



KANSAS SELF-INSURERS ASSOCIATION
SERVING THE WORKERS' COMPENSATION NEEDS OF KANSAS EMPLOYERS SINCE 1994

TESTIMONY

**FROM: SCOTT HEIDNER, EXECUTIVE DIRECTOR
KEVIN MCFARLAND, PRESIDENT**

TO: HOUSE INSURANCE COMMITTEE

RE: HB 2043

DATE: JANUARY 19, 2017

Chairman, members of the committee, thank you for the opportunity to submit testimony on behalf of the Kansas Self Insurers Association (KSIA). We are here to encourage your support for the passage of HB 2043. I am Kevin McFarland, President and CEO of the KING Program – the group-funded workers' compensation pool for members of LeadingAge Kansas, representing non-profit aging service providers in Kansas. I am also the President of the board of directors of the Kansas Self-Insurers Association representing the State's individual and group self-insured workers' compensation programs in Kansas.

I am pleased to come before you today in support of HB 2043 which would eliminate the mandatory five year examination of group-funded workers' compensation pools by the Kansas Insurance Department.

Here are a few points to consider:

- By statute, the Commissioner of Insurance may make or direct to be made an examination of the affairs and financial condition of any pool whenever he or she deems it is necessary. HB 2043 only eliminates the five year mandate.
- By statute, pools must contract with a qualified Independent CPA for an annual financial audit. The report must be filed with the Kansas Insurance Department for review.



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- The Kansas Insurance Department requires pools to submit quarterly financial reports to the Department for review. This timely and current data followed by the independent audited financial report provides the best tool to measure financial health.
- The Department's "five year examinations" provides no regulatory value and costs small businesses, local units and the state of Kansas tens of thousands of dollars and many hours of time. In many cases, an additional policy year passes before the Department's examination is finalized and filed.
- HB 2043 provides greater efficiency and savings to the Kansas Insurance Department and Kansas businesses and does not relinquish any regulatory oversight.

Thank you for the opportunity to appear today, and I would be happy to stand for questions at the appropriate time.