

1 Public Protection Cabinet

2 Department of Insurance

3 Division of Health and Life Insurance and Managed Care

4 (Amendment)

5 806 KAR 14:005. Rate and form filing procedures for life insurers, life settlement providers, and life
6 settlement brokers.

7 RELATES TO: KRS 304.4-010, 304.14-120, 304.14-190, 304.15-020, 304.15-700

8 STATUTORY AUTHORITY: KRS 304.2-110~~[, EO 2009-535]~~

9 NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 authorizes the Commissioner
10 of Insurance to promulgate administrative regulations necessary for or as an aid to the effectuation of
11 any provision of the Kentucky Insurance Code as defined in KRS 304.1-010. ~~[EO 2009-535, signed June~~
12 ~~12, 2009, created the Department of Insurance, headed by the Commissioner of Insurance. KRS 304.2-~~
13 ~~110(1) authorizes the Executive Director of the Office of Insurance to promulgate administrative regulations~~
14 ~~necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code, as defined in~~
15 ~~KRS 304.1-010.] This administrative regulation establishes rate and form filing procedures for life insurers,~~
16 ~~life settlement providers, and life settlement brokers.~~

17 Section 1. Definitions. . As used in this administrative regulation:

18 (1) "Commissioner" " is defined by KRS 304.1-050(1). ~~[means the Commissioner of the~~
19 ~~Kentucky Department of Insurance.]~~

20 (2) "Department" is defined by KRS 304.1-050(2) ~~[means the Kentucky Department of Insurance,~~
21 ~~unless context otherwise requires].~~

1 (3) "Life settlement broker" is defined by KRS 304.15-020(16).

2 (4) "Life settlement provider" is defined by KRS 304.15-020(18).

3 ~~[Section 2. (1) Life and annuity form filings shall be accompanied by a Life, Annuity, and Credit~~
4 ~~Transmittal Document, Form L-TD.]~~

5 ~~[(2) Life settlement form filings shall be accompanied by a Life Settlement Transmittal Docu-~~
6 ~~ment, Form LS-TD.]~~

7 Section 2 ~~[Section 3]~~. An entity may include any number of forms or documents in a filing for a
8 particular insurance company ~~[any number of forms or documents,]~~. They shall be filed electronically
9 together on a particular date, pertaining to a single line of insurance.

10 Section 3 ~~[Section 4]~~. The period of time in which the commissioner may approve or disapprove
11 the filing shall not begin until both the filing and appropriate fee are received by the department.

12 Section 4 ~~[Section 5]~~. A policy or contract form shall not be used in the Commonwealth of
13 Kentucky until:

14 (1) It has been approved; and

15 (2) If rates for the form are required by law to be approved, the appropriate rate schedule has
16 been approved.

17 Section 5 ~~[Section 6]~~. Each form document, including riders and endorsements, shall be
18 identified by a unique identifying form number in the lower left-hand corner of each page of the
19 document.

20 Section 6 ~~[Section 7]~~. If a filing includes a form which amends, replaces, or supplements a form
21 which has been previously filed and not disapproved, it shall be accompanied by a letter of explanation
22 from the filing entity establishing:

23 (1) All changes contained in the newly-filed form;

24 (2) Any effect the changes have upon the hazards purported to be assumed by the policy;

1 (3) The rates applicable to the policy, if required; and

2 (4) A revised form number.

3 Section 7 [~~Section 8~~]. If a filing is disapproved, the form numbers used on each form within this
4 filing shall not be used on any form in [~~of~~] a future filing.

5 Section 8 [~~Section 9~~]. (1) Facsimile signatures of company officers, attorneys-in-fact, employees,
6 and representatives shall not be required and shall not be submitted with any filing.

7 (2) A change of signature of the executing officer on a policy form shall not, because of this
8 change alone, require a new filing.

9 Section 9 [~~Section 10~~]. (1) Life insurance companies, life settlement providers, and life
10 settlement brokers shall [~~may~~] file a rate or form electronically through the National Association of
11 Insurance Commissioners' electronic system for rate and form filings via the Web site www.serff.com.

12 (2) An electronic filing as identified in subsection (1) of this section shall be in lieu of a paper
13 filing.

14 [~~Section 11. Incorporation by Reference. (1) The following material is incorporated by reference:~~

15 (a) "~~Life, Annuity, and Credit Transmittal Document,~~" Form L-TD, 10/1/2009 edition; and

16 (b) "~~Life Settlement Provider and Broker Transmittal Document,~~" Form LS-TD, 10/26/2009 edi-
17 tion.

18 (2) ~~This material may be inspected, copied, or obtained, subject to applicable copyright law, at the~~
19 ~~Department of Insurance, 215 West Main Street, Frankfort, Kentucky, 40601, Monday through Friday, 8~~

20 ~~a.m. to 4:30 p.m. This material is also available on the department's internet Web site at~~

21 ~~<http://insurance.ky.gov>~~]

806 KAR 14:005
READ AND APPROVED:

Sharon P. Clark

Sharon P. Clark
Commissioner, Department of Insurance

12/18/2020

Date

Kerry B. Harvey

Kerry B. Harvey
Secretary, Public Protection Cabinet

12/21/2020

Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held at 9:00 AM on March 22nd, 2021 at 500 Mero Street, Frankfort, KY 40602. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through 11:59 PM on March 31st, 2021. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person below.

Contact Person: Abigail Gall
Title: Executive Administrative Secretary
Address: 500 Mero Street, Frankfort, KY 40601
Phone: +1 (502) 564-6026
Fax: +1 (502) 564-1453
Email: abigail.gall@ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 14:005

Contact Person: Abigail Gall

Phone: +1 (502) 564-6026

Email: abigail.gall@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes rate and form filing procedures for life insurance companies.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish uniform procedures for the rate and form filings required by statute.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.2-110 authorizes the Commissioner of Insurance to promulgate administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code as defined in KRS 304.1-010 This administrative regulation will standardize rate and form filing procedures.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation formalizes a procedure for complying with the statute.

(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 amendments to this administrative regulation are changes required by Chapter 13A and also deletes the forms incorporated. The forms are no longer necessary, as they were required for paper filing, which are no longer accepted by the department.

(b) The necessity of the amendment to this administrative regulation: The necessity of these amendments are established in the Chapter 13A.222, in which the drafting requirements are set forth. These requirements ensure the administrative regulation language to be uniform and simple for those needing to reference.

(c) How the amendment conforms to the content of the authorizing statutes: Chapter 13A gives a very detailed explanation of the formatting rules as well as prohibited words and phrases, so these amendments remove old language and replace with acceptable unambiguous language.

(d) How the amendment will assist in the effective administration of the statutes: The amendments made to this administrative regulation meet Chapter 13A guidelines, which means the administrative regulation meets standards that are more effective. With clearer language 304.1-010 is more effective and thus, allowing the Department to regulate more effectively.

(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 520 insurers that are licensed to offer life 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 use SERFF to provide documents regarding filings.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: We requested that the industry provide us with information on the cost impact of this regulation. The Office of Insurance has not received a response to its request. Therefore, the Department assumes that because this is a national standard that insurers may already be complying with in other states, the cost impact is minimal.

(c) As a result of compliance, what benefits will accrue to the entities: This regulation standardizes life filings and should reduce the overall cost of doing business for regulated entities by simplifying the filing process.

(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: An increase of fees will not be necessary because additional personnel is likely unnecessary.

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

(9) TIERING: Is tiering applied? Explain why or why not. Tiering is not applied because this administrative regulation is relative to all licensed life insurers.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation: 806 KAR 14:005
Contact Person: Abigail Gall
Phone: +1 (502) 564-6026
Email: abigail.gall@ky.gov

- (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 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? . This regulation should be essentially revenue neutral
 - (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? . This regulation should be essentially revenue neutral
 - (c) How much will it cost to administer this program for the first year? This regulation should be essentially revenue neutral
 - (d) How much will it cost to administer this program for subsequent years? This regulation should be essentially revenue neutral

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: