



PUBLIC PROTECTION CABINET

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The following guidance is to advise the reader of the current position of the Kentucky Department of Insurance (“the Department”) on the specified issue.

TO: All Insurers Transacting Insurance Business in the Commonwealth of Kentucky

FROM: Sharon P. Clark, Commissioner
Kentucky Department of Insurance

RE: Practices of Premium Relief and Use of Technology to Promote Social Distancing

DATE: April 24, 2020

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The Kentucky Department of Insurance (“Department”) issues this guidance pursuant to Executive Order 2020-220, State of Emergency Relating to Insurance.

On March 6, 2020, Governor Beshear issued Executive Order 2020-215 declaring a State of Emergency due to the COVID-19 pandemic. On March 9, 2020, Governor Beshear issued Executive Order 2020-220 giving the Commissioner of Insurance the authority to temporarily waive, suspend, or modify the operation of any statute or administrative regulation currently in place under the purview of the Kentucky Department of Insurance in order to best serve the interest of the public health, safety, and welfare during the state of emergency related to COVID-19.

The COVID-19 pandemic has resulted in the need for changes in business operations and many employees to remain at home during the state of emergency. In accordance with Executive Order 2020-220, the Department has adjusted certain insurance related rules and regulations on a temporary basis to accommodate the critical needs of the public and business, strongly encouraging flexibility and cooperation between insurers and insureds. The Department hereby notifies all insurers that during the state of emergency, the Department will not regard certain activities as unfair trade practices or unfair methods of competition, including but not limited to:

- Performing mid-term adjustments to retroactively or prospectively apply returned premium according to the change in risk exposure, e.g. partially refunding premium, crediting adjusted premium toward subsequent payments, or similar reasonable methods of short-term relief to insureds that have pandemic-related changes in risk;

- Placing coverage in abeyance, at the request of the insured, due to pandemic-related changes in risk and desire to prevent lapse in coverage;
- Waiving fees, penalties, or other charges relating to an insured's temporary inability to submit premium payments or otherwise respond to an insurer's inquiries;
- Virtual auditing or allowing self-auditing and self-reporting in lieu of physical auditing;
- Extending grace periods for premium payment;
- Extending the effective termination date of non-renewals and cancellations;
- Extending submission deadlines for proof of loss; and
- Encouraging insureds to use electronic payment technology that aids social distancing

Implementing any of the above measures is at the discretion of insurers. The Department is aware that insurers vary in kinds of insurance offered, number of insureds, business procedures, and points in policy duration where risk exposure has changed due to the pandemic. Along with considering the above measures, the Department may permit reasonable deviation from filed rates or contractual language when such actions are applied uniformly and without prejudice to all similarly affected insureds and the insurer has notified the Commissioner in writing of their specific proposal for premium relief and justifications.

This guidance will remain in effect for the duration of Governor Beshear's Executive Order 2020-215 and Executive Order 2020-220.

/s/ Sharon P. Clark

Sharon P. Clark, Commissioner
Kentucky Department of Insurance