



DATE: January 31, 2023

TO: The Honorable Jeff Longbine
Members of the Senate Financial Institutions & Insurance Committee

FROM: Robert Fee, President,
Fee Insurance Agency, Hutchinson, Kan.

RE: Support of SB 25

Thank you for the opportunity to present testimony of support of Senate Bill 25 today.

Fee Insurance was founded in 1883 on the premise that families and businesses deserve a trusted partner to advise them on the risk they face. Now a 4th generation, family-owned business with multiple locations in Kansas, we are proud to help individuals, organizations, and communities protect the people, places, and things they love.

We pride ourselves on knowing the businesses and industries of our clients so we can negotiate premiums, and find carriers with the appropriate coverages those businesses need. We help insure a variety of businesses in sectors such as construction, healthcare, manufacturing, public entity, non-profit, and professional services. We help our clients understand risk and create a plan for managing risk in a cost-effective way.

Many of our clients are unable to find insurance coverage with admitted carriers. Whether it's a new venture or an organization with an unfavorable loss history, many times the only insurance option for some of our clients is insurance with a non-admitted carrier. With the high wind and hail deductibles being offered in the standard markets, we often need to use surplus lines carriers to purchase deductible buy-down coverage for our clients. In addition to the premium charged by the non-admitted carrier, our clients must pay an additional 6% surplus lines tax rate on that premium, solely due to the fact the carrier is non-admitted.

In 2022, our agency submitted over \$250,000 in surplus lines taxes to Kansas on behalf of our clients. We submitted similar amounts in 2021 and 2020 as well. By decreasing the surplus lines tax rate you would allow our clients, as well as many other businesses and individuals to re-deploy the savings into their employees, new hires, communities, and other projects.

For these reasons, we firmly support SB 25 and encourage the committee to pass this bill out favorably.

Sincerely,

A handwritten signature in blue ink that reads "Bob Fee".

Robert T. Fee, AAI, CPCU