



COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE
Frankfort, Kentucky

ADVISORY OPINION
2012-03

The following Advisory Opinion is to advise the reader of the current position of the Kentucky Department of Insurance (the “Department”) on the specified issue. The Advisory Opinion is not legally binding on either the Department or the reader.

TO: All insurers and producers writing motor vehicle insurance in the Commonwealth of Kentucky

FROM: Sharon P. Clark, Commissioner

RE: Statewide enforcement of mandatory vehicle insurance based on the monthly full book of business reporting by insurers pursuant to KRS 304.39-087

DATE: May 4, 2012

Since January 1, 2006, insurers have been electronically submitting a monthly “Full Book of Business” listing of all vehicles covered by a Personal Lines policy to the Transportation Cabinet of the Commonwealth of Kentucky, Department of Motor Vehicle Regulation’s Division of Motor Vehicle Licensing (MVL). This reporting is mandated by KRS 304.39-087. Insurers have also been submitting a monthly report of Commercial Lines policies which have been terminated in the prior month in accordance with KRS 304.39-085.

The electronic data is used by county clerks and consumers to verify coverage for purposes of vehicle registrations. It is also used by law enforcement in the event of an accident or traffic stop. As of June 2012, the Department of Motor Vehicle Regulation will send Uninsured Notice letters to vehicle owners in all 120 counties based on MVL’s Mandatory Insurance Reporting Program (the “Program”).

The Program monitors the electronic Full Book of Business data submitted by Personal Lines insurers by comparing the Vehicle Identification Number (VIN) as reported by insurers against the official VIN’s per vehicle registrations. Uninsured Notices are sent to owners of vehicles for which continuous coverage is not verified. Owners are given thirty (30) days to establish that continuous coverage has in fact been maintained, or to present proof of coverage.

Otherwise, the vehicle's registration will be automatically cancelled. A sample Uninsured Notice is attached.

To establish that continuous coverage has in fact been maintained, the owner is directed to first compare the VIN on the owner's policy/card to the official VIN, and to contact the county clerk or MVL if the following issues are identified:

- The type of insurance, Personal or Commercial, is incorrectly identified. The clerk or MVL staff can enter a correction, and coverage may be electronically confirmed.
- The official VIN does not exactly match the insurance VIN. The clerk or MVL staff will electronically check for the VIN as shown on the policy or card. If this step confirms that coverage was reported by an insurer, a VIN alias is created and the Uninsured Notice is resolved.

Since the VIN alias is only valid as long as the insurer and policy information remain the same, the owner should still contact the agent/company to correct the insurance VIN.

If electronic verification cannot be made, the County Clerk may proceed only if the applicant has an insurance card that indicates the required security is currently in full force on the personal motor vehicle if the card was effective no more than 45 days before it is submitted to the clerk. KRS 186A.042(2)

If MVL or the clerk is not able to confirm coverage with a VIN alias, and the agency/ company records indicate there has been no lapse in coverage, the Transportation Cabinet has agreed the county clerks can accept the following:

- a signed " no lapse letter " on Agency/Company letterhead that is faxed directly to the clerk.
- a card, if faxed directly to the clerk

The fax delivery must identify date sent, the agency or company, the sender's name and fax number at a minimum, and electronically identify it was sent from an agency or company. The fax provides verification from the agent/company that coverage has been in continuous effect for the dates indicated and that all information is correct as of the date of the fax transmittal. If not, the sender is considered to be committing an act of insurance fraud.

Kentucky administrative regulation, 806 KAR 39:070 § 2(4), establishes **mandatory** content requirements for insurance cards. The proof of insurance card shall prominently display on its face the following information, to appear in the order listed:

- (a) the card title: "COMMONWEALTH OF KENTUCKY PROOF OF INSURANCE";
- (b) the name of the insurance company and its five (5) digit National Association of Insurance Commissioners (NAIC) company code number;
- (c) the name of the insured;
- (d) **the effective date and expiration of coverage. If the card is issued mid-term, the card shall indicate the effective date of coverage if different than the inception date of the policy;**

- (e) the policy number;
- (f) the type of policy, shown by PL for personal lines or CL for commercial lines, based on how the premium for the policy is reported on the insurer's annual statement; and
- (g) the vehicle insured either by showing the individual VIN number or "Fleet."

Note, if a vehicle is added to the policy mid-term, the effective date should be entered as the date that vehicle was first covered by the policy.

Additional information is available on the Department's website at http://insurance.ky.gov/static_info.aspx?static_id=8&MenuID=79&Div_id=15 with a link to the MVL website. Should further information be developed, the Department and MVL will update the postings. If you have any questions about this Advisory Opinion, please contact the Property & Casualty Division at (502) 564-6046.

/s/ Sharon P. Clark
Sharon P. Clark, Commissioner
Kentucky Department of Insurance
On this 4th day of May, 2012

Attachment to Advisory Opinion 2012-03

John Doe
123 Anywhere Street
Anywhere, KY 12345

[Date]

THIS IS THE ONLY NOTICE YOU WILL RECEIVE

Failure to comply with this request within 30 days of the date on this letter will result in the cancellation of your motor vehicle registration.

The Department of Vehicle Regulation does not have verification of liability insurance for this vehicle:

<u>Notice #</u>	<u>Year</u>	<u>Make</u>	<u>VIN #</u>	<u>Plate #</u>
1	2006	FORD	ABCD12345EFGHIJKL	08 123 ABC

This may be due to your policy having been cancelled or not renewed. It may also be due to one of the following:

1. The VIN on your insurance card does not match the VIN listed for the vehicle;
2. Your insurance card does not indicate personal coverage;

If either #1 or #2 above is true, please call your County Clerk or the Kentucky Division of Motor Vehicle Licensing at 502-564-1257 prior to contacting your insurance agent. Otherwise, you have 30 days from the date of this letter to provide your County Clerk with acceptable proof of insurance for the vehicle.

Any of the following documents are acceptable proof of insurance:

Official Commonwealth of Kentucky insurance card*	Proof of Self-Insured Coverage
Reinstatement notice if insured with the same company	Contract including a declaration page
Proof of <u>active</u> military service or provost letter	Binder or Certificate of Insurance issued by an insurance agent

***If a card is shown as proof, the issue date CANNOT be more than 45 days prior to the day you present the card to the clerk as found in KRS 186A.042 (2)(a).**

Kentucky Revised Statute 304.39-090 Required Security.

An owner of a motor vehicle registered in this Commonwealth who ceases to maintain security as required by the provisions on security may not operate or permit operation of the vehicle in this Commonwealth until security has again been provided as required by this subtitle. An owner who fails to maintain security as required by this subtitle shall have his or her motor vehicle registration revoked in accordance with KRS 186A.040. All other owners shall provide such security while operating a motor vehicle in this Commonwealth.

Please take this letter with you to the County Clerk's office.

If you have any questions or need assistance please contact your local County Clerk's office.