

1 Public Protection Cabinet
2 Department of Insurance
3 Division of Health and Life Insurance and Managed Care
4 (Amendment)

5 806 KAR 19:060. Joint lives.

6 RELATES TO: KRS 304.19-020, 304.19-080

7 STATUTORY AUTHORITY: KRS 304.2-110

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 authorizes the
9 Commissioner of Insurance to promulgate administrative regulations necessary for or as an aid to
10 the effectuation of any provision of the Kentucky Insurance Code as defined in KRS 304.1-010.
11 [~~KRS 304.2-110 provides that the Executive Director of Insurance may make reasonable rules~~
12 ~~and regulations necessary for or as an aid to the effectuation of any provision of the Kentucky~~
13 ~~Insurance Code.] The function of this [This] administrative regulation shall be to prohibit
14 [prohibits] the insuring of joint lives, unless the spouse of the debtor [except in the case of the
15 debtor's spouse who] is a cosigner to the credit or finance transaction.~~

16 Section 1. No agent or insurer shall deliver or issue for delivery in this state any policy of
17 credit life₂ or health insurance₂ or any certificate [~~in the case of such a policy~~] of group insurance,
18 that [which] shall insure [insures] the life or health of more than one (1) individual, unless the
19 spouse of the debtor [except in the case of the debtor's spouse who] is cosigner to [in]

1 the credit or finance transaction.

2 Section 2. If a married couple is [~~When a husband and wife are~~] insured under the
3 exception provided in Section 1 of this administrative regulation, [~~of this administrative~~
4 ~~regulation,~~] the premium rate charged shall not exceed one hundred fifty (150) percent of the rate
5 permissible in [~~under~~] KRS 304.19-080.

6 Section 3. Only [~~Not more than~~] one (1) individual credit life insurance policy and one
7 (1) credit health insurance policy shall [~~may~~] be issued as security for a single indebtedness.

8 Section 4. This administrative regulation shall not be construed to authorize [~~allow~~] the
9 insuring of joint lives by credit life or credit health insurance in credit transactions involving a
10 small loan or industrial loan in violation of KRS 288.560(2) or 291.480(1)(b).

806 KAR 19:060
READ AND APPROVED:

Sharon P. Clark

12/18/2020

Sharon P. Clark
Commissioner, Department of Insurance

Date

Kerry B. Harvey

12/21/2020

Kerry B. Harvey
Secretary, Public Protection Cabinet

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
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REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 19:060

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: The function of this administrative regulation is to prohibit and insurer from insuring joint lives unless the spouse is a certified cosigner to credit or financial transactions.

(b) The necessity of this administrative regulation: The necessity of this administrative regulation is to ensure that joint life insurance is only provided to the spouse if the other spouse can sign the transaction; this ensures both spouses are aware of the transaction. 304.2-110 authorizes the commissioner to promulgate administrative regulations that aide in the effectuation of 304.1-010.

(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.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effectuation of the administrative statutes by protecting the public and regulating insurance companies based on the Insurance Code established in KRS 304.1-010.

(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.

(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: Those individuals seeking joint life insurance, insurers that provide joint life insurance and the department as the implementer.

(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: When applying for joint life insurance coverage, the other spouse must be able to sign the transaction.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities:

(c) As a result of compliance, what benefits will accrue to the entities: Insurer can deliver said insurance and couples can receive benefits from the policy if the criteria of this administrative regulation is met.

(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 necessary in this regulation because this applies to all insurers and couples who seek joint life insurance.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation: 806 KAR 19:060
Contact Person: Abigail Gall
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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? There is no expected revenue for the first year.

(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? There is no expected revenue for subsequent years.

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

(d) How much will it cost to administer this program for subsequent years? There is no expected cost associated with this program for subsequent years.

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: