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February 18, 2013

**To: Representative Clark Shultz - Chairman
House Insurance Committee**

**From: Lee Wright, Government Affairs Manager
Farmers Group, Inc.**

Subject: Testimony on HB 2339

Position: Support

Mr. Chairman and members of the Committee, my name is Lee Wright and I am employed by Farmers Insurance as their Government Affairs Manager for Kansas. I appreciate the opportunity to appear in support of HB 2339.

This is a bill we requested the Committee introduce. It amends current statutory language and deals with the refunding of premium to a policyholder when the policyholder has received notice from the company of an adverse underwriting decision.

Currently, whenever a policy is to be cancelled due to an adverse underwriting decision, the insurance company must include any premium refund due the policyholder with the adverse underwriting notice. Kansas is now the only state in the country with this requirement.

Our amending language to the bill would allow us to send any premium refund due the policyholder, separately, but within 10 days from when the adverse underwriting notice is sent.

This simple language change would allow us to reduce an 18 step procedure requiring significant manual processing, to a more efficient 5 step automated process, the same process we use in the other 49 states.

The change will also help us avoid any delay in mailing and large potential for human error due to the manual sorting and handling that must currently take place with our processing operations.

We have visited with the Kansas Insurance Department to explain our desire to make this change in the statute, and they have advised us they have no problem with the bill and are supportive of the change.

Finally, I would point out to the Committee that the new language would still allow an insurer to send the premium refund check together with the adverse underwriting notice. This bill simply gives companies another option in their processing operations.

In closing, we would respectfully request the Committee find HB 2339 favorable for passage. Thank you and I would stand for questions.