

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

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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 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: