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BULLETIN
2025-04

The following Bulletin is to advise the reader of the current position of the Kentucky Department of Insurance ("Department"), on the specified issue.

THIS BULLETIN IS FOR INFORMATIONAL PURPOSES ONLY. IT DOES NOT AMEND OR INTERPRET PROVISIONS OF THE KENTUCKY REVISED STATUTES OR THE KENTUCKY ADMINISTRATIVE REGULATIONS.

TO: ALL LICENSED PROPERTY AND CASUALTY INSURANCE COMPANIES

FROM: SHARON P. CLARK, COMMISSIONER

RE: FEDERAL GOVERNMENT SHUTDOWN—GRACE PERIOD FOR FEDERAL EMPLOYEES

DATE: October 29, 2025

The Kentucky Department of Insurance (the "Department") is urging that all property and casualty insurers voluntarily implement protective measures for policyholders who are federal employees impacted by the most recent federal government shutdown.

A lapse in federal appropriations ("federal shutdown") occurred on October 1, 2025, impacting more than 23,449 Kentucky consumers who are employees of the federal government. These consumers may be subject to uncompensated furlough or may be required to continue working without compensation. These consumers may consequently experience financial hardship while on uncompensated status during the federal shutdown.

Given the ongoing federal shutdown, the Department has determined that certain safeguards are necessary to ensure Kentucky insurance consumers who are federal employees are protected and do not suffer unnecessary hardship during these trying times. The Department hereby requests that insurers writing property and casualty insurance, including motor vehicle and homeowners insurance policies, as defined in KRS 304.5-050 and KRS 304.5-070 ("insurers"), implement various safeguards, including those set forth herein. These measures will help to ensure these consumers do not lose important insurance coverage during this difficult time.

The Department hereby requests all insurers implement the following protective measures for policyholders who are federal employees. Insurers need not file policy or rating manual changes to implement these measures:

1. **Deferment on cancellations**. Insurers should seek to postpone or withdraw termination notices occurring on or after October 1, 2025 on any in-force policy due to any federal employees' non-payment of premium. Insurers are urged to continue coverage in cases of unpaid premium for at least 30 days, or 30 days following the end of the federal shutdown, whichever is longer. If following the end of the federal shutdown an affected consumer indicates to an insurer that they have not yet received their guaranteed compensation for the period of the federal shutdown, the Department requests that insurers continue coverage, even in cases of unpaid premium, for at least an additional 30 days.

2. **Time-period extension for payments**. Insurers are permitted by the insurance code to extend payment time periods for affected consumers to pay premiums, copayments, deductibles, and other charges that, when extended, will benefit their customers. Such extensions should be for reasonable time periods that will not result in consumers' financial hardship when the payments become due after the federal shutdown ends. Insurers may provide for recoupment of unpaid premiums from claims occurring during the forbearance period.

3. Time-period extension for repairs. If an affected consumer indicates to an insurer that repairs cannot be completed within the time required under any policy, the Department requests that insurers provide consumers with an extension of at least 30 days to make such repairs, or such additional time as is necessary.

Any insurer intending to offer extensions to consumers should advise the Department of such by sending an email to Shaun Orme at Shaun.Orme@ky.gov or by letter delivered to:

Attn: Shaun Orme
Commissioner's Office
Kentucky Department of Insurance
P.O. Box 517
Frankfort, Kentucky 40602

If you have any questions or concerns regarding this bulletin, please contact the Department's Consumer Protection Division:

- Phone (502) 564-6034;
- Toll Free (800) 595-6053 (option 1);
- Fax: (502) 564-6090; or
- Email: DOI.ConsumerComplaints@ky.gov.

Sharon P. Clark

Sharon P. Clark, *Commissioner*
Kentucky Department of Insurance

10/29/2025
Date