



Testimony on SB 413
Before the Senate Commerce Committee
By Kerri Spielman
February 14, 2012

Thank you, Madame Chair and members of the committee, for the opportunity to offer testimony on SB 413. My name is Kerri Spielman and I represent the Kansas Association of Insurance Agents. KAIA has approximately 550 member agencies and branches throughout the state employing over 3,000 people. Our members write over 70% of commercial insurance in Kansas, including workers' compensation. Our members are independent, small business owners who are free to represent many different insurance companies..

The Kansas Association of Insurance Agents (KAIA) supports passage of a Professional Employer Organization (PEO) licensing and registration act. PEO's are currently doing business in the state, but they are not under the regulatory authority of any governmental body. Without governmental regulation, small businesses and employees are vulnerable to predatory business practices. A licensing and registration act would help protect small business owners.

PEO's offer a number of services to small business owners that help them run more efficiently while meeting all the regulatory requirements of local, state and federal governments. Frequently, health, work comp, EPLI (employment practices liability insurance), and other insurance products are part of the services that PEO's offer. For this reason, the KAIA strongly supports provisions in the bill on page 10 that require insurance to be obtained from an admitted carrier and that the PEO have or use a licensed person when dealing with insurance.

While KAIA is listed as a proponent of SB 413, we do have some changes we would like to see made and we are working with the National Association of Professional Employer Organization on those changes.

Changes to the bill that the KAIA supports include: defining limited registration, requiring that all individuals with a 10% (rather than 25%) or greater equity interest be listed on the statement of ownership; and other minor changes to some of the language.

In summary, the KAIA supports a licensing and registration bill for the purpose of regulating Professional Employer Organizations. We will continue to work with NAPEO to improve the bill to protect small business owners and their employees.

Thank you for the opportunity to testify today. I am available for questions.

