

Bulletin 2004-2

TO: All Property and Casualty Insurance Companies in Kansas

FROM: Sandy Praeger
Commissioner of Insurance

DATE: March 3, 2004

RE: Kansas Alternative Mediation Program-K.A.M.P.

The purpose of this bulletin is to advise all companies authorized to write Fire & Casualty insurance business in the state of Kansas that the Kansas Insurance Commissioner is offering an alternative dispute resolution program, which provides insurance companies a process to resolve disputes with consumers through mediation. The Kansas Alternative Mediation Program is designed to help insurance companies reduce complaints logged against them by consumers.

As a new consumer contact arrives in the Kansas Insurance Department, it is referred to the unit manager for assignment and evaluation as to the suitability for mediation. If the circumstances meet the established mediation criteria, the file will be earmarked for the mediation process. The mediation criteria will involve all property and casualty claim matters except for issues involving coverage questions, workers compensation claims and personal injury protection claims.

Examples of suitable candidates include claim disputes on the following:

- Property value disputes on total loss vehicles
- Disputes on repair estimates of vehicle damage
- Disputes on repair amounts of damage to real property
- Comparative negligence disputes
- Bodily injury liability claim disputes.

When a mediation file is opened, a letter is sent to the insurance company involved in the dispute to determine if the insurance company will accept mediation. The insurance company is given 10 days to decide if they will participate in mediation on this dispute. If the company accepts mediation, a letter is sent to the consumer with a brochure outlining the mediation process and requesting a decision from them to also participate in mediation. The consumer will be given one week to respond to the insurance department. When the department receives agreement from both the company and the consumer to participate in the mediation process, the case is referred to the contract mediator.

If a resolution is reached prior to or during the mediation process, the case will be considered an inquiry by the Kansas Insurance Department. If a resolution is not reached during mediation, the matter is referred back to the Consumer Assistance Division for review. The Consumer Assistance Division will open a complaint at that time to determine if the insurance company has violated any statutes or regulations during the handling of the claim.

All companies agreeing to mediation must send a representative from the company who is authorized to settle the dispute. If any representative attending mediation is not vested with such authority, it will be the determination of the Kansas Insurance Department that the company did not enter into mediation in good faith and the complaint will be referred back to the Consumer Assistance Division.

The contract mediator for the Kansas Alternative Mediation Program is the Kansas Legal Services. Kansas Legal Services' contract provides for an hourly charge of \$88.00 for the first two hours of mediation and \$54.00 per hour of mediation for each subsequent hour. Kansas Legal Services charges \$25.00 per hour for administrative costs and travel time is billed at \$22.00 per hour per mediation. Mileage and per diem costs are billed at the rate allowed by the state of Kansas.

The average time per mediation is approximately one and one-half hours with an average administrative time of one hour per case. Travel time costs vary with each case.

Kansas Legal Services bills the Kansas Insurance Department monthly and the Department pays the invoice. The Department will bill each participating insurance company for the mediation costs they have incurred on a monthly basis.

A mediation agreement is attached to this bulletin and will need to be completed and returned to the department to participate in the mediation program. We also need the name of the contact person and fax number designated to handle mediation cases for our files.

If you have any questions on these revisions, please contact the Consumer Assistance Division at 785-296-7829.

Mediation Agreement

NAIC # _____

Insurance Company _____

The above named insurance company agrees to enter mediation in a good faith effort to resolve any dispute with a consumer. We agree to keep statements and information disclosed during any mediation confidential to the extent allowed by law. We agree to send a representative from the company who is authorized to settle the dispute. We agree to pay any cost of the mediation when billed by the Kansas Insurance Department.

Contact Person _____

Fax Number _____

Authorized Signature _____