helpful. These are abundant.

C: Disclosure doesn't work.

A: First, how do we know it doesn't work in Kansas, it has only been in place 82 days?

Second, other governmental bodies who deal with the market place differ in their opinion. (See attachment C which are excerpts from an FTC letter to the Attorney General.) It says in part "In general when consumers lack the information needed to make an informed choice, the preferable approach is to provide them the information, not to eliminate the choice altogether".

Third, the constitutionality of the Illinois law is currently being challenged on the basis of it's violation of both U.S. and Illinois due process and equal protection provisions of their respective constitutions. (See attachment D)

Kansas already has a CDW disclosure law. The new Kansas damage waiver disclosure law which this committee formulated was commenced January 1st. We suggest this new current disclosure law be given a chance to work. More restrictive legislation such as proposed in SB317 would lessen competition, raise prices, and benefit only the four largest rental companies at the expense of everyone else.

CONCLUSION. Kansas is not filled with large cities filled with uncaring people who treat each other like dirt. Furthermore, Kansas is not a Disney World where any car rental company can set up outside of an airport and lure unsuspecting travelers with \$39.00 per week rental rates and \$15.00 per day damage waivers.

Enterprise Rent-a-Car and many other companies like us are located in the neighborhoods in which we do business. The people in our communities who we rent to take their cars to the dealerships up and down the street and the body shops around the corner. They are referred to us often by the insurance agents in the claims offices in those same communities. We depend on repeat business. There is no way that we can continue to operate a successful business by violating the trust of all those people and taking advantage of them!

Bob Stephans in his final remarks in the NAAG Conference said, (and I'm not quoting), that if the car rental industry was operated two years ago as it is today we would not be here talking about this. He added that the industry had come a long way toward policing itself where necessary.

I submit to you that the rent-a-car operators in Kansas have always done a good job and there is no need for any more legislation than we've already got.

We thank you for the opportunity to appear to express our views. We hope you will give them careful consideration.

Thank you for your time.

FACT BOARD ARTICULATES POSITION ON GOVERNMENT REGULATION

*This is
Hertz
licensee
Strong*
A

FACT will soon speak out to state legislatures, state Attorneys General and state Insurance Commissioners on the issue of governmental regulation of the car rental industry. This regulation is appearing in the form of state laws purporting to regulate the sale of Collision Damage Waiver, but in fact reaching beyond that question and laying the foundation for continuing control of car rental businesses.

FACT is categorically opposed to industry regulation. Our members are typically small to medium sized operators who have been law abiding business citizens throughout their history. The FACT membership is angry at being included with the bad actors who are causing the public to strike out at all car rental businesses.

The Board of FACT is also aware that the Hertz Corporation has been one of the industry leaders asking for governmental regulation. Indeed, some Board members favor the proposed laws. But the entire Board agrees that the current regulations are not equally suitable to large and small operations. FACT believes the regulations are especially painful to small operators. The Board takes seriously its obligation to represent its typical members and, therefore, will speak out in opposition to the stand taken by Hertz and the other large industry operators. Most Board members sincerely wish that licensee and licensor were on the same side of the issues; but all recognize that while Hertz has its reasons for supporting new laws, licensees also have sound reasons for opposing government regulation.

FACT's baseline is that no regulation is necessary; that every state has deceptive trade practices laws that could be invoked against Alamo and any other operator that is alleged to misrepresent prices in advertising. Nonetheless, believing that some legislation is inevitable, FACT will urge the states to enact laws that reflect the following.

A. Auto rental businesses who advertise prices should be required to advertise the full price a customer can expect to pay. This means no hidden mandatory charges, such as refueling, extra fees for four door cars, extra fees for additional drivers, airport access fees and other so-called "unbundled" rates. Truly optional fees for PAI, PEC, etc. should be priced as the rental operator sees fit.

B. Auto rental customers should be responsible for returning rented vehicles in the same condition as when rented—fair wear and tear excepted. No limit—such as the \$200 imposed by Illinois—should be imposed on the amount a vehicle owner can recover from a negligent customer. The rental company should be permitted to pursue the customer's insurance carrier for collision damage.

C. Rental companies should be allowed to offer an optional collision loss waiver. The offer should be optional from both sides of the counter. If, for example, the rental is for replacement purposes, the operator may wish to keep the customer's insurance in place for the entire risk, and refuse to offer a waiver. If a waiver is offered, however, FACT supports the position that the state may set a ceiling price for the product—as in California.

D. A customer who does not purchase a waiver should be required to pay for the actual cost of repairs to the damaged vehicle, including parts, labor, out-of-pocket expenses such as towing and storage, adjustment and appraisal fees and loss of use calculated at the daily rental rate stated in the rental agreement times the number of days required for repairs.

If You Have an Allstate Auto Policy, You May Not Need Any Extra Insurance When You Rent a Car.

For many travelers, renting a car is an everyday event; for others, it can sometimes be a confusing—and even intimidating—experience. Car rental companies today offer more optional protections than ever before. Sometimes “hard sell” tactics will convince a car renter to purchase waivers—options which protect the renter against certain losses and liabilities—that aren’t necessarily needed. It pays for you to know exactly what protection you already have before you get behind the wheel of a rental automobile. You may be surprised at just how well covered you are.

This pamphlet will tell you what to expect when you rent a car, and will help you decide ahead of time exactly what insurance coverages you should—and shouldn’t—have to buy.

Before You Rent a Car:

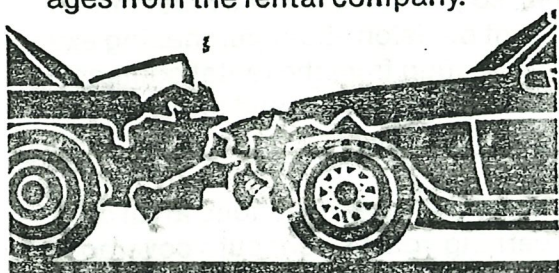
- Because waivers offered for your rental car will vary from company to company*, it’s a good idea to go over

* Some car rental companies may have eliminated these coverages. In some states the coverage may be prohibited by law. You should make sure you know what coverage, if any, is being offered by the car rental company.

The information in this brochure is designed to help owners of Allstate Automobile Insurance policies. Specific coverages mentioned may vary by state. If you do not have an Allstate Automobile Insurance policy, you should check your own policy for applicable coverages.

your Allstate policy to learn about your basic coverages and deductible amounts. If you have questions about any of your insurance protection, your Allstate agent would be happy to provide the answers.

- In addition, you may want to write down your policy number and keep it with you. Certain car rental companies may request it if you want to forgo the coverages they offer.
- Also, if you are travelling on business, ask your employer if there are any specific procedures to follow when renting a car. You may find that your company always—or never—purchases certain coverages from the rental company.



The Collision Damage Waiver

The Collision Damage Waiver normally is the most common protection option offered by car rental companies. It provides you and any other drivers listed on the rental contract with protection against collision damage to your rental auto, regardless of who caused the damage.

The amount of auto damage you are held responsible for varies among

rental companies. Some list it as the first \$3,000 for “collision and upset,” but it can be as much as the full value of the car. Recently, some companies are even making the driver responsible for their loss of revenue (for which Allstate, like most insurance companies, won’t protect you) as a result of an accident which puts the car out of service. Be sure to check your rental contract to find out exactly how much you’ll be responsible for.

If you purchase the Collision Damage Waiver from the car rental company, it can cost you as much as \$9 or more a day. If your rental car is damaged in a collision, in most cases the Collision Damage Waiver will take care of your liability for the rental car damage—as well as their loss of revenue if applicable.

The Collision Damage Waiver Versus Your Allstate Auto Policy:

If you have collision coverage and comprehensive coverage under your Allstate policy, it may not be necessary for you to purchase the Collision Damage Waiver. The collision coverage** you currently carry protects you and any other named insured in a rental car just as it does in the car or cars specifically covered under your policy.

**Note: In some states, your protection may be provided by another coverage such as Property Damage Liability Coverage.

So if you are satisfied with your current deductible and limits on your Allstate policy, you may want to forgo the Collision Damage Waiver.

However, there are some other factors to consider:

- **Deductible**—If you have a high deductible under your Allstate auto policy, you may want to buy the Collision Damage Waiver to avoid the deductible payment if you are involved in an accident.
- **Out-of-Pocket Expense**—If you don’t purchase the Collision Damage Waiver, some car rental companies may request immediate payment for the damage. While Allstate will make every effort to settle a claim as quickly as possible, some people pay the Collision Damage Waiver to insure that they avoid any cash flow problems if the rental car should get damaged.
- **Inconvenience**—By paying the extra amount for the Collision Damage Waiver, you are—to a certain extent—buying convenience. You know if your rental car is damaged in any way covered under the Collision Damage Waiver, you will not have to do anything more than return the car to the rental company. You can leave right away.

If you are not concerned with these factors, and you carry collision and

comprehensive coverages under your Allstate auto policy, you may choose not to purchase the Collision Damage Waiver.

Other Coverages Rental Companies Offer:

Many car rental companies offer other protection in addition to the Collision Damage Waiver. For instance, you may be asked if you would like to purchase Personal Accident Insurance. This coverage pays for injuries sustained by you or a passenger in the rental car during the rental period, and usually costs you between \$2.25 and \$3.50 a day.

You may already be covered for any medical expenses you incur by either the Medical Payments, or Personal Injury Protection (PIP) portion of your Allstate policy. Check your policy Declarations page, or ask your agent to see if you currently carry these coverages. In addition, you could also be covered if you are a member of any employee or group health plan. Either way, you may not need to purchase Personal Accident Insurance from the rental company.

Another protection option some rental companies offer is Personal Effects Coverage. You have only limited coverage for personal effects such as clothing and personal luggage under your Allstate auto policy, however you may have broader coverage if you have

homeowners or renters insurance. Check your individual policies to make sure your personal effects are covered.



A Word About Driving Outside the Country

Most auto insurance policies sold in this country do not protect you when driving outside of the U.S. or Canada. While Allstate does offer some protection for your auto (in certain states only) for driving in Mexico, it still pays to purchase specific Mexican Tourist coverage to assure you will not be inconvenienced—or even detained—if you are involved in an accident.

If you are planning to drive your own car or a rental auto in any other country, it's best to play it safe and purchase the insurance offered at the border, or by the rental company.

If You Are in an Accident:

If you are involved in an accident, or some other loss occurs while you're driving a rental car, and you did not purchase the Collision Damage Waiver, call your Allstate agent and

the nearest Allstate Claim Office immediately. You can find the nearest claim office in the yellow pages, or by calling information. If the auto is drivable, you can take it to the nearest Allstate drive-in claim center. If you are unable to drive the car, you can have it towed to the car rental outlet (check with your agent to see if your policy includes emergency towing coverage). If you have collision coverage under your Allstate policy, your responsibility for a covered loss to the rental car will be limited to paying your deductible.

Common Sense

We realize that no two situations are exactly alike. That's why you should weigh all the factors—expense, convenience, etc. And it helps to know exactly what your insurance situation is, so you can make the most intelligent decision about purchasing extra protection from the rental company. Then you can rent, and drive, with peace of mind.

If you have any questions at all concerning your current auto coverage and how it relates to car rental coverages in general, contact your Allstate agent, or the nearest Allstate office. We'll be glad to help.

*Leave it to
The Good Hands People*

Allstate[®]

Allstate Insurance Company
Allstate Indemnity Company
Home Office: Northbrook, IL

D3100

What Extra Insurance Do I Need When I Rent a Car?

Know All Your Options Before Renting!

C

SUMMARY OF RESPONSES TO ATTORNEY GENERAL GUIDELINES

"First, banning CDW will eliminate consumer choice. . . Currently, renters have several options. They can purchase optional CDW from the rental company, which typically relieves the renter of liability for damage to or loss of the rental vehicle in case of accident or theft. Consumers can also decline to purchase CDW and: 1) assume the risk of personal liability for damage to rental vehicles, 2) rely on their personal automobile insurance policies for coverage, or 3) rely on the coverage from other providers."

"Banning optional CDW and mandatory coverage for all renters may lead to higher basic rates."

"In general when consumers lack the information needed to make an informed choice, the preferable approach is to provide them the information, not to eliminate the choice altogether."

Federal Trade Commission

"We agree that renters should have access to material information concerning their rentals prior to signing an agreement. However, point of sale disclosures, rather than advertising, may inform renters more effectively of the numerous details connected to car rentals."

Federal Trade Commission

Bruce - These comments are excerpted from FTC comments on suggestion that Rental Companies should be forced to fully insure the renter against damage. FTC would not favor Kassar proposed law.

EXCERPTS FROM FAC1022.L
EDIDIN AND LAPLACA, FEDERAL BAR
BLDG WEST, WASHINGTON, D.C.

ISSUE

Will the portion of the statute limiting renter liability for damage to the rented vehicle to \$200 pass Illinois and federal constitutional test?

DISCUSSION (PARTIAL)

It can be argued that this statute violates both the United States and Illinois Due Process and Equal Protection provisions of their respective constitutions. It can also be argued that the act constitutes "special legislation" in violation of the Illinois Constitution.

The Due Process and Equal Protection clauses state: "No person shall be deprived of life, liberty, or property without due process of law nor be denied the equal protection of the laws. Ill. Cont. Art. I, Sec. 2. See U.S. Const. amend. V, XIV, sec 1. The "Special Legislation" clause of the Illinois Constitution states: "The General Assembly shall pass no special or local law when a general law is or can be made applicable. Whether a general law is or can be applicable shall be a matter of judicial determination." Ill. Const. Art. IV, sec. 13. A case central to this argument is Wright v. Central Du Page Hosp. Ass'n, 347 N.E.2d 736 (Ill. 1976).

CONCLUSION

On its face, the Illinois statute limiting auto renter liability for damage to the rented vehicle appears to constitute "special legislation" in violation of the Illinois Constitution. As addressed in Wright, and interpreted in Anderson, the Illinois Supreme Court has established precedent for the proposition that limiting economic damage recovery in common law tort cases will not be tolerated. This position is consistent with that of the American Bar Association's Commission on Medical Professional Liability.

Other Federal and State cases upholding limitation of damages in tort cases can be distinguished on either a statutory quid pro quo basis or by the fact that the limitation was not applied in common law cases but instead in cases where the remedy and the limitation were created simultaneously.

Finally, it is this writer's opinion that limitation of damages may be upheld in common law tort cases only if the state shows a compelling need and a rational basis for any distinction as to class of beneficiary of the legislation. The Illinois legislation has so far failed to demonstrate either a rational basis or a compelling state need. The fact that major car rental companies feel the legislation is in their best interests or that the legislation is perceived as curing auto industry misdeeds constitutes neither compelling state interest nor rational basis for unequal treatment.

117015

230 cation, the benefits shall be continued in accordance with the res-
 232 olution of such disqualified association and shall be paid by the
 233 surviving association if the disqualification resulted from consolida-
 234 tion, merger or annexation and shall be paid by the county attorney
 235 if disqualification resulted from reasons other than consolidation,
 236 merger or annexation. Nothing in the firefighters relief act shall be
 construed as a bar to the lawful receipt of such benefits.

237 (g) The treasurer of a firefighters relief association shall give bond
 238 for the safekeeping of funds received under the firefighters relief act
 239 and for faithful performance in such sum with such sureties as may
 240 be approved by the governing body of such city, township, county
 241 or fire district. All the moneys so received shall be set apart and
 242 used by the firefighters relief association of such cities, townships,
 243 counties or fire districts solely and entirely for the objects and pur-
 244 poses of the firefighters relief act and shall be paid to and distributed
 245 by the firefighters relief associations of such cities, townships, coun-
 246 ties or fire districts under such provisions as shall be made by the
 247 governing body thereof. *All such expenditures or payments shall be*
 248 *subject to the continued availability of moneys distributed to the*
 249 *association from the tax imposed by K.S.A. 40-1703, and amendments*
 250 *thereto, in amounts sufficient for such expenditures.* In all cases
 251 involving expenditures or payments in an amount of \$500 or more
 252 prior certification shall be obtained from ~~the~~ *an attorney of desig-*
 253 *nated by the governing body of the city, township, county or fire*
 254 *district that such expenditure or payment complies with the re-*
 255 *quirements of the firefighters relief act.*

\$1,500.00

256 (h) ~~(i)~~ The officers of a firefighters relief association may invest
 257 any amount, not to exceed 90% of all such moneys, in investments
 258 authorized by K.S.A. 12-1675, and amendments thereto, in the man-
 259 ner prescribed therein or in purchasing bonds of the city, township,
 260 county or fire district in which such firefighters relief association is
 261 located. When such investments are not obtainable, United States
 262 government bonds may be purchased or ~~any municipal bonds of~~
 263 ~~this state, except that such funds shall not be invested in any~~
 264 ~~such municipal bonds where the bonded indebtedness of the~~
 265 ~~municipality is more than 15% of its total assessed valuation,~~
 266 ~~as shown by the last assessment preceding such investment~~

KANSAS INSURANCE DEPARTMENT
FIREFIGHTERS RELIEF DISTRIBUTION

DATE 3/22/89

FR #	ASSOCIATION NAME	1988 AMOUNT	\$1,000 BASE
FR101	ABILENE F.R.A.	12,503.19	12,115.95
FR102	AGRA F.R.A.	851.32	1,325.34
FR486	ALBERT F.R.A.	1,258.51	1,702.45
FR630	ALLEN CO. RURAL F.D.NO.3	3,362.13	3,650.57
FR103	ALMA F.R.A.	2,024.63	2,411.92
FR104	ALMENA F.R.A.	1,330.86	1,769.44
FR105	ALTA VISTA F.R.A.	1,254.30	1,698.54
FR464	ALYAMONT F.R.A.	2,512.99	2,864.20
FR622	AMERICUS COMM.VOL.FRA	1,152.25	1,604.04
FR620	ANDERSON CNTY RURAL FD FRA	19,302.42	18,412.64
FR106	ANTHONY F.R.A.	7,350.87	7,344.49
FR107	ARCADIA F.R.A.	946.07	1,413.10
FR108	ARGONIA F.R.A.	2,903.76	3,226.08
FR109	ARKANSAS CITY F.R.A.	21,824.14	20,747.96
FR110	ARMA F.R.A.	2,456.37	2,811.76
FR111	ASHLAND F.R.A.	3,344.95	3,634.67
FR555	ASSARIA F.R.A.	1,836.13	2,237.37
FR572	ATCHISON CO.F.D.#2 F.R.A.	1,180.04	1,629.77
FR609	ATCHISON F.D.#1(SHANNON TWP)F.R.A.	5,617.15	5,738.91
FR112	ATCHISON F.R.A.	15,302.98	14,708.82
FR553	ATHOL F.R.A.	899.74	1,370.19
FR113	ATTICA F.R.A.	7,255.10	7,255.79
FR114	ATWOOD F.R.A.	4,168.41	4,397.26
FR115	AUGUSTA F.R.A.	12,104.63	11,746.87
FR116	AURORA F.R.A.	773.70	1,253.47
FR117	AXTELL F.R.A.	1,316.72	1,756.35
FR118	BALDWIN F.R.A.	3,668.35	3,934.16
FR119	BARNES F.R.A.	1,012.31	1,474.45
FR455	BARTLETT/HACKBERRY TWP F.R.A.	878.43	1,350.46
FR120	BAXTER SPRINGS F.R.A.	7,658.21	7,629.11
FR121	BAZINE F.R.A.	1,473.92	1,901.94
FR122	BEATTIE F.R.A.	1,289.64	1,731.27
FR123	BELLE PLAINE F.R.A.	2,967.02	3,284.67
FR124	BELLEVILLE F.R.A.	5,956.05	6,052.77
FR125	BELOIT F.R.A.	8,368.60	8,286.99
FR126	BENNINGTON F.R.A.	1,840.74	2,241.64
FR128	BERN F.R.A.	1,410.46	1,843.17
FR475	BEVERLY F.D. F.R.A.	1,243.33	1,688.39
FR130	BIRD CITY F.R.A.	2,484.59	2,837.90
FR131	BLUE RAPIDS F.R.A.	1,971.46	2,362.69
FR132	BONNER SPRINGS F.R.A.	8,329.82	8,251.08
FR513	BOURBON CO.#3 F.R.A.	3,692.25	3,956.30
FR133	BREWSTER F.R.A.	1,628.21	2,044.82
FR644	BRONSON F.R.A.	1,038.20	1,498.42
FR134	BUCKLIN F.R.A.	2,890.79	3,214.07
FR137	BURLINGAME F.R.A.	5,312.86	5,457.11
FR138	BURLINGTON F.R.A.	8,870.46	8,751.75
FR139	BURNS F.R.A.	1,498.65	1,924.83
FR140	BURR OAK F.R.A.	1,065.91	1,524.08
FR480	BURRTON-BURRTON TWP F.R.A.	2,104.85	2,486.23

DATE 3/22/89

KANSAS INSURANCE DEPARTMENT
FIREFIGHTERS RELIEF DISTRIBUTION

FR #	ASSOCIATION NAME	1988 AMOUNT	\$1,000 BASE
FR141	BUSHTON F.R.A.	1,414.79	1,847.17
FR142	BUTLER CO.#1 F.R.A.	4,154.07	4,383.98
FR514	BUTLER CO.#3 F.R.A.	1,841.18	2,242.04
FR518	BUTLER CO.#4 F.R.A.	798.06	1,276.03
FR549	BUTLER CO.#5 F.R.A.	980.99	1,445.43
FR550	BUTLER CO.#7 F.R.A.	1,235.08	1,680.75
FR546	BUTLER CO.#8 F.R.A.	2,033.85	2,420.48
FR551	BUTLER CO.#9 F.R.A.	861.64	1,334.91
FR143	CALDWELL F.R.A.	3,587.09	3,858.91
FR144	CANEY F.R.A.	4,062.65	4,299.32
FR145	CANTON F.R.A.	2,012.27	2,400.49
FR147	CAWKER CITY F.R.A.	1,821.16	2,223.51
FR149	CENTRALIA F.R.A.	1,440.60	1,871.07
FR150	CHANUTE F.R.A.	18,723.73	17,876.72
FR151	CHAPMAN F.R.A.	2,505.45	2,857.21
FR585	CHAPMAN RURAL F.D. F.R.A.	1,196.20	1,644.74
FR627	CHASE CO.RURAL F.D.NO.1	4,670.67	4,862.39
FR152	CHASE F.R.A.	1,842.95	2,243.68
FR636	CHAUTAQUA CO. F.D.#1 F.R.A.	4,029.44	4,268.56
FR153	CHENEY F.R.A.	3,881.94	4,131.96
FR154	CHEROKEE F.R.A.	1,529.35	1,953.26
FR155	CHERRYVALE F.R.A.	3,877.26	4,127.63
FR156	CHETOPA F.R.A.	3,797.56	4,053.82
FR157	CIMARRON F.R.A.	5,352.08	5,493.44
FR158	CLAFLIN F.R.A.	3,156.00	3,459.68
FR481	CLARK CO.#1 F.R.A.	992.34	1,455.95
FR159	CLAY CENTER F.R.A.	9,200.90	9,057.77
FR521	CLAY CENTER FIRE DIST.#1 FRA	1,439.53	1,870.08
FR160	CLEARWATER F.R.A.	4,182.56	4,410.37
FR161	CLIFTON F.R.A.	2,106.02	2,487.31
FR474	CLOUD & REP.#1 F.R.A.	1,240.34	1,685.62
FR614	CLOUD CO.F.D.#4 F.R.A.	2,963.42	3,281.33
FR162	CLYDE F.R.A.	2,053.13	2,438.33
FR163	COFFEYVILLE F.R.A.	27,698.31	26,187.94
FR164	COLBY F.R.A.	11,948.17	11,601.97
FR166	COLLYER F.R.A.	938.14	1,405.76
FR168	COLUMBUS F.R.A.	5,738.13	5,850.96
FR169	COLWICH F.R.A.	1,801.43	2,205.24
FR531	COMMANCHE CO.F.R.A.	3,240.49	3,537.93
FR170	CONCORDIA F.R.A.	10,768.28	10,509.30
FR171	CONWAY SPRINGS F.R.A.	3,016.60	3,330.58
FR172	COTTONWOOD FALLS F.R.A.	2,024.13	2,411.47
FR173	COUNCIL GROVE F.R.A.	4,717.62	4,905.88
FR174	COURTLAND F.R.A.	1,402.34	1,835.65
FR560	COWLEY CO.#3 F.R.A.	1,179.10	1,628.91
FR552	COWLEY CO.#4 F.R.A.	1,168.23	1,618.84
FR631	COWLEY CO.F.D. NO.2	3,763.99	4,022.73
FR603	CRAWFORD CNTY F.D. #1 FRA	5,844.47	5,949.43
FR535	CRAWFORD CO.#2 F.R.A.	1,676.55	2,089.59
FR598	CRAWFORD TWP.RURAL F.D. F.R.A.	2,718.59	3,054.60

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FR #	ASSOCIATION NAME	1988 AMOUNT	\$1,000 BASE
FR175	CUBA F.R.A.	1,109.58	1,564.52
FR501	CUNNINGHAM F.R.A.	1,373.02	1,808.49
FR488	DECATUR CO.#1 F.R.A.	3,667.50	3,933.38
FR176	DEERFIELD F.R.A.	1,205.60	1,653.45
FR515	DELAWARE TWP,LUNWRTH CNTY FRA	2,764.79	3,097.39
FR595	DELIA RURAL FIRE DIST.#5 FRA	2,167.44	2,544.19
FR177	DELPHOS F.R.A.	1,714.44	2,124.68
FR178	DERBY F.R.A.	14,802.00	14,244.87
FR643	DESOTO F.R.A.	2,487.70	2,840.78
FR179	DEXTER F.R.A.	1,121.44	1,575.51
FR180	DIGHTON F.R.A.	4,329.38	4,546.33
FR181	DODGE CITY F.R.A.	34,156.36	32,168.64
FR536	DONIPHAN CO.#4 F.R.A.	1,116.44	1,570.87
FR184	DOWNS F.R.A.	3,346.98	3,636.54
FR468	EDNA F.R.A.	1,425.25	1,856.86
FR523	EDWARDSVILLE F.R.A.	3,854.33	4,106.39
FR185	EFFINGHAM F.R.A.	4,380.45	4,593.62
FR186	EL DORADO F.R.A.	21,953.84	20,868.07
FR187	ELK CITY F.R.A.	1,090.87	1,547.19
FR188	ELKHART F.R.A.	5,045.52	5,209.54
FR189	ELLINWOOD F.R.A.	6,958.64	6,981.25
FR532	ELLIS CO.FIRE DIST. F.R.A.	2,278.55	2,647.09
FR190	ELLIS F.R.A.	3,891.59	4,140.90
FR191	ELLSWORTH F.R.A.	5,114.33	5,273.26
FR193	EMPORIA F.R.A.	42,290.75	39,701.77
FR457	ENGLEWOOD F.R.A.	1,033.70	1,494.25
FR194	ENTERPRISE F.R.A.	1,859.94	2,259.42
FR195	ERIE F.R.A.	3,410.58	3,695.44
FR196	ESBON F.R.A.	1,222.18	1,668.80
FR197	ESKRIDGE F.R.A.	1,977.48	2,368.28
FR198	EUDORA F.R.A.	2,994.70	3,310.30
FR199	EUREKA F.R.A.	7,010.82	7,029.57
FR200	EVEREST F.R.A.	1,154.79	1,606.40
FR473	F.D. #5 DONIPHAN CO. F.R.A.	1,138.83	1,591.61
FR543	FAIRMOUNT TWP F.R.A.	2,084.01	2,466.93
FR201	FAIRVIEW F.R.A.	1,059.22	1,517.88
FR202	FALL RIVER F.R.A.	1,054.28	1,513.31
FR203	FLORENCE F.R.A.	1,588.97	2,008.47
FR512	FORD COUNTY FIRE DEPT. F.R.A.	3,651.19	3,918.27
FR204	FORMOSO F.R.A.	934.25	1,402.16
FR205	FORT SCOTT F.R.A.	14,430.94	13,901.23
FR206	FOWLER F.R.A.	2,810.91	3,140.10
FR207	FRANKFORT F.R.A.	2,642.95	2,984.56
FR208	FREDONIA F.R.A.	5,817.91	5,924.83
FR209	FRONTENAC F.R.A.	3,095.07	3,403.26
FR210	GALATIA F.R.A.	752.53	1,233.86
FR211	GALENA F.R.A.	6,004.33	6,097.48
FR629	GALESBURG FRA	1,515.33	1,940.28
FR213	GARDEN CITY F.R.A.	41,708.66	39,162.71
FR214	GARDEN PLAIN F.R.A.	1,947.46	2,340.46

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FR215	GARDNER F.R.A.	5,864.32	5,967.81
FR459	GARFIELD F.R.A.	1,164.26	1,615.16
FR216	GARNETT F.R.A.	6,419.40	6,481.86
FR604	GAYLORD F.R.A.	1,777.48	2,183.05
FR217	GENESEO F.R.A.	1,088.08	1,544.61
FR218	GIRARD F.R.A.	6,172.83	6,253.52
FR219	GLASCO F.R.A.	1,466.16	1,894.74
FR573	GLASCO RURAL F.D.#2 F.R.A.	781.19	1,260.40
FR220	GLEN ELDER F.R.A.	1,502.58	1,928.48
FR221	GOODLAND F.R.A.	11,374.61	11,070.81
FR471	GORHAM F.D.#1 F.R.A.	2,452.89	2,808.54
FR575	GRANT CO.F.D. F.R.A.	5,702.19	5,817.67
FR223	GREAT BEND F.R.A.	39,753.08	37,351.68
FR224	GREEN F.R.A.	906.84	1,376.77
FR642	GREEN RURAL F.D. #1 F.R.A.	2,455.18	2,810.66
FR225	GREENLEAF F.R.A.	2,633.33	2,975.64
FR226	GREENSBURG F.R.A.	4,883.93	5,059.90
FR465	GRENOLA F.R.A.	893.36	1,364.28
FR489	GRIDLEY F.R.A.	1,138.45	1,591.26
FR227	GYPSON F.R.A.	1,139.98	1,592.68
FR617	GYPSON VALLEY RURAL FRA	7,306.96	7,303.82
FR228	HADDAM F.R.A.	1,004.78	1,467.47
FR229	HALSTEAD F.R.A.	4,163.13	4,392.37
FR230	HAMILTON F.R.A.	1,171.06	1,621.45
FR231	HANOVER F.R.A.	3,116.87	3,423.44
FR482	HARDTNER F.R.A.	1,093.97	1,550.07
FR232	HARPER F.R.A.	4,554.60	4,754.90
FR235	HAVEN F.R.A.	3,138.16	3,443.16
FR236	HAVILAND F.R.A.	1,878.98	2,277.05
FR237	HAYS F.R.A.	30,538.10	28,817.82
FR238	HERINGTON F.R.A.	5,330.52	5,473.47
FR239	HERNDON F.R.A.	1,486.21	1,913.32
FR240	HESSTON F.R.A.	7,565.11	7,542.89
FR241	HIAWATHA F.R.A.	10,033.00	9,828.36
FR242	HIGHLAND F.R.A.	3,681.27	3,946.12
FR243	HILL CITY F.R.A.	5,828.16	5,934.32
FR244	HILLSBORO F.R.A.	3,715.29	3,977.63
FR245	HOISINGTON F.R.A.	7,633.90	7,606.59
FR246	HOLTON F.R.A.	6,098.74	6,184.90
FR247	HOLYROOD F.R.A.	1,673.28	2,086.56
FR248	HOPE F.R.A.	1,836.51	2,237.72
FR249	HORTON F.R.A.	3,980.71	4,223.43
FR250	HOWARD F.R.A.	2,001.22	2,390.26
FR251	HOXIE F.R.A.	3,790.25	4,047.05
FR574	HOYT RURAL F.D.#2 F.R.A.	1,001.23	1,464.18
FR253	HUMBOLDT F.R.A.	3,608.28	3,878.54
FR562	HUNTER RURAL F.R.A.	927.33	1,395.75
FR254	HUTCHINSON F.R.A.	69,621.73	65,012.58
FR255	INDEPENDENCE F.R.A.	20,753.10	19,756.09
FR257	IOLA F.R.A.	11,874.50	11,533.75

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FR #	ASSOCIATION NAME	1988 AMOUNT	\$1,000 BASE
FR507	JACKSON CO. RURAL F.D.#2 F.R.A.	1,568.39	1,989.42
FR600	JEFFERSON CNTY F.D.#9	942.05	1,409.38
FR618	JEFFERSON CNTY RURAL FD#6 FRA	2,871.02	3,195.77
FR641	JEFFERSON CO. F.D. #11 F.R.A.	4,047.81	4,285.58
FR556	JEFFERSON CO.#5 F.R.A.	2,057.43	2,442.31
FR623	JEFFERSON TWP.#10 FRA	2,312.69	2,678.70
FR260	JETMORE F.R.A.	2,061.95	2,446.50
FR261	JEWELL CITY F.R.A.	1,508.56	1,934.01
FR537	JOHNSON CNTY F.D.#1 F.R.A.	2,278.53	2,647.07
FR313	JOHNSON CO. CONS. #2 F.R.A.	31,223.03	29,452.13
FR581	JOHNSON CO. RURAL F.D.#3 F.R.A.	908.79	1,378.58
FR262	JOHNSON F.R.A.	8,686.36	8,581.26
FR263	JUNCTION CITY F.R.A.	24,379.29	23,114.24
FR264	KANOPOLIS F.R.A.	2,657.99	2,998.48
FR265	KANSAS CITY F.R.A.	191,226.94	177,629.32
FR548	KAW TWP, JEFFERSON CO. F.R.A.	858.09	1,331.62
FR554	KEARNEY CO.#2 F.R.A.	1,153.46	1,605.16
FR266	KENSINGTON F.R.A.	2,128.33	2,507.97
FR579	KICKAPOO TWP F.R.A.	941.97	1,409.30
FR267	KINGMAN F.R.A.	6,429.64	6,491.35
FR268	KINSLEY F.R.A.	4,996.28	5,163.94
FR626	KIOWA COUNTY FIRE DEPARTMENT	3,180.75	3,482.61
FR269	KIOWA F.R.A.	3,613.97	3,883.80
FR270	KIRWIN F.R.A.	1,143.41	1,595.85
FR099	KS STATE FIREFIGHTERS ASSOCIATION	191,175.03	191,175.03
FR590	LABETTE CO. F.D. F.R.A.	1,445.23	1,875.36
FR271	LACROSSE F.R.A.	5,715.89	5,830.36
FR272	LADYGNE F.R.A.	2,855.44	3,181.33
FR273	LAHARPE F.R.A.	1,045.05	1,504.77
FR519	LAKE QUIVIRA F.R.A.	2,181.57	2,557.28
FR274	LAKIN F.R.A.	4,621.24	4,816.62
FR466	LANCASTER TWP. F.R.A.	1,309.68	1,749.83
FR542	LANE CO.#1 F.R.A.	3,740.32	4,000.81
FR275	LARNED F.R.A.	10,294.58	10,070.61
FR276	LAWRENCE F.R.A.	65,659.86	61,343.55
FR277	LEAVENWORTH F.R.A.	34,127.44	32,141.86
FR278	LEAWOOD F.R.A.	22,978.06	21,816.59
FR279	LEBANON F.R.A.	1,463.54	1,892.32
FR597	LECOMPTON TWP FIRE DIST. F.R.A.	1,896.38	2,293.17
FR280	LENEXA F.R.A.	35,006.46	32,955.91
FR281	LENORA F.R.A.	2,083.50	2,466.46
FR469	LEONARDVILLE F.R.A.	1,014.95	1,476.89
FR282	LEOTI F.R.A.	5,345.77	5,487.60
FR283	LEROY F.R.A.	1,532.64	1,956.31
FR534	LEWIS F.R.A.	1,359.87	1,796.32
FR284	LIBERAL F.R.A.	26,755.56	25,314.88
FR539	LINCOLN CO.#1 F.R.A.	907.20	1,377.11
FR285	LINCOLN F.R.A.	5,188.59	5,342.04
FR286	LINDSBORG F.R.A.	4,558.31	4,758.34
FR608	LINN CO. RURAL F.R.A.	44,043.30	41,324.79

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FR #	ASSOCIATION NAME	1988 AMOUNT	\$1,000 BASE
FR287	LINN F.R.A.	1,511.71	1,936.93
FR288	LITTLE RIVER F.R.A.	1,689.68	2,101.74
FR584	LOGAN CO. F.R.A.	4,773.61	4,957.73
FR289	LOGAN F.R.A.	2,233.36	2,605.24
FR524	LONG ISLAND F.D.#2 F.R.A.	1,102.85	1,558.29
FR577	LONGFORD RURAL F.D. F.R.A.	1,398.56	1,832.14
FR290	LOUISBURG F.R.A.	3,858.21	4,109.99
FR516	LUCAS F.D.#2 F.R.A.	1,733.68	2,142.49
FR582	LYON COUNTY F.D.#5 F.R.A.	4,400.58	4,612.27
FR294	LYONS F.R.A.	6,978.24	6,999.40
FR295	MACKSVILLE F.R.A.	1,827.95	2,229.80
FR296	MADISON F.R.A.	2,274.55	2,643.39
FR297	MANHATTAN F.R.A.	44,754.82	41,983.71
FR298	MANKATO F.R.A.	3,545.39	3,820.29
FR299	MAPLE HILL F.R.A.	1,585.98	2,005.71
FR492	MARION CO.FIRE DIST.#2 F.R.A.	7,503.79	7,486.10
FR300	MARION F.R.A.	5,192.82	5,345.95
FR527	MARSHALL CO.FIRE DIST.#5 FRA	1,438.77	1,869.38
FR301	MARYSVILLE F.R.A.	6,989.16	7,009.51
FR302	MCCRACKEN F.R.A.	1,470.07	1,898.37
FR303	MCDONALD F.R.A.	1,194.60	1,643.26
FR304	MCFARLAND F.R.A.	775.91	1,255.51
FR599	MCLOUTH VOLUNTEER F.D.	2,430.40	2,787.71
FR491	MCPHERSON CO.FIRE DIST.#2 FRA	1,858.25	2,257.85
FR493	MCPHERSON CO.FIRE DIST.#5 FRA	1,847.97	2,248.33
FR530	MCPHERSON CO.FIRE DIST.#9 FRA	1,336.18	1,774.37
FR490	MCPHERSON CO.FIRE DIST#3 FRA	1,257.42	1,701.43
FR583	MCPHERSON CO.RURAL F.D.#6 FRA	786.25	1,265.09
FR305	MCPHERSON F.R.A.	22,982.57	21,820.76
FR533	MEADE COUNTY F.R.A.	1,870.35	2,269.06
FR306	MEADE F.R.A.	3,258.28	3,554.40
FR307	MEDICINE LODGE F.R.A.	5,218.19	5,369.44
FR308	MERRIAM F.R.A.	13,273.93	12,829.74
FR621	MILFORD FRA	1,560.89	1,982.47
FR309	MILTONVALE F.R.A.	1,435.65	1,866.49
FR619	MILTONVALE RURAL F.D.#3 FRA	2,290.48	2,658.13
FR310	MINNEAPOLIS F.R.A.	4,205.69	4,431.78
FR311	MINNEOLA F.R.A.	2,097.94	2,479.83
FR312	MISSION F.D. FRA	24,980.93	23,671.42
FR545	MISSION TWP F.R.A.	16,147.55	15,490.96
FR487	MITCHELL,CLOUD,OTTAWA FD#1 FRA	1,253.47	1,697.77
FR315	MOLINE F.R.A.	2,075.52	2,459.06
FR316	MONTEZUMA F.R.A.	2,601.31	2,945.99
FR544	MONTGOMERY CO.#1 F.R.A.	4,116.22	4,348.93
FR529	MONTICELLO TWP.#1 F.R.A.	1,171.34	1,621.71
FR317	MORGANVILLE F.R.A.	1,199.11	1,647.43
FR578	MORGANVILLE RURAL F.D.#1 FRA	551.63	1,047.81
FR318	MORRILL F.R.A.	749.24	1,230.82
FR522	MORTON CO.FIRE DIST.#1 F.R.A.	1,841.26	2,242.12
FR319	MOUND CITY F.R.A.	2,064.03	2,448.43

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FR #	ASSOCIATION NAME	1988 AMOUNT	\$1,000 BASE
FR483	MOUND VALLEY F.R.A.	874.52	1,346.84
FR320	MOUNDRIDGE F.R.A.	3,278.72	3,573.33
FR321	MOUNT HOPE F.R.A.	2,469.56	2,823.98
FR322	MULBERRY F.R.A.	1,045.05	1,504.77
FR323	MULLINVILLE F.R.A.	1,271.72	1,714.68
FR324	MULVANE FIRE & RESCUE F.R.A.	6,299.76	6,371.07
FR506	MUNDEN-NARKA FIRE DIST.#3 FRA	1,414.41	1,846.82
FR325	NATOMA F.R.A.	1,886.40	2,283.92
FR472	NEMAHA CO.#3 F.R.A.	1,072.06	1,529.78
FR499	NEMAHA CO.FIRE DIST.#1 F.R.A.	798.60	1,276.53
FR495	NEMAHA CO.FIRE DIST.#2 F.R.A.	711.55	1,195.92
FR632	NEMAHA CO.RURAL F.D.#6	1,271.28	1,714.27
FR326	NEODESHA F.R.A.	5,990.71	6,084.86
FR635	NEOSHO FALLS F.D. FRA	994.01	1,457.50
FR327	NESS CITY F.R.A.	4,601.19	4,798.05
FR328	NETAWAKA F.R.A.	769.94	1,249.99
FR329	NEWTON F.R.A.	24,592.21	23,311.43
FR330	NICKERSON F.R.A.	2,135.80	2,514.89
FR613	NIOTAZE RURAL F.R.A.	1,255.40	1,699.56
FR331	NORCATUR F.R.A.	1,091.25	1,547.55
FR332	NORTON F.R.A.	6,732.28	6,771.62
FR526	NORTON RURAL FIRE DIST.#2 FRA	1,411.86	1,844.46
FR333	NORTONVILLE F.R.A.	1,541.20	1,964.24
FR334	OAKLEY F.R.A.	6,673.46	6,717.15
FR335	OBERLIN F.R.A.	7,200.84	7,205.55
FR639	OFFERLE F.R.A.	992.57	1,456.44
FR640	OGDEN F.R.A.	1,275.57	1,718.24
FR337	OLATHE F.R.A.	54,499.74	51,008.34
FR510	OLPE RURAL F.D.#1 F.R.A.	1,479.36	1,906.97
FR338	ONAGA F.R.A.	1,992.78	2,382.44
FR339	OSAGE CITY F.R.A.	4,974.95	5,144.18
FR610	OSAGE CO #1 F.R.A.	6,446.46	6,506.93
FR634	OSAGE CO. F.D. NO.4	3,337.88	3,628.12
FR584	OSAGE CO. FIRE DIST. #5 F.R.A.	2,993.28	3,308.99
FR633	OSAGE CO.F.D. NO.3	2,116.31	2,496.84
FR340	OSAWATOMIE F.R.A.	6,441.18	6,502.04
FR589	OSBORNE CO.#2 RURAL F.R.A.	2,271.95	2,640.98
FR341	OSBORNE F.R.A.	4,749.53	4,935.43
FR569	OSBORNE RURAL F.D. F.R.A.	1,216.44	1,663.48
FR342	OSKALOOSA F.R.A.	2,537.58	2,886.97
FR525	OSKALOOSA TWP. F.R.A.	1,236.99	1,682.52
FR343	OSWEGO F.R.A.	4,026.19	4,265.55
FR344	OTIS F.R.A.	1,243.19	1,688.26
FR345	OTTAWA F.R.A.	15,983.93	15,339.43
FR592	OVERLAND PARK F.D.#1 F.R.A.	174,604.74	162,235.75
FR347	OXFORD F.R.A.	2,175.61	2,551.76
FR576	OZAWKIE TWP F.R.A.	822.17	1,298.36
FR348	PALMER F.R.A.	867.48	1,340.31
FR601	PALMYRA TOWNSHIP F.D.	4,849.85	5,028.33
FR349	PAOLA F.R.A.	9,411.62	9,252.92

KANSAS INSURANCE DEPARTMENT
FIREFIGHTERS RELIEF DISTRIBUTION

DATE 3/22/89

FR #	ASSOCIATION NAME	1988 AMOUNT	\$1,000 BASE
FR351	PARSONS F.R.A.	17,125.93	16,397.02
FR624	PARTRIDGE FRA	2,337.92	2,702.07
FR352	PAWNEE ROCK F.R.A.	2,947.12	3,266.24
FR625	PAXICO FIREFIGHTERS RELIEF ASSOC.	1,458.65	1,887.79
FR353	PEABODY F.R.A.	2,328.41	2,693.26
FR456	PERRY F.R.A.	2,175.86	2,551.99
FR500	PHILLIPS CO.FIRE DIST#1 F.R.A.	3,408.36	3,693.39
FR354	PHILLIPSBURG F.R.A.	6,659.26	6,704.00
FR355	PITTSBURG F.R.A.	26,756.91	25,316.12
FR356	PLAINS F.R.A.	3,064.51	3,374.95
FR357	PLAINVILLE F.R.A.	5,457.47	5,591.04
FR358	PLEASANTON F.R.A.	2,504.53	2,856.36
FR611	POMONA F.R.A.	1,891.20	2,288.37
FR612	POMONA TWP F.R.A.	2,927.31	3,247.89
FR498	POTTAWATOMIE CO #5 F.R.A.	982.46	1,446.80
FR461	POTTAWATOMIE CO.#4 F.R.A.	1,023.10	1,484.43
FR360	POTWIN F.R.A.	1,538.88	1,962.09
FR637	POWHATTAN F.R.A.	951.35	1,417.99
FR570	PRAIRIE TWP WYANDOTTE CO.FRA	1,382.20	1,816.99
FR528	PRAIRIE VIEW F.R.A.	1,373.84	1,809.25
FR605	PRATT CO. TWP #12 F.R.A.	1,944.05	2,337.31
FR362	PRATT F.R.A.	14,826.33	14,269.25
FR363	PRESTON F.R.A.	1,088.20	1,544.73
FR364	PRETTY PRAIRIE F.R.A.	1,398.91	1,832.47
FR367	QUINTER F.R.A.	2,653.87	2,994.67
FR368	RANDALL F.R.A.	2,280.37	2,648.77
FR370	RANSOM F.R.A.	1,729.13	2,138.28
FR607	RENO CO. #8 F.R.A.	1,925.74	2,320.38
FR458	RENO CO.#2 F.R.A.	3,012.45	3,326.74
FR557	RENO CO.#3 F.R.A.	1,347.98	1,785.30
FR505	RENO CO.#4 F.R.A.	1,523.96	1,948.28
FR497	RENO CO.#7 F.R.A.	1,541.61	1,964.62
FR561	RENO-HARVEY F.D.#2 F.R.A.	1,308.00	1,748.27
FR502	REPUBLIC CO.#12 F.R.A.	962.09	1,427.94
FR508	REPUBLIC CO.CONS.FIRE DEPT.FRA	2,822.89	3,151.20
FR504	REPUBLIC CO.FIRE DIST.#10 FRA	867.28	1,340.13
FR371	RESERVE F.R.A.	630.04	1,120.43
FR372	REXFORD F.R.A.	1,212.18	1,659.54
FR467	RICE CO.#1 F.R.A.	4,241.93	4,465.35
FR373	RICHMOND F.R.A.	1,395.55	1,829.36
FR571	RILEY CO.F.D.#1 F.R.A.	2,478.30	2,832.08
FR374	RILEY F.R.A.	2,265.09	2,634.62
FR375	ROBINSON F.R.A.	1,289.60	1,731.23
FR628	RUSH CO. F.D.NO.2	1,999.07	2,398.27
FR566	RUSH CO.#5 F.R.A.	1,112.59	1,567.31
FR564	RUSH CO.F.D.#6 F.R.A.	1,112.44	1,567.18
FR638	RUSH COUNTY F.D. NO.1 F.R.A.	2,918.01	3,239.29
FR602	RUSH COUNTY F.D.#3 F.R.A.	1,530.93	1,954.73
FR567	RUSSELL CO.#4 F.R.A.	974.69	1,439.61
FR377	RUSSELL F.R.A.	11,993.07	11,643.56

KANSAS INSURANCE DEPARTMENT
FIREFIGHTERS RELIEF DISTRIBUTION

DATE 3/22/89

FR #	ASSOCIATION NAME	1988 AMOUNT	\$1,000 BASE
FR406	S. HUTCHINSON F.R.A.	4,718.05	4,906.27
FR378	SABETHA F.R.A.	4,389.65	4,602.14
FR382	SALINA F.R.A.	63,497.47	59,340.99
FR558	SALINE CO #5 F.R.A.	1,687.51	2,099.74
FR615	SALINE CO.RURAL FD#2 FRA	3,503.02	3,781.05
FR616	SALINE CO.RURAL FD#3 FRA	7,307.42	7,304.25
FR383	SATANTA F.R.A.	3,274.07	3,569.02
FR385	SCAMMON F.R.A.	1,215.69	1,662.79
FR386	SCANDIA F.R.A.	1,783.22	2,188.37
FR387	SCOTT CITY F.R.A.	12,596.94	12,202.80
FR388	SCRANTON F.R.A.	1,302.98	1,743.63
FR389	SEDAN F.R.A.	4,172.93	4,401.44
FR391	SEDGWICK CO. F.R.A.	69,821.30	65,197.40
FR390	SEDGWICK F.R.A.	3,710.03	3,972.76
FR392	SELDEN F.R.A.	1,616.21	2,033.71
FR393	SENECA F.R.A.	5,788.55	5,897.65
FR394	SEVERY F.R.A.	1,205.07	1,652.96
FR563	SEWARD CO. F.R.A.	1,916.87	2,312.14
FR395	SHARON F.R.A.	1,503.76	1,929.56
FR396	SHARON SPRINGS F.R.A.	2,974.36	3,291.47
FR476	SHAWNEE CO.#1 F.R.A.	3,638.52	3,906.53
FR565	SHAWNEE CO.#2 F.R.A.	1,334.93	1,773.22
FR559	SHAWNEE CO.#3 F.R.A.	1,565.08	1,930.79
FR520	SHAWNEE CO.#4 F.R.A.	1,468.24	1,896.67
FR397	SHAWNEE F.R.A.	42,821.50	40,193.29
FR596	SHERMAN CNTY FIRE DIST.#1 FRA	10,252.68	10,031.80
FR606	SHERMAN TWP RURAL F.R.A.	1,936.61	2,330.42
FR402	SMITH CENTER F.R.A.	4,705.03	4,894.21
FR404	SOLDIER TWP. F.R.A.	4,849.23	5,027.76
FR405	SOLOMON F.R.A.	2,024.33	2,411.66
FR538	SOUTHEAST JOHNSON CO. #2 FRA	2,991.61	3,307.44
FR407	SPEARVILLE F.R.A.	2,035.04	2,421.58
FR408	SPRING HILL F.R.A.	3,981.35	4,224.02
FR379	ST. FRANCIS F.R.A.	4,254.34	4,476.84
FR587	ST. GEORGE TWP.F.R.A.	2,811.54	3,140.68
FR380	ST. JOHN F.R.A.	3,341.00	3,631.01
FR381	ST. MARYS F.R.A.	3,237.78	3,535.42
FR485	STAFFORD CO.#1 F.R.A.	3,269.79	3,565.06
FR409	STAFFORD F.R.A.	3,386.42	3,673.07
FR511	STANTON COUNTY F.R.A.	2,625.99	2,968.85
FR410	STERLING F.R.A.	5,027.93	5,193.25
FR460	STEVENS CO.#1 F.R.A.	6,246.19	6,323.31
FR411	STOCKTON F.R.A.	3,465.49	3,746.29
FR412	STRONG CITY F.R.A.	1,343.69	1,781.33
FR413	SUBLETTIE F.R.A.	5,329.59	5,472.61
FR414	SUMMERFIELD F.R.A.	774.53	1,254.24
FR594	SUMNER CNTY F.D.#11 F.R.A.	843.22	1,317.85
FR591	SUMNER CO.FIRE DIST.#9 F.R.A.	5,749.06	5,861.08
FR540	SYLVAN GROVE F.D. F.R.A.	1,665.48	2,079.34
FR416	SYLVIA F.R.A.	1,292.53	1,733.95

KANSAS INSURANCE DEPARTMENT
 FIREFIGHTERS RELIEF DISTRIBUTION

DATE 3/22/89

FR #	ASSOCIATION NAME	1988 AMOUNT	\$1,000 BASE
FR417	SYRACUSE F.R.A.	7,023.52	7,041.34
FR418	TESCOTT F.R.A.	867.90	1,340.71
FR419	THAYER F.R.A.	1,747.69	2,155.47
FR509	TIFTON F.R.A.	1,430.42	1,861.65
FR420	TONGANOXIE F.R.A.	3,721.92	3,983.77
FR562	TONGANOXIE TWP, LVNWRTH CO FRA	1,398.72	1,832.29
FR421	TOPEKA F.R.A.	180,823.34	167,994.70
FR422	TOPEKA-TECUMSEH TWP. F.R.A.	9,113.92	8,977.20
FR423	TORONTO F.R.A.	1,285.22	1,727.16
FR424	TOWANDA F.R.A.	2,774.91	3,106.75
FR425	TREECE F.R.A.	785.05	1,263.98
FR426	TROY F.R.A.	2,431.76	2,788.96
FR478	UNIONTOWN F.R.A.	1,021.84	1,483.27
FR484	VALLEY CENTER F.R.A.	5,550.12	5,676.84
FR429	VALLEY FALLS F.R.A.	2,391.66	2,751.84
FR430	VERMILLION F.R.A.	1,052.88	1,512.01
FR431	VICTORIA F.R.A.	2,283.84	2,651.97
FR593	WABAUNSEE CO. F.D.#3 F.R.A.	1,844.53	2,245.14
FR547	WAKARUSA TWP F.R.A.	1,395.95	1,829.73
FR432	WAKEENEY F.R.A.	5,098.50	5,258.64
FR433	WAKEFIELD F.R.A.	1,658.59	2,072.94
FR517	WALDO-PARADISE F.D.#3 F.R.A.	1,041.32	1,501.31
FR541	WALLACE CO. F.R.A.	1,581.94	2,001.97
FR434	WALNUT F.R.A.	977.60	1,442.31
FR588	WALTON F.R.A.	1,683.27	2,095.84
FR435	WAMEGO F.R.A.	5,946.79	6,044.14
FR436	WASHINGTON F.R.A.	3,615.21	3,884.97
FR437	WATERVILLE F.R.A.	2,463.36	2,818.24
FR438	WATHENA F.R.A.	2,558.36	2,915.47
FR439	WAVERLY F.R.A.	1,599.19	2,017.94
FR440	WEIR CITY F.R.A.	1,327.25	1,766.14
FR441	WELLINGTON F.R.A.	15,194.38	14,608.47
FR442	WELLSVILLE F.R.A.	2,754.68	3,088.07
FR443	WESTMORELAND F.R.A.	1,637.73	2,053.61
FR445	WHITE CITY F.R.A.	2,025.09	2,412.34
FR446	WHITE CLOUD F.R.A.	1,007.81	1,470.21
FR447	WHITewater F.R.A.	2,318.01	2,683.64
FR448	WICHITA F.R.A.	518,905.85	481,087.71
FR449	WILLIAMSBURG F.R.A.	1,047.76	1,507.27
FR479	WILSON CO.#1 F.R.A.	3,491.00	3,769.91
FR450	WILSON F.R.A.	2,423.37	2,781.21
FR451	WINCHESTER F.R.A.	1,277.34	1,719.84
FR452	WINFIELD F.R.A.	16,613.02	15,922.01
FR454	YATES CENTER F.R.A.	3,741.88	4,002.24
GRAND TOTALS		3,772,576.34	3,772,576.34



**League
of Kansas
Municipalities**

**Municipal
Legislative
Testimony**

An Instrumentality of its Member Kansas Cities. 112 West Seventh Street, Topeka, Kansas 66603 Area 913-354-9565

TO: Chairman Sprague and Members,
House Committee on Insurance
FROM: Jim Kaup, League General Counsel
RE: SB 55; Amendments to the Firefighters' Relief Act
DATE: March 23, 1989

The League requested SB 55 in response to a member city's identification of a gap in the Firefighters' Relief Fund Act (K.S.A. 40-1701 et seq.). The League believes that gap is adverse to the interests of firefighters, relief associations and the municipalities (cities, counties, townships and fire districts) served by those associations.

Specifically, SB 55 amends K.S.A. 1988 Supp. 40-1706 to help ensure accountability for expenditures made by relief associations on behalf of firefighters and further amends that statute to remove outdated restrictions upon investments those relief associations are authorized to make. By action of the Senate, SB 55 also increases, from \$500 to \$1,000, the minimum annual distribution each association receives from the relief fund.

Background. Supp. 40-1706 is part of the Firefighters' Relief Fund Act, enacted in 1927. This act is intended to provide for the establishment and funding of relief associations within the fire departments of counties, cities, townships and fire districts. The 485 associations provide a variety of services and benefits for injured or disabled firefighters, as well as for the families of those who die as a result of service-related causes (K.S.A. 40-1707). Among the benefits associations may pay for are pensions; health, disability and life insurance premiums; medical expenses; and lost earnings. Funding is provided by a tax upon insurance companies that issue fire and lightning policies. This tax, set at 2% of the premiums collected for such coverage, is paid to the commissioner of insurance (K.S.A. 40-1703), and then distributed to the local associations (K.S.A. 40-1706).

Problem: Although the act requires that each association must annually give the commissioner of insurance a verified account of receipts and disbursements and general condition of its fund, and that the commissioner is to determine whether the funds are being used only for purposes authorized by the relief act, the law presently provides no connection between association assets and liabilities.

While the amount of financial assistance to be paid as relief to a firefighter, for injuries or physical disabilities, falls within the discretionary power of the association to administer its public funds (Lauber v. Fireman's Relief Association, 202 Kan. 564 (1969)), some questions have arisen regarding the possibility of associations "overcommitting" their funds--promising benefits to firefighters at a level beyond the amount of funds they are likely to receive from the state tax on insurance premiums. Such a situation raises legal liability questions for not only the association, but also, because of the wording of the act, potential liability for cities, counties, townships and fire districts.

League-Proposed Amendments. (1) The League's principal objective--amending Supp. 40-1706 to ensure that firefighters are not promised more benefits than associations can

financially provide--is set out at lines 247:250. The amended language simply ties an association's expenditures and payments to the amount of the 2% insurance premium tax distributed to that association. This would, for example, prevent an association which gets \$10,000 in annual distributions from promising \$50,000 in benefits. It would mean that an association would not be liable for benefits promised in excess of moneys actually received from the 2% tax distribution. Association expenditures would be conditioned upon the availability of distributions to that association of the 2% tax moneys at a level sufficient to finance those financial commitments. The League recommends this amendment as providing certainty for all parties--the firefighters being promised benefits, the associations making the commitments, and those municipalities which could conceivably be liable for the financial shortfall of the association.

(2) The amendment at lines 252:254 is clean-up. It is to clarify which attorney is charged with the duty of certifying that relief association expenditures over \$500 comply with the relief act. The amendment is consistent with a legal opinion rendered by the Insurance Department's general counsel by letter dated February 18, 1982.

(3) The amended language found at lines 263:270 is intended to modernize a restriction upon investment, in municipal bonds, of relief association funds that has remained unchanged since it was added to the act in 1941 (L. 1941, Ch. 257, sec. 5). The amendment borrows language taken from K.S.A. 10-131, which governs the investment of proceeds from bonds or temporary notes by municipalities. The amendment removes an archaic investment restriction, and replaces it with language that is used elsewhere in Kansas law to protect the investment of public funds.

(4) The League's final amendment, at lines 271:279, would remove the duty of the city, county, township or fire district attorney to examine and approve all bond-related investments of an association. This requirement that a local government's attorney preapprove bond investments does not appear to have any parallel in other state law. The League proposes that such investments need only be approved by the governing body of the city, county, township or fire district, as is now already required under Supp. 40-1706 (see lines 270:271).

Senate Amendment. At the request of the Kansas State Firefighters Association the Senate also acted to increase the minimum annual payment to each association. The League has no objection to the proposed increase from \$500 to \$1,000 annually (line 71).

The League respectfully requests favorable consideration by this Committee of SB 55.

MARCH 23, 1989

MR. DALE SPRAGUE
CHAIRMAN OF THE INSURANCE COMMITTEE
STATE CAPITOL BUILDING
TOPEKA, KS 66612

FIRST OF ALL, I WOULD LIKE TO ASK THAT THE INSURANCE COMMITTEE LET SENATE BILL NO. 55 DIE IN COMMITTEE.

I FEEL THAT LARGER DEPARTMENTS GIVING TO SMALLER DEPARTMENTS IS NOT THE ANSWER TO THE PROBLEM OR IF A PROBLEM EVEN EXISTS. MOST SMALLER DEPARTMENTS DO NOT RECEIVE ENOUGH FUNDS TO PURCHASE A LOT OF INSURANCE; AND IF YOU WERE TO DOUBLE THE AMOUNT MANY OF THEM RECEIVE, THEY STILL WOULD NOT RECEIVE ENOUGH MONEY TO PURCHASE LARGE OR ADEQUATE AMOUNTS OF INSURANCE.

I WILL USE THE VOLUNTEER DEPARTMENT IN MONTGOMERY COUNTY AS AN EXAMPLE. MONTGOMERY COUNTY HAS APPROXIMATELY 150 FIREFIGHTERS IN SEVEN STATIONS AND RECEIVE A TOTAL OF \$ 4,116.22. THIS IS AN AVERAGE OF \$27.44 PER MEMBER WHICH WILL NOT ALLOW THEM TO PURCHASE ANY AMOUNT OF INSURANCE TO SPEAK OF. THE NEW PROPOSAL WOULD GIVE THEM \$4,390.67 WHICH IS AN AVERAGE OF \$29.27 FOR EACH MEMBER. THIS WILL NOT PURCHASE ANY AMOUNT OF INSURANCE TO SPEAK OF. EVEN IF WE WERE TO DOUBLE THAT AMOUNT, IT WOULD NOT PURCHASE A LOT OF INSURANCE FOR THOSE 150 VOLUNTEERS. MONTGOMERY COUNTY IS COVERED BY WORKERS' COMPENSATION AND A \$50,000 LIFE INSURANCE POLICY PAID FOR BY THE STATE FIREFIGHTERS ASSOCIATION. WORKERS' COMP IS MUCH BETTER THAN THE INSURANCE THEIR DEPARTMENT WOULD EVER BE ABLE TO PURCHASE. I WOULD REFER YOU TO DEARTH VS. THE STATE OF

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KANSAS AND THE AMOUNT OF THE SETTLEMENT IN THAT CASE. MOST OF THE DEPARTMENTS, LARGE OR SMALL, ARE COVERED UNDER WORKERS' COMP OR SOME HAVE OPTED OUT FROM UNDER WORKERS' COMP.

NO DEPARTMENT IS PRESENTLY RECEIVING THE MINIMUM OF \$500.00 UNDER THE PRESENT PLAN. UNDER THE NEW PROPOSED PLAN OF DISTRIBUTION OF FIREMAN RELIEF FUNDS, NO DEPARTMENT WOULD RECEIVE A \$1,000.00.

I DON'T FEEL THAT THE LARGER DEPARTMENTS SHOULD LOSE FUNDS TO SUPPORT THE SMALLER DEPARTMENTS. PLEASE DON'T TAKE ME WRONG; I FEEL THAT THE VOLUNTEER FIRE SERVICE IS THE BEST BARGAIN IN THE UNITED STATES. THEY ARE TO BE ADMIRER FOR THEIR SERVICE AND DEDICATION IN SUPPRESSING THE SAME FIRES AS PAID FIRE DEPARTMENTS SUPPRESS.

IF THE LARGER DEPARTMENTS ARE TO HELP OUT, THERE ARE OTHER WAYS TO DISTRIBUTE THE FUNDS. ONE WOULD BE TO FREEZE THE LARGER DEPARTMENTS FOR A PERIOD OF TIME AND LET THE INCREASE IN FUNDS DUE TO THE INCREASE IN SALE OF INSURANCE BE PASSED ON TO SMALLER DEPARTMENTS. LARGER DEPARTMENTS SET UP THEIR INSURANCE PROGRAMS BASED ON THE AMOUNT OF FUNDS THEY RECEIVE FROM THE INSURANCE COMMISSION. I WOULD NOT LIKE TO SEE THESE PROGRAMS THAT ARE IN PLACE SUFFER IN ORDER TO HELP SOMEONE ELSE. LET'S NOT PLAY ROBIN HOOD WITH THE FIREMAN RELIEF FUNDS.

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THERE ARE AT LEAST 3,000 FIREFIGHTERS COVERED BY HEALTH AND ACCIDENT INSURANCE IN THE STATE BY ONE COMPANY. I AM SURE THERE ARE OTHER FIREFIGHTERS COVERED BY OTHER INSURANCE COMPANIES. SOME DEPARTMENTS HAVE DROPPED THEIR HEALTH AND ACCIDENT INSURANCE.

I THINK THAT THE CITIES, THE TOWNS, THE TOWNSHIPS, THE COUNTIES AND THE FIRE DISTRICTS SHOULD HELP US WITH THE SOME OF THE COSTS OF INSURANCE OVER AND ABOVE WHAT IS BEING FURNISHED, IF THERE IS A NEED. SOME OF THESE GOVERNING BODIES DO NOT EVEN SUPPORT THEIR OWN FIRE DEPARTMENTS. THE CITY OF COFFEYVILLE FURNISHES HOSE FOR ONE DEPARTMENT IN SOUTHEAST KANSAS BECAUSE THE FIRE DISTRICT WILL NOT FUND THE PURCHASE OF NEW HOSE. MANY DEPARTMENTS HAVE CHILI FEEDS, BEAN FEEDS, ALONG WITH SEVERAL OTHER TYPES OF FUND RAISERS TO KEEP THESE DEPARTMENTS IN OPERATION. WITH THIS IN MIND, YOU ARE ASKING THE LARGER FIRE DEPARTMENTS, TO GIVE UP FIREMAN'S RELIEF FUNDS TO BE PASSED ON TO THE SMALLER DEPARTMENTS.

I, FOR ONE, FEEL IT IS TIME FOR THE COMMUNITY THAT RECEIVES THE BENEFITS OF A FIRE DEPARTMENT TO DO MORE TO SUPPORT THEIR LOCAL FIRE DEPARTMENT IN PURCHASING ADDITIONAL INSURANCE IF THE PRESENT AMOUNT IS INADEQUATE. ONE QUESTION THAT ELUDES US IS, "HOW MUCH INSURANCE IS ADEQUATE?" "WHAT KIND OF PROGRAM IS ADEQUATE?"

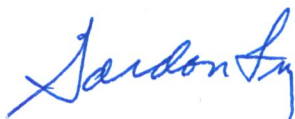
PAGE 4

I CAN ASSURE YOU NOT EVERYONE IN THIS ASSOCIATION IS IN FAVOR OF SENATE BILL NO. 55. WE WERE NOT EVEN ADVISED OF THIS ISSUE. WE HELD OUR ANNUAL MEETING LAST APRIL AND HAVE NOT RECEIVED THE MINUTES FROM THAT MEETING WHICH I FEEL IS A LITTLE STRANGE. IF A STUDY IS NEEDED FOR THE PURPOSE OF INCREASING FUNDS OR INSURANCE, THERE ARE MANY MEMBERS IN OUR ASSOCIATION WITH GOOD IDEAS AND SHOULD HAVE INPUT INTO THIS PROGRAM.

AGAIN, I AM ASKING YOU TO LET THIS BILL DIE IN THIS COMMITTEE AND TO LET US WORK OUT SOME OF OUR PROBLEMS AND COME BEFORE YOU NEXT YEAR.

I WOULD LIKE TO THANK YOU AND YOUR COMMITTEE FOR YOUR TIME AND CONSIDERATION IN THIS MATTER.

SINCERELY,

A handwritten signature in blue ink, appearing to read "Gordon Fry". The signature is written in a cursive style with a large initial "G".

GORDON FRY
TREASURER
COFFEYVILLE FIREMAN'S RELIEF ASSOCIATION



7th & WALNUT • P.O. BOX 1629 • (316) 251-7000
COFFEYVILLE, KANSAS 67337

Mr Dale Sprague
Chairman of the Insurance Committee
State Capitol Building
Topeka, Ks 66612

Dear Mr. Sprague.

Enclosed you will find the information I used in your committee on the 23 of March.

However the figures are wrong as they were changed and there was a new print out handed out the afternoon or the hearing.

I would also want you to know that most paid firefighters are not covered by Social Security.

Again I will ask you to let this bill die in your committee and give all firefighters in the state to have some input into this matter.

Thanks for your time and I appreciate what you have done.

Sincerely

A handwritten signature in cursive script, appearing to read "Gordon Fry".

Gordon Fry
Fire Chief