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Memorandum

TO:	The Honorable Scott Schwab, Chair House Insurance Committee
FROM:	William W. Sneed, Legislative Counsel Hyatt Legal Plans
SUBJECT:	H.B. 2064
DATE:	January 26, 2015

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I appear before you on behalf of my client, Hyatt Legal Plans, Inc. ('Hyatt"), a wholly-owned subsidiary of MetLife, Inc. ("MetLife"). Hyatt provides legal plan services to Kansas consumers to cover unforeseen events such as civil litigation defense, tax audits, and bankruptcy. The attorneys that provide the legal services are Kansas licensed attorneys. At my client's request, this Committee introduced H.B. 2064. Please accept this as our support of H.B. 2064.

By way of background, MetLife acquired Hyatt in 1997. At that time, MetLife and Hyatt reviewed all the states to see whether and how the states would regulate our programs; and if so, whether the programs would be considered insurance. Hyatt is not an insurance company, so where the programs are regulated as insurance, MetLife conducts the business through Metropolitan Property and Casualty Insurance Company ("MPC"), a Hyatt affiliate and wholly-owned subsidiary of MetLife, Inc. with Hyatt acting as the administrator.

For Kansas, we recognized there is a specific article that regulates Prepaid Legal Service Plans under K.S.A. 40-4201. We did not believe that our programs fit under that article because we are not a membership program and we do not collect fees and keep track of them by member. We did, however, believe that Kansas intended to regulate programs such as ours, and we sought a way to accomplish this. Since MPC is authorized to underwrite general liability insurance, the Kansas Insurance Department concluded MPC could conduct the business under the general provisions of K.S.A. 40-1102. We have been doing business in Kansas that way since 1998. Specifically, we file forms and rates for our products and these have been reviewed and approved by Kansas. We have been paying premium taxes. In addition, we have had no consumer or regulatory inquires or complaints.

Most recently, a new filing triggered a review by the Department on how our programs should be regulated. Based on correspondence resulting from our filing, it appears the Department is now taking the position that we should follow the regulations under K.S.A. 40-4201.

Most of our programs are offered through employers. The employers allow employees to enroll in the legal plan during an annual open enrollment period. This period usually coincides with enrollment in all benefits offered by the employer. The employees enroll for a year and pay

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for the plan by regular payroll deductions. The employer collects the deductions and sends a list of those who enrolled and the deductions to MPC each month. The enrollees can access services under the plan by calling Hyatt's call center from 8 am to 7 pm ET or through the legal plan website 24/7. In either case, we help the employee locate a convenient attorney for the legal matter, and if the matter is covered under the plan, we pay the attorney for the covered services. In most cases an attorney in our network is within ten miles of an employee's home, which we match by zip codes. In some cases an employee chooses to use an out-of-network attorney, and in those situations we reimburse the employee for the covered services up to a scheduled amount.

Through the course of 2014, my client met with representatives of the Kansas Insurance Department in an attempt to resolve this conflict. To that end, it was agreed that the best solution was to add my client's type of business to K.S.A. 40-1102 and to specifically exclude it from K.S.A. 40-4201.

By resolving this matter in this fashion, we will continue to be regulated, but as a property and casualty product, a system we are more appropriately akin to, and the way we have been doing it since 1998.

The Kansas Insurance Department agrees that this proposal will accomplish the desired result and has no objection to this bill.

Thus, based upon the foregoing, we respectfully request that the Committee act favorably on H.B. 2064. I am available for questions at your convenience.

Respectfully submitted,

Will W. Sneed

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