



To: Senate Financial Institutions and Insurance Committee
From: Jerry Slaughter; Executive Director
Date: March 14, 2013
Subject: HB 2107; the Electronic Notice and Document Act

The Kansas Medical Society appreciates the opportunity to submit the following comments on HB 2107, which deals with the use and transmission of electronic notices and transactions. We support the bill as it was amended by the House committee.

As background, the Kansas Medical Society is a statewide association which represents nearly 4600 physicians [medical doctors (MDs) or osteopathic doctors (DOs)] in all medical specialties. KMS is organized as a 501(c)(6) nonprofit under the US Internal Revenue Code [26 U.S.C. § 501(c)].

Since 1976, in order to practice their profession, physicians and other health care providers in Kansas have been required by law to obtain medical malpractice insurance coverage. In 1989, in response to a severe medical liability crisis which had caused most of the insurance companies insuring physicians to quit doing business in our state, KMS formed an insurance company to ensure that the required liability insurance would always be available to our member doctors and other health care providers affiliated with them. The company we started, the Kansas Medical Mutual Insurance Company, or KaMMCO, as it is commonly known, is organized and operating under Article 12a of Chapter 40, and I believe it is still the only company operating under that particular section of the insurance laws.

HB 2107 creates new law governing the use and transmission of certain electronic notices and documents by the insurance industry. Our understanding is that it is needed by larger out-of-state companies who do business in many states, and therefore understandably would like consistent rules governing the use and transmission of electronic documents. Our company's situation is quite a bit different however, since it operates almost exclusively within the state of Kansas. For the electronic transmission of documents and transactions our company complies with the Kansas Uniform Electronic Transactions Act, at KSA 16-1601 *et seq.* We would like to continue operating pursuant to the provisions of UETA, which meets our needs adequately, and will be less costly and complicated to comply with. To that end we suggested an amendment, which the House committee adopted, which simply exempts companies organized under our unique statute from the provisions of HB 2107.

We would ask the committee to report HB 2107 favorably, as amended by the House. Thank you for the opportunity to offer these comments.