

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

806 KAR39:030

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the “Kentucky No-Fault Rejection Form” and the method for an individual to reject limitations on tort rights and liabilities.

(b) The necessity of this administrative regulation: KRS 304.39-060 requires the Department of Insurance to prescribe a form whereby any person may reject limitations on his tort rights and liabilities. This administrative regulation is needed to prescribe the required form and the manner in which it is to be used.

(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. KRS 304.39-060 requires the Department of Insurance to prescribe a form whereby any person may reject limitation on his tort rights and liabilities. This administrative regulation prescribes the required form and establishes the process for an individual to reject his or her limitations on tort rights and liabilities.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will establish the specific procedures that must be followed to reject limitations on tort rights and liabilities.

(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 amend the incorporated form. The amendments to the form better define the options for individuals who are rejecting limitations on their tort rights, specifically those who reject those limitations for vehicles covered by a commercial insurance policy.

(b) The necessity of the amendment to this administrative regulation: The Department has seen several inquiries seeking clarity with respect to the options listed on the “KY No-Fault Rejection Form” and this amendment will provide further clarity.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 304.39-060 requires the Department of Insurance to prescribe a form whereby any person may reject limitations on his tort rights and liabilities and these amendments clarify the options available to individuals seeking to reject limitations on their tort rights and liabilities.

(d) How the amendment will assist in the effective administration of the statutes: KRS 304.39-060 requires the Department of Insurance to prescribe a form whereby any person may reject limitation on his tort rights and liabilities. These amendments clarify the options available to each individual (owner/operator) based upon their rejection preference.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: The Department has received 356,319 No-Fault forms since 1999. To date in 2022, the Department has received 247 new No-Fault forms.

(4) Provide an analysis of how the entities identified in question (3) 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 that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: Insurers and agents will be required to assist individuals in completing the Kentucky No-Fault Rejection Form on-line. Prior to finalizing the form for submission to the Department, the insurance agent or the insurer will be required to provide a paper copy of the form to the person rejecting no-fault benefits, and to obtain the individual's original signature.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): This amendment will not impose additional costs for individuals, insurers, or agents.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): Compliance will allow individuals to properly address the specific tort right limitations they wish to reject.

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

(a) Initially: No associated cost

(b) On a continuing basis: No associated cost

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The Department of Insurance's operational budget.

(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: No, there is not a need to increase fees.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: No, this regulation does not establish any fees directly or indirectly.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied because this regulation applies equally to all individuals rejecting the limitations on their tort rights and liabilities.

FISCAL NOTE

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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, 304.39-300.

(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.

(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 will 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 will be generated.

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

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

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

Revenues (+/-):

Expenditures (+/-):

Other Explanation: There is no expectation of any fiscal impact.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? No cost savings are associated with this regulation or amendments.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? No cost savings are associated with this regulation or amendments.

(c) How much will it cost the regulated entities for the first year? There is no cost expected.

(d) How much will it cost the regulated entities for subsequent years? There is no cost expected.

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