

Bulletin 97-1

BULLETIN

TO: All Insurers Authorized To Write Automobile Insurance in Kentucky FROM: George Nichols III, Commissioner of Insurance DATE: JANUARY 6, 1997 RE: Reporting of Cancellation and Nonrenewal of Automobile Insurance to The Department of Transportation

The 1996 Legislature adopted a new statute KRS 304.39-083, which sets forth new requirements for insurance agents to report cancellation of temporary binders. Agents are required to notify the Department of Vehicle Regulations if an insured cancels a binder or contract for temporary insurance before the agent has filed the application with the insurance company. In Bulletin 96-7, the Department of Insurance requested that Agents use the form developed by the Department of Vehicle Regulations (form # TC96.30) for submission of these cancellations.

The report of these cancellations should only be submitted by the Agent binding the coverage not the insurance company. These are to be filed only if "the purchaser of the insurance **cancels the binder or policy** before the agent submits the application to the insurance company". Once the application has been filed with the insurance company, the reporting requirements for cancellation and non-renewals by insurance companies pursuant to KRS 304.39-085 and 806 KAR 39:070 are to be followed.

The aforementioned statute and administrative regulation have made some changes in reporting requirements. The changes are as follows:

- A. Insurers shall submit reports of cancellations and nonrenewals within one(1) week following the end of their accounting month. The report **shall not include persons whose non-renewal was at the end of a policy term of six(6) months or longer and who failed to make a payment for the renewal of the policy.**
- B. The report of non-renewals and cancellations should be on one of the following; **tape cartridge (3480), 3.5" (HD) disk or computer tape**, (The DOT will discontinue the use of computer tapes in the near future). If the company submits notices for less than fifty policies per accounting month or has demonstrated an unreasonable burden or good cause not to supply the information on cartridge or disk. The information should be in the **exact format provided on the attached form. When an insurer submits a report for less than fifty (50) policies, then the insurer shall use Form No. TC96.31 (attached). If information received is not in the prescribed format it will be discarded and the insurer will be required to submit information again in a timely manner.**

These new reporting requirements will take **effect January 1, 1997**. However both the Department of Insurance and the Department of Vehicle Regulation recognize the these new changes will require revamping of your systems and may require time before you can switch to the new format. **Therefore, you will be expected to begin submitting in the new format with your April 1, 1997 report.**

- C. **Proof Of Insurance Cards: To facilitate the process for registration and transfer of vehicles with the County Clerks offices, the following request is being made by the Department of Transportation.**

1. **Commonwealth of Kentucky Proof of Insurance Cards should be updated to include names of all drivers listed on the declaration page of the policy.**
2. **The Insurers three digit code (assigned by the Department of Insurance) must be printed clearly on the proof of insurance cards. Insureds will not be allowed to renew or transfer the vehicle registration with a proof of insurance card that does not contain your three digit code.**

Each insurer shall complete the enclosed questionnaire and return to the Department of Transportation with requested information. If you have any questions concerning the Department of Transportation's requirements, please contact Mildred Carter at 502-564-3298.

Attachments