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STATEMENT OF BRAD SMOOT
LEGISLATIVE COUNSEL
AMERICAN INSURANCE ASSOCIATION
HOUSE INSURANCE COMMITTEE
Regarding 2012 SB 273
March 7, 2012

Mr. Chair and Members:

On behalf of the American Insurance Association, a nationwide trade association whose 300 member companies write all lines of property and casualty insurance, including general liability, business, workers compensation, medical malpractice, homeowners and auto, I am pleased to have the opportunity to comment on Senate Bill 273.

AIA understands the need to update the current \$25,000 cap on financial audits, which has not been adjusted in some 20 years. We also appreciate the amendments made by the Senate regarding SB 273, limiting the increase in the audit fee cap to financial audits and lower the proposed cap from infinity to \$200,000. However, the proponents and the Senate have seen fit to merely double the fee for companies under \$200 million in premium but increase the cap for all other carriers to 8 times the current rate. This seems excessive, disproportionately large and basically unfair. This provision adversely impacts one of our Kansas based members with over 500 employees in the state.

We would be pleased to support SB 273 with a more modest increase for the larger carriers. Therefore, we respectfully request that this committee reduce the fee increase for the larger carriers to 4 times the current rate or \$100,000. Thank you for consideration of our views.