



KANSAS INSURANCE DEPARTMENT

Vicki Schmidt, Commissioner

Proponent Testimony for HB 2089 – Eliminating the registration fee and amending the reporting requirements for representatives of prepaid service plans

March 7, 2023

Chairman Longbine and Members of the Committee,

Thank you for the opportunity to testify in support of House Bill 2089.

House Bill 2089 proposes to amend K.S.A. 40-4209 and repeal K.S.A. 40-4203, which concerns prepaid service plans. These are membership-based plans that allow members to prepay for certain services outlined in the membership agreement. Kansas law provides for two types of prepaid services plans - legal and dental. Currently, there are 11 prepaid service plans registered with the Kansas Insurance Department, seven are legal and four are dental.

Historically, plans have been required to register annually with the Department, submit a list of each individual soliciting memberships on behalf of the service plan, semi-annually, and pay an annual registration fee of \$2 per individual soliciting memberships. House Bill 2089 eliminates the \$2 annual registration fee for individuals soliciting memberships and streamlines the semi-annual requirement for reporting updates to the list to an annual requirement.

Prepaid service plans were established in Kansas in 1987 and last time a new prepaid plan registered with the Department was 2016. The amount collected from the \$2 fee for individuals soliciting memberships on behalf of the plans has decreased in the last three calendar years: CY 2020- \$162.00, CY 2021- \$134.00, CY 2022- \$128.00.

The chart below outlines the history of the number of prepaid plans in Kansas.

| | <u>2023</u> | <u>2013</u> | <u>2003</u> |
|----------------------|-------------|-------------|-------------|
| Prepaid Legal Plans | 7 | 4 | 2 |
| Prepaid Dental Plans | 4 | 7 | 11 |

The Commissioner has determined this fee is not necessary to complete the duties outlined in statute and respectfully requests elimination of the fee and the changes to the reporting requirement to help better align with business practices.

House Bill 2089 passed the House Committee of the Whole with a vote of 123-0.

Thank you for the opportunity to submit testimony in support of House Bill 2089.

Eric Turek
Director, Government and Public Affairs