



**COMMONWEALTH OF KENTUCKY  
DEPARTMENT OF INSURANCE  
FRANKFORT, KENTUCKY**

**ADVISORY OPINION  
2024-01**

**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 PROPERTY & CASUALTY INSURANCE COMPANIES AUTHORIZED TO TRANSACT BUSINESS IN THE COMMONWEALTH OF KENTUCKY**

**FROM: SHARON P. CLARK, COMMISSIONER  
KENTUCKY DEPARTMENT OF INSURANCE**

**RE: INTERPRETATION OF KRS 304.20-040(4)(c) & KRS 304.20-340(7)  
REGARDING NON-RENEWAL NOTICE**

**DATE: May 22, 2024**

The Department of Insurance is issuing this Advisory Opinion to clarify its interpretation of KRS 304.20-340. Pursuant to KRS 304.20-40(4)(c) & KRS 304.20-340(7), insurers shall not decline to insure, nor terminate any insured’s coverage for automobile insurance or property or casualty insurance, respectively, for losses immediately resulting from natural causes that arose “without intervention of any person and that could not have been prevented by the exercise of prudence, diligence, and care.” Additionally, KRS 304.20-320 requires that all notices of policy cancellations or declinations state with specificity the reason for denial or nonrenewal. Additionally, 806 KAR 20:010 Section 1(1) states plainly that “all notices requiring reasons for declination, cancellation, or nonrenewal under KRS 304.20-320 shall provide specific grounds, and shall not rely on general underwriting reasons.”

Pursuant to the aforementioned statutes and regulation, when providing nonrenewal or declination notices, an insurer shall not use vague or general language identifying the causes of declination, such as “fire,” “lightning,” “water,” “ice,” or other general references to natural causes ordinarily outside an individual’s control. The Department cannot determine the merits of these policy terminations when reviewing pertinent consumer complaints. Therefore, compliance with the herein referenced statutes requires insurers to provide a more specific and precise description within termination notices involving any natural causes that would not otherwise violate the provisions of those statutes. The Department will initiate appropriate action and issue penalties against insurers that continue to use general terms for nonrenewal notices, and those insurers will

be required to provide more complete descriptions to both their insureds and the Department. Please contact Deborah Stamper, Director of the Department's Consumer Protection Division, at (502) 564-6034 with any questions.

*Sharon P. Clark*

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Sharon P. Clark, Commissioner  
Kentucky Department of Insurance