

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 13:150

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation provides for filing procedures for rates and supplementary rating information for property, casualty, surety, title and mortgage guaranty insurance.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish a uniform procedure for filing rates and supplementary rating information with the Department of Insurance.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.2-110 authorizes the Commissioner of Insurance to make reasonable rules and regulations necessary for the effectuation of any provision of the Kentucky Insurance Code. This administrative regulation establishes the procedure to be followed by an entity requesting approval of a property, casualty, surety, title or mortgage guaranty insurance rates to be used in Kentucky

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: Various statutes within the Insurance Code require insurers to receive approval of rates prior to use in Kentucky. This administrative regulation sets forth the procedure to be followed in obtaining approval.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: The primary amendment to this administrative regulation is the removal of checklists previously incorporated by reference. Also, amending the regulation to meet drafting requirements set forth in the Chapter 13A. The amendments made to the Coding Matrix and Transmittal documents are produced by the NAIC, and these forms are update annually and bi-annually.

(b) The necessity of the amendment to this administrative regulation: The amendments to this administrative regulation are a piece of that national initiative relating to rate filings for property, casualty, surety, title and mortgage guaranty insurance. The reason for removal of the checklists is that this administrative regulation sets forth the process for submitting rate and rule filings for property and casualty insurance products to the Department. The checklists are not required to be included with the rate and rule filings made by an insurer under this regulation.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 304.2-110 authorizes the Commissioner of the Department of Insurance to make reasonable rules and regulations necessary for the effectuation of any provision of the Kentucky Insurance Code. This administrative regulation establishes the procedure to be followed by an entity requesting approval of a property, casualty, surety, title or mortgage guaranty insurance rate to be used in Kentucky.

(d) How the amendment will assist in the effective administration of the statutes: The amendment will streamline the rate filing process and bring Kentucky's procedure into uniformity with other states.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This regulation will affect the approximately 1245 insurers that are licensed to offer property, casualty, surety, title and mortgage guaranty insurance in Kentucky.

(4) Provide an analysis of how the entities identified in the previous question will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions each of the regulated entities have to take to comply with this regulation or amendment: Regulated entities will be required to utilize these new documents in filing rates for approval in Kentucky.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: The transmittal documents are readily available on the Department's Web site. The cost of printing the documents is minimal. Additionally, this regulation is not establishing or raising fees for filing the products. Therefore, no additional filing fees will be incurred as a result of this regulation. Finally, the process adopted through this administrative regulation is a national standard that insurers currently may be utilizing in other states. This streamlining of Kentucky's process may have a positive fiscal impact on the regulated entities.

(c) As a result of compliance, what benefits will accrue to the entities: By complying with this regulation, entities will have their filings processed timely and efficiently by the Department of Insurance.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: Implementation of this amendment is not anticipated to have an initial cost on the Department of Insurance.

(b) On a continuing basis: Implementation of this amendment is not anticipated to have an on-going cost on the Department of Insurance.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The Department will use funds from its current operational budget to perform the tasks necessary.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There will be no increase in fees or funding necessary to implement this administrative regulation.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This administrative regulation does not directly establish any new fees.

(9) TIERING: Is tiering applied? Explain why or why not. Tiering is not applied because this regulation applies equally to all insurance companies.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

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(1) What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Department of Insurance as the implementer.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 304.2-110.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? No revenue is expected to be generated.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? No revenue is expected to be generated.

(c) How much will it cost to administer this program for the first year? No cost is expected.

(d) How much will it cost to administer this program for subsequent years? No cost is expected.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

(4) Revenues (+/-): Neutral

(5) Expenditures (+/-): Neutral

(6) Other Explanation: