



Kentucky Department of Insurance Insurance Innovation Application FAQ

- When can innovation applications be submitted?
 - The Kentucky Department of Insurance will begin accepting innovation applications on June 27, 2019, at 8:00 a.m. The applications may be submitted by mail or hand delivered to:

Kentucky Department of Insurance
Attn: Insurance Innovation Review
P.O. Box 517
215 W. Main Street
Frankfort, KY 40602
 - The Department is currently developing an electronic filing system. The Department expects the electronic system will be available by June 27, 2019, and will update the FAQ with specific instructions for electronic filing.
- Where do I find the application requirements?
 - HB 386 of the 2019 Regular Session established the framework for the innovation application and review. Section 2 of HB 386 includes all of the required descriptions, disclosures, and attachments to be included in the application.
 - For a copy of HB 386:
<https://apps.legislature.ky.gov/recorddocuments/bill/19RS/hb386/bill.pdf>
- Who can submit an application?
 - The innovation application is open to any entity provided they meet the requirements established in HB 386.
 - Licensure is not required to submit an application, but it may be required before commencement of an approved beta test.

- What must be included in the application?
 - The Kentucky Department of Insurance is not requiring a specific form for the application. Instead, the Department permits applicants to draft their application specific to the proposed innovation.
 - The application must, at a minimum, include the following:
 - Filing fee of seven hundred fifty dollars (\$750);
 - Detailed description of the innovation;
 - Functionality;
 - Manner in which it will be offered;
 - Technical white paper; and
 - Description of the statutory and regulatory barriers to entry including a specific citation;
 - Statement that no product, process, method, or procedure substantially similar to the proposed innovation is currently available in the Commonwealth;
 - Name and contact information of the applicant's regulatory counsel;
 - A proposed limited no-action letter outlining the proposed permitted conduct;
 - A proposed terms and conditions letter to govern the beta test;
 - Proposed metrics for the Department to consider during the required reporting throughout the beta test to determine the usefulness of the innovation;
 - Corporate and company disclosures;
 - Satisfaction of the financial security requirements; and
 - License status of the applicant.
- Are there provisions of the insurance code **not** subject to waiver through an innovation application?
 - Yes - HB 386 specifically prohibits a waiver of the following requirements:
 - Assets, deposits, investments, capital, surplus, or other solvency requirements applicable to insurers;
 - Required participation in an assigned risk plan, residual market, or guaranty fund;
 - Any licensing or certificate of authority requirements; and
 - The application/payment of any taxes or fees.
- How will my application be evaluated?
 - In reviewing an application, the Commissioner and the Director of Insurance Innovation will consider all materials submitted by the

application to determine satisfaction of the requirements in Section 3(5)(b) of HB 386. Some considerations include:

- Whether the proposal satisfies the definition of innovation;
 - Whether the proposal poses an unreasonable risk of consumer harm;
 - Are cited regulatory or statutory barriers to entry in existence;
 - Does the proposal add value to customers and serve the public interest;
 - Is the proposal economically viable; and
 - Whether the proposal provides suitable and adequate consumer protections.
- During the review, the Department anticipates dialogue may become necessary between the parties and is willing to answer questions on any specific proposal application.
- Can multiple entities apply for the same innovation?
 - Generally, no. The Department will accept applications and time stamp them on receipt. The time stamp will determine the order of filing. If two applications are substantially similar, the entity who filed earlier will receive the safe harbor attributed to the limited no-action letter.
 - Entities may utilize similar concepts so long as the proposals are not substantially similar in violation of the definition of innovation.
 - Is there a limit on the number of beta tests an entity can have ongoing at one?
 - Yes - Entities are limited to five (5) ongoing beta tests at one time.
 - How long is the application review process?
 - The review process begins as soon as the Department receives the application. The review process will necessarily include additional dialogue and information requests between the applicant and Department personnel.
 - The Department has sixty (60) days to review a complete application but can request a thirty (30) day extension. At the end of the ninety (90) day review period, the Department is required to issue a notice of acceptance or rejection. The applicant may also withdraw the proposal and re-submit to restart the time period if additional time is required for review.

The Department stands ready and willing to assist applicants through this process. Please do not hesitate to contact us if you have further questions or need assistance. Questions may be directed to:

Patrick O'Connor II, Deputy Commissioner - Policy

patrick.oconnor@ky.gov or 502-564-6026

John Melvin, Director of Insurance Product Regulation

john.melvin@ky.gov or 502-782-5295