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Frankfort, Kentucky**

BULLETIN 2025-02

INSURANCE LEGISLATION ADOPTED BY THE 2025 KENTUCKY GENERAL ASSEMBLY (REGULAR SESSION)

THIS BULLETIN IS FOR INFORMATION PURPOSES ONLY. IT DOES NOT AMEND OR INTERPRET PROVISIONS OF THE KENTUCKY REVISED STATUTES OR THE KENTUCKY ADMINISTRATIVE REGULATIONS. THE COMPLETE AND ACCURATE TEXT OF THE LAW CAN BE SECURED WHEN THE 2025 ACTS OF THE KENTUCKY GENERAL ASSEMBLY ARE PUBLISHED IN THE SUMMER OF 2025. UNLESS OTHERWISE NOTED, THE EFFECTIVE DATE OF LEGISLATION IS JUNE 27, 2025. THE BULLETIN IS NOT A COMPREHENSIVE REVIEW OF EACH ACT, BUT RATHER, SUMMARIZES THE MAIN PROVISIONS OF EACH ACT.

(Bills as enacted are available on the LRC website available at: [25RS Legislative Record](#))

House Bill 19- An Act Relating to Privacy Protections (Acts Ch. 19).

This Act amends KRS 500.130 related to businesses' use of drones. The Act lists specific business entities that may operate an unmanned aircraft system during the course of their business. Included in this list is an insurance company or a person acting on behalf of an insurance company for purposes of underwriting an insurance risk or investigating damage to insured property. However, the Act prohibits a person from using an unmanned aircraft system to record an image of privately owned real property or of the owner, tenant, occupant, invitee, or licensee of such property with the intent to conduct surveillance on, or publish unauthorized images of, the individual or property captured in the image in violation of the person's reasonable expectation of privacy.

This Act is effective on June 27, 2025.

*Contact: Property and Casualty Division
(502) 564-6046*

House Bill 90- An Act Relating to Maternal Health and Declaring an Emergency (Acts Ch. 121).

This Act establishes within the Cabinet for Health and Family Services requirements for the licensing and regulation of freestanding birthing centers. A freestanding birthing center is defined as, "...any health facility, place, or institution which is not a hospital, is not in a hospital or a private residence, and is established to provide care for labor, delivery, the immediate postpartum period, and the newborn immediately following delivery."

The Act also amends KRS 216B.015(13) to include freestanding birthing centers in the definition of "health facility." Therefore, freestanding birthing centers will be considered a provider pursuant to the definition of "health care provider" found in KRS 304.17A-005(23).

This Act is effective on March 28, 2025.

*Contact: Health and Life and Managed Care Division
(502) 564-6088*

House Bill 184- An Act Relating to Insurance (Acts Ch. 67).

This Act amends KRS 304.3-735 to extend the time to file an application with the insurance regulatory sandbox to 2030.

Additionally, the Act creates a new section of KRS Chapter 304 Subtitle 33. The new section describes how a netting agreement or a qualified financial contract of an insurer is to be treated should the insurer be placed into receivership. A person shall not be stayed or prohibited from exercising a contractual right to terminate, liquidate, close out, or accelerate a netting agreement or qualified financial contract should the insurer be placed into receivership.

A netting agreement is an agreement that documents one (1) or more transactions between parties and provides for the netting or liquidation of a qualified financial contract. A qualified financial contract is any commodity contract, forward contract, repurchase agreement, securities contract, or swap agreement.

The requirements of this Act are effective on June 27, 2025.

*Contact: Financial Standards and Examinations Division
(502) 564-6082*

House Bill 210- An Act Relating to Dental Benefit Plans (Acts Ch. 147).

This Act creates a new section of KRS 304.17C-130 through 304.17C-138 related to coverage under a dental benefit plan. The Act requires an insurer providing coverage under a dental benefit plan to honor a written assignment of the benefits if a covered person assigns the benefits to a provider of dental services on a form established by the Department of Insurance and the form is signed by the covered person and the provider. Any assignment of benefits under these provisions is optional.

To receive direct payment from the insurer, the provider must submit a valid assignment and the necessary coverage verification to the insurer. The covered person may revoke an assignment of benefits at any time.

The form established by the Department of Insurance shall include a notice informing the covered person, among other things, that the assignment of benefits is optional, and that the provider may charge the covered person for any portion of the cost of the service not reimbursed by the insurer. The form shall require the provider to notify the covered person within thirty (30) days of any credit balance the covered person has with the provider. Upon request, the provider must refund any credit balance to the covered person.

This Act is effective on January 1, 2026.

*Contact: Health and Life and Managed Care Division
(502) 564-6088*

House Bill 233- An Act Relating to the Prevention of Harmful Practices Associated with Property and Casualty Insurance (Acts Ch. 15).

This Act amends provisions of the Consumer Protection Act that is enforced by the Kentucky Attorney General. KRS 367.622 is amended to allow any person that has entered into a real estate goods or services contract with a contractor to cancel the contract within five (5) business days after the person has been given written notice that all or part of the loss is not covered under an insurance policy. A “real estate goods and services contract” is defined as, “...a contract for the provision of goods or services relating to real estate, where the goods or services are expected to be paid from property, casualty, or property and casualty insurance proceeds.”

The Act also amends KRS 367.628. This amendment prohibits a contractor from filing a mechanic’s lien, pursuant to KRS 376.010, against an insured for the insured’s failure to pay any excess charge over and above the amount paid or expected to be paid by a property and casualty insurer.

This Act is effective on June 27, 2025.

*Contact: Consumer Protection Division
(502) 564-6034*

House Bill 390- An Act Relating to Motor Vehicle Insurance (Acts Ch. 39).

This Act requires the Transportation Cabinet, Department of Vehicle Registration to create an accessible online insurance verification system. The General Assembly provided no funding to put this in place or to maintain. The Cabinet is examining its options and the timing of its implementation and availability are yet to be determined. The system’s functionality includes: 1) verification of whether motor vehicles are covered by the security required under KRS 304.39-080; 2) interfaced with AVIS; and 3) includes information that enables the Department of Vehicle Registration to make inquiries to insurers by using multiple data elements for greater matching accuracy. Every insurer that provides coverage for the security required under KRS 304.39-080

for personal motor vehicles must comply with the online insurance verification requirements established by the Department of Vehicle Registration.

The Act also establishes a technical advisory committee. This committee shall: 1) review the establishment, implementation, operation, and maintenance of the accessible online insurance verification system; and 2) make recommendations to the Department of Vehicle Registration to ensure that the accessible online insurance verification system is efficient and operational upon implementation, and consistent with the objectives and requirements of the Act.

The technical advisory committee shall consist of seven (7) members: Four (4) voting members appointed by the commissioner of the Department of Insurance; The president of the Kentucky County Clerk's Association or the president's designee, who shall serve as a voting ex officio member; The commissioner of the Department of Insurance, or the commissioner's designee, who shall serve as a voting ex officio member; and the commissioner of the Department of Vehicle Registration, or the commissioner's designee, who shall serve as a nonvoting ex officio member and as chair of the committee.

The four (4) members appointed by the commissioner of the Department of Insurance shall be: 1) the domestic property and casualty insurer that has the largest dollar amount of direct written premiums for motor vehicle insurance in Kentucky; 2) the two (2) foreign property and casualty insurers that have the largest dollar amounts of direct written premiums for motor vehicle insurance in Kentucky; and 3) a domestic or foreign property and casualty insurer with direct written premiums for motor vehicle insurance in Kentucky designated by the commissioner of the Department of Insurance to represent small and medium-sized insurers in Kentucky's motor vehicle insurance market.

This Act is effective on June 27, 2025. However, the availability of the accessible online insurance verification system created by Section 1 has yet to be determined because of the lack of funding provided by the legislature.

*Contact: Property and Casualty Division
 (502) 564-6046*

House Bill 415- An Act Relating to the Application of Subtitle 17A of Chapter 304 (Acts Ch. 61).

This Act creates a new section of KRS Chapter 304 Subtitle 17A to exempt certain insurance coverage types from having to comply with the requirements of KRS Chapter 304 Subtitle 17A unless “otherwise specifically indicated or provided.”

The Act denotes fourteen (14) types of insurance policies exempted from the requirements of KRS 304.17A, unless another provision of the insurance code specifically requires the policy to comply with KRS 304.17A. Examples of such coverage include disability income insurance, paid-family leave insurance, long-term care insurance, and hospital indemnity or other fixed indemnity coverage.

This Act is effective on June 27, 2025.

*Contact: Health and Life Insurance and Managed Care Division
(502) 564-6088*

House Bill 421- An Act Relating to Colorectal Cancer Screenings (Acts Ch. 158).

This Act amends KRS 304.17A-257, the requirements for colorectal cancer screenings. Health benefit plans must now include in the coverage for colorectal cancer examinations coverage for all United States Food and Drug Administration-approved bowel preparation prescribed in connection with a colorectal cancer examination or laboratory test.

Additionally, if an individual is less than forty-five (45) years of age and is at high risk for colorectal cancer, a health benefit plan must cover a colorectal cancer screening in accordance with the most recent version of the United States Multi-Society Task Force on Colorectal Cancer guidelines.

The required benefits under KRS 304.17A-257 shall not be subject to prior authorization requirements.

This Act is effective on January 1, 2026.

*Contact: Health and Life and Managed Care Division
(502) 564-6088*

House Bill 493- An Act Relating to the Towing and Storage of Motor Vehicles (Acts Ch. 152).

This Act amends KRS 281.630 requiring an entity that provides towing and storage services to obtain a certificate from the Department of Vehicle Regulation. An entity that provides towing and storage services shall have a rate sheet on file with the Department of Vehicle Regulation. All rates included shall be reasonable and customary.

Any charge in excess of the filed rate is deemed excessive and shall be refunded to the payor within (30) days. Any charge deemed excessive in relation to a property, casualty, or property and casualty insurance policy shall be considered a fraudulent insurance act, in violation of KRS 304.47-020.

This Act is effective on June 27, 2025.

*Contact: Insurance Fraud Investigation Division
(502) 564-1461*

House Bill 662- An Act Relating to Personally Identifiable Information (Acts Ch. 146).

This Act amends KRS 304.17A-545 to delete the requirement that the medical director of a managed care plan sign a denial of a service under the plan. The Act also amends KRS 304.17A-617 to delete the requirement that the determination letter of an internal appeal shall provide the license number of the person making the determination. However, an internal appeal determination letter sent to a provider on behalf of the insured shall contain the license number.

Finally, the Act amends KRS 304.17A-607 to delete the requirement that the determination letter of an external appeal shall provide the medical license number of the person making the determination. However, an external appeal determination letter sent a provider on behalf of the insured shall contain the medical license number.

This Act is effective on June 27, 2025.

*Contact: Health and Life and Managed Care Division
(502) 564-6088*

Senate Bill 18- An Act Relating to Insurance Requirements for Certain Vehicle Business Licenses (Acts Ch. 12).

This Act amends KRS 190.033, that relates to the indemnifying bond or insurance required by the Motor Vehicle Commission for licensure as a motor vehicle dealer, new recreational vehicle dealer, motor vehicle auction dealer, or wholesaler. The described licensees may now obtain the required indemnifying bond or insurance policy from a nonadmitted insurer, provided the requirements of KRS Chapter 304 Subtitle 10 are met.

This Act is effective on June 27, 2025.

*Contact: Property and Casualty Division
(502) 564-6046*

Senate Bill 24- An Act Relating to Property and Casualty Insurance (Acts Ch. 25)

The Act makes certain amendments to the Kentucky Insurance Code that relate to insurance fraud. KRS 304.47-020 is amended to include as a fraudulent insurance act, any statement that misrepresents the scope of damages, including repair costs and other expenses, associated with a property or casualty insurance claim.

This includes any claim for towing and storage benefits under a property and casualty insurance policy. Specifically excluded as a fraudulent insurance act is an offer or counteroffer by legal counsel representing a plaintiff or defendant in a disputed claim involving bodily injury.

This Act is effective on June 27, 2025.

*Contact: Insurance Fraud Investigation Division
(502) 564-1461*

Senate Bill 136- An Act Relating to Transportation and Declaring an Emergency (Acts Ch. 95).

This Act creates a new section of KRS Chapter 304 Subtitle 20. Prior to the effective date of the Act, a property and casualty insurer shall use any nationally accepted used car valuation guide or tool available when determining the retail value of a wrecked, destroyed, or damaged vehicle under KRS 186A. By July 1, 2025, the Department of Insurance shall promulgate an emergency and

ordinary regulation that identifies the nationally accepted used car valuation guides or tools that shall be used by property and casualty insurers when determining the retail value of a wrecked, destroyed, or damaged vehicle under KRS 186A.

This Act became effective on March 27, 2025.

*Contact: Property and Casualty Division
(502) 564-6046*

Senate Joint Resolution 26- A Joint Resolution directing the Department for Medicaid Services to provide the Legislative Research Commission with a report regarding pharmacist payment parity (Acts Ch. 23).

This Joint Resolution directs the Department for Medicaid Services (DMS) to prepare a report for LRC detailing the impact of requiring Medicaid managed care organizations (MCOs) to comply with KRS 304.12-237. KRS 304.12-237 requires an insurer to reimburse a pharmacist for a service or procedure at a rate not less than that provided to other nonphysician practitioners if the service or procedure: (1) is within the scope of the practice of pharmacy; and (2) would otherwise be covered under the policy, plan, or contract if the service or procedure were provided by a, physician, advanced practice registered nurse, or physician assistant.

As part of this report, DMS shall require a summary of the effect KRS 304.12-237 on private insurance providers. The effect shall discuss any increase in premiums charged to insureds and changes in claims filed with insurers.

This Joint Resolution is effective on June 27, 2025.

*Contact: Health and Life and Managed Care Division
(502) 564-6088*