

**MEMORANDUM**

**To:** Joint Committee on Administrative Rules and Regulations  
**From:** John Wine  
Kansas Insurance Department  
**Re:** K.A.R. 40-1-52  
**Date:** November 26, 2012

My name is John Wine and I am a Staff Attorney for the Kansas Insurance Department. I would like to thank the committee for allowing the Department to appear and comment on the proposed regulation K.A.R. 40-1-20.

This new regulation was being proposed to require an insurance company making a payment to an attorney representing a third party claimant to notify the third party that payment had been made to the attorney. After reviewing preliminary comments, the Department has determined that there is some question about the use of the insurance unfair trade practices act to address problems with attorney misconduct. The Department has concluded that because this policy issue has been considered by the Legislature in the past, we should defer action unless further legislative direction is given. Our intention not to pursue this regulation will be announced at the public hearing this week.

There would have been no significant economic impact on the Kansas Insurance Department, consumers, small businesses, or other governmental agencies.

We would be happy to answer any questions the members of the committee might have. Again, thank you for allowing us to appear today and comment on the proposed regulation.