

1 Public Protection Cabinet
2 Department of Insurance
3 Division of Property & Casualty
4 (Amendment)

5 806 KAR 39:070. Proof of motor vehicle insurance.

6 RELATES TO: KRS 186.021(3), 186A.040, 186A.042, 186A.095, 304.39-080, 304.39-
7 083, 304.39-085, 304.39-087, 304.39-090, 304.39-117

8 STATUTORY AUTHORITY: KRS 186.021(3), 304.2-110(1), 304.39-117(1), 304.39-300

9 NECESSITY, FUNCTION, AND CONFORMITY: KRS 186.021(3) authorizes [~~requires~~]

10 the commissioner of the Department of Insurance to promulgate an administrative regulation to
11 establish the manner for presenting proof of motor vehicle insurance to a county clerk. KRS 304.2-
12 110(1) and 304.39-300 authorize the commissioner to promulgate administrative regulations
13 necessary for or as an aid to enforce the insurance code. KRS 304.39-117(1) requires the
14 Department of Insurance to promulgate an administrative regulation that establishes the
15 requirements for the proof of insurance that an insurer shall give to an insured. This administrative
16 regulation establishes the requirements for the proof of insurance; the methods for reporting
17 coverage provided for personal motor vehicles insured on a personal lines motor vehicle policy;
18 the methods for presenting proof of motor vehicle insurance to a county clerk or peace officer; and
19 the requirements for notifying the Department of Vehicle Regulation if a binder, contract, or
20 commercial policy of motor vehicle insurance is cancelled or not renewed.

21 Section 1. Definitions. (1) "Commissioner" is defined by KRS 304.1-050(1).

1 (2) "Department" is defined by KRS 304.1-050(2).

2 (3) "Insurer" means an insurer defined by ~~under~~ KRS 304.1-040.

3 (4) "Motor vehicle insurance policy" means an insurance contract that provides security
4 covering a motor vehicle required to be registered pursuant to KRS 186.020 and insured pursuant
5 to KRS 186.021 and 304.39-080.

6 (5) "Person" is defined by KRS 304.1-020.

7 (6) "Personal lines motor vehicle policy" means an insurance policy, issued by an insurance
8 carrier authorized to do business in the Commonwealth of Kentucky, which insures a personal
9 motor vehicle.

10 (7) "VIN" means the vehicle identification number of a motor vehicle.

11 Section 2. Proof of Insurance to be Provided by Insurers. (1) The proof of insurance
12 required by KRS 304.39-117 shall be provided to the insured when a policy is issued, renewed,
13 or amended to include a vehicle. An insurer electing to provide proof of insurance in an electronic
14 format shall provide a printed proof of insurance unless the insured requests to receive
15 proof of insurance in electronic format.

16 (2) Printed proof of insurance card.

17 (a) Two (2) copies of the printed proof of insurance card shall be provided for each motor
18 vehicle insured under a motor vehicle insurance policy.

19 (b) Size and format of the printed proof of insurance card.

20 1. The printed proof of insurance card shall be:

21 a. A two and one-fourth (2 1/4) inch by three and one-half (3 1/2) inch card;

22 b. A two and one-fourth (2 1/4) inch by seven (7) inch card with a vertical fold resulting in
23 a two and one-fourth (2 1/4) inch by three and one-half (3 1/2) inch card;

1 c. A four and one-half (4 1/2) inch by three and one-half (3 1/2) inch card with a horizontal
2 fold resulting in a two and one-fourth (2 1/4) inch by three and one-half (3 1/2) inch card; or

3 d. A substantially similar size to the dimensions established in clauses a. through c. of this
4 subparagraph.

5 2. The printed insurance card shall be on white paper with black or blue ink.

6 (3) Proof of insurance in an electronic format.

7 (a) Proof of insurance in an electronic format shall be downloaded from or transmitted by
8 the insurer or agent to the insured.

9 (b) Proof of insurance in an electronic format shall not include a photographic copy of a
10 paper insurance card on a portable electronic device.

11 (4) Mandatory contents of the proof of insurance. In either paper or electronic format, the
12 proof of insurance shall prominently display the following information, in the order listed:

13 (a) Title: "COMMONWEALTH OF KENTUCKY PROOF OF INSURANCE";

14 (b) The name of the insurance company and its five (5) digit code number assigned by the
15 National Association of Insurance Commissioners (NAIC), or the name of the Self-Insured
16 Group and the group ID number provided by the department;

17 (c) The name of the named insured;

18 (d) The effective date and expiration date of coverage. If the policy is amended to add an
19 identified vehicle midterm, the effective date on the card shall be the effective date of the
20 amendment;

21 (e) The policy number;

22 (f) The type of policy:

1 1. If the policy is a personal lines motor vehicle policy for which premium is reported on
2 the NAIC Annual Statement line 19.1 or 19.2, the insurer shall indicate the policy type as
3 "Personal" or "PL"; or

4 2. If the policy is a commercial lines motor vehicle policy for which premium is reported
5 on the NAIC Annual Statement line 19.3 or 19.4, the insurer shall indicate the policy type as
6 "Commercial" or "CL"; and

7 (g) The vehicle or vehicles insured:

8 1. If the type of policy is personal lines (PL), the year, make, model, and VIN of each motor
9 vehicle; or

10 2. If the type of policy is commercial lines (CL), and:

11 a. If the insurance contract covers four (4) or fewer vehicles, the year, make, model and
12 VIN of each motor vehicle; or

13 b. If the insurance contract covers five (5) or more motor vehicles, it may state "Fleet" or
14 the insurer may elect to include the year, make, model, and the VIN of each motor vehicle.

15 (5) Other information to be provided to the insured. The insurer shall:

16 (a) Include the following information on the proof of insurance if the information required
17 by subsection (4) of this section is not obscured:

18 1. The insurer's logo;

19 2. A statement that establishes the procedure for contacting the insurer concerning a claim;
20 and

21 3. The insurer's address; or

22 (b) Include the information listed in paragraph (a) of this subsection on a separate document
23 or electronic image provided with the proof of insurance.

1 (6) An insurer shall furnish with the proof of insurance the following information:

2 (a) Instructions that the insured shall keep a copy of the proof of insurance in each motor
3 vehicle covered by the policy at all times;

4 (b) Information as to whether or not the policy is a personal lines motor vehicle policy and
5 whether or not the vehicle has been reported as an insured personal motor vehicle;

6 1. If so, the insured shall be informed that:

7 a. The proof of coverage information has been reported electronically to the Department of
8 Vehicle Regulation; and

9 b. If the VIN does not appear in the database, the insured may be required to present proof
10 of insurance to the county clerk for issuance of a replacement plate, decal, or registration certificate
11 or renewal as alternative evidence of proof of coverage; or

12 2. If not, the insured shall be instructed to present proof of insurance to the county clerk
13 for issuance of a replacement plate, decal, or registration certificate or renewal as evidence of
14 proof of coverage; and

15 (c) Instructions to compare the VIN appearing on the registration, insurance policy and
16 proof of insurance to the VIN affixed to the vehicle.

17 1. If the VIN on the motor vehicle title and registration and the VIN on the motor vehicle
18 do not match, the policyholder shall contact the county clerk to have the title and registration
19 corrected.

20 2. If the VIN on the proof of insurance and the motor vehicle do not match, the policyholder
21 shall contact the insurer to have the insurance policy and card corrected. The insurer shall
22 provide the name, address, and telephone number of an insurer representative to contact
23 concerning a discrepancy. The telephone number shall be:

- 1 a. The phone number of a local agent of the insurer; or
- 2 b. A toll-free telephone number of the insurer.

3 Section 3. Methods of Proving Motor Vehicle Insurance. One (1) of the following methods
4 shall be used to prove that motor vehicle insurance is in effect when registering a motor vehicle:

5 (1) The VIN appears as an insured motor vehicle in the Department of Vehicle Regulation's
6 database;

7 (2) Proof of current insurance in paper or electronic format:

8 (a) If the database does not list the VIN of a vehicle insured on a personal lines motor
9 vehicle (PL) policy, the proof of coverage shall indicate the proof was effective no more than
10 fortyfive (45) days prior to submission to the county clerk; and

11 (b) The county clerk may require the proof of coverage to be sent directly to the clerk by
12 the agent or company;

13 (3) A certificate of insurance issued by an insurance agent with a casualty line of authority
14 licensed by Kentucky;

15 (4) An insurance contract with a declaration page attached showing that the policy is in
16 effect when the motor vehicle is being registered or transferred;

17 (5) A letter from the Kentucky Automobile Insurance Plan serving as prima facie evidence
18 of insurance in force;

19 (6) If the owner of the motor vehicle is serving in the armed forces outside Kentucky, an
20 affidavit by the provost marshal of the base where the person is stationed stating that the motor
21 vehicle is covered by an automobile liability insurance policy; or

22 (7) A letter from the Kentucky Department of Insurance serving as prima facie evidence of
23 self-insurance pursuant to KRS 304.39-080(7).

1 Section 4. Beginning January 1, 2006, and each month thereafter, an insurer shall submit
2 information on each vehicle covered by a personal lines motor vehicle policy according to the
3 rules contained in Section 2.1 of the Kentucky Automobile Liability Insurance Reporting Guide.

4 Section 5. For motor vehicles insured under a commercial lines or fleet policy, each insurer
5 shall report cancellations pursuant to Part 2.2 of the Kentucky Automobile Liability Insurance
6 Reporting Guide.

7 ~~[Section 6. An insurance agent shall submit to the Department of Vehicle Regulation a~~
8 ~~completed Form TC96-30 if the purchaser of a binder or temporary insurance contract cancels the~~
9 ~~binder or contract before the agent has submitted the application to the insurance company.]~~

10 Section 6 [7]. Incorporation by Reference. (1) The following material is incorporated by
11 reference:

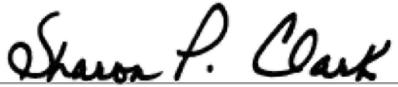
12 (a) "Kentucky Automobile Liability Insurance Reporting Guide", Transportation Cabinet,
13 Department of Vehicle Regulation, Version 1.6, 8/15/2005 ~~[(Version 1.6, 8/15/2005 edition); and]~~

14 ~~[(b) "Form No. TC 96-30, Motor Vehicle Insurance Agent Insurance Binder Cancellation~~
15 ~~Form (5/05 edition)", Kentucky Transportation Cabinet, Department of Motor Vehicle~~
16 ~~Regulation.]~~

17 (2) This material may be inspected, copied, or obtained, subject to applicable copyright
18 law, at the Department of Insurance, The Mayo-Underwood Building, 500 Mero Street ~~[Vehicle~~
19 ~~Regulation, P. O. Box 2014, 200 Mero Street,]~~ Frankfort, Kentucky 40601 ~~[40622]~~, Monday
20 through Friday, 8 a.m. to 4:30 p.m. ~~[The material may also be obtained at the Transportation~~
21 ~~Cabinet Web site: <http://transportation.ky.gov/mv1/home.htm>.]~~ The material may also be obtained
22 at the Department of Insurance Web site: <http://insurance.ky.gov>.

23

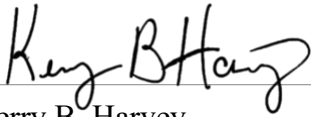
806 KAR 39:070
READ AND APPROVED:



7/7/2021

Sharon P. Clark
Commissioner, Department of Insurance

Date



7/8/2021

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 September 21st, 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 September 30th, 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 17:240

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 the requirements for proof of motor vehicle insurance, the methods for reporting coverage provided for personal motor vehicles insured on a personal lines motor vehicle policy, the methods for presenting proof of motor vehicle insurance to a county clerk or peace officer, and the requirements for notifying the Department of Vehicle Regulation if a binder, contract, or commercial policy of motor vehicle insurance is cancelled or not renewed.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the manner for presenting proof of motor vehicle insurance to a county clerk, to establish the requirements for the proof of motor vehicle insurance that an insurer is required to give to an insured, and to establish how an insurer or agent is to notify the Department of Vehicle Regulation if a binder, other contract for temporary insurance, or a policy is terminated by cancellation or nonrenewal.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 186.021 requires the Commissioner of the Department of Insurance to promulgate an administrative regulation to establish the manner for presenting proof of motor vehicle insurance to a county clerk. KRS 304.39-117 requires the Department of Insurance to promulgate an administrative regulation that establishes the requirements for the proof of insurance that an insurer is required to give to an insured. KRS 304.39-083 and 304.39-085 require notification to the Department of Vehicle Regulation if a binder or other contract for temporary insurance or a policy is terminated by cancellation or nonrenewal.

(d) How this administrative regulation currently assists or will assist in the effective

administration of the statutes: This administrative regulation informs all insurers regulated by the Department of Insurance of the policies and procedures for providing proof of insurance in conformity with the intent of the statutes. This administrative regulation informs County Clerks of the acceptable means of proof of insurance.

(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: This amendment reflects the removal Form No. TC 96-30, Motor Vehicle Insurance Agent Insurance Binder Cancellation Form from the regulation as it is no longer a required filing with the KY Department of Transportation. There reference to KY Department of Transportations web site was also removed as the “Kentucky Automobile Liability Insurance Reporting Guide” is no longer housed on their web site.

(b) The necessity of the amendment to this administrative regulation: KRS 13A.3102 sets forth the expiration requirements of all Kentucky Administrative Regulations. This regulation is being amended to meet the expiration filing requirement and to make appropriate changes to ensure the regulation requires the proper reporting processes.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 186.021 requires the Commissioner of the Department of Insurance to promulgate an administrative regulation to establish the manner for presenting proof of motor vehicle insurance to a county clerk. KRS 304.39-117 requires the Department of Insurance to promulgate an administrative regulation that establishes the requirements for the proof of insurance that an insurer is required to give to an insured. KRS 304.39-083 and 304.39-085 require notification to the Department of Vehicle Regulation if a binder or other contract for temporary insurance or a policy is terminated by cancellation or nonrenewal.

(d) How the amendment will assist in the effective administration of the statutes:

The amendments to this administrative regulation inform all insurers and producers regulated by the Department of Insurance of the proof of insurance which must be provided to the each vehicle owner, the

methods by which a vehicle owner shall present proof of insurance to their county clerk or a peace officer, and the methods by which the insurers and producers shall report coverage information to the Transportation Department of Vehicle Regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Every motor vehicle insurer issuing a policy which covers a vehicle registered in Kentucky must provide proof of insurance for each insured vehicle.

(4) Provide an assessment of how the above group or groups will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment: All of the above groups are currently impacted by the current administrative regulation. Specifically regarding the amendments, some insurers will be interested in providing electronic proof of insurance apps to their customers as the insurers already deliver policies and complete transactions electronically.

(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: In order to comply with this administrative regulation, insurers wanting to offer electronic proof of insurance need to ensure that the proof of insurance is available for download to a customer's portable electronic device in a manner that depicts current, valid, in-force coverage. Consumers opting to use electronic proof of insurance need to ensure that they maintain proof of coverage, whether electronic or paper, in their vehicle at all times. Law enforcement and county clerks need to be aware that electronic proof of insurance meeting the requirements of this administrative regulation is an appropriate manner to demonstrate that an insured has met their obligation to maintain insurance on their motor vehicle.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There is no additional cost to law enforcement

or county clerks to implement this administrative regulation. Because offering electronic proof of insurance is optional, there is no cost to an insurer. For insurers that voluntarily choose to offer electronic proof of insurance, the costs will vary based on their current system capabilities.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The primary benefits of offering electronic proof of insurance are the ability of insurers to streamline business operations by using less paper and the ability of consumers to use current technology to fulfill their ability to demonstrate motor vehicle insurance.

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

(a) Initially: There will be no cost to implement, no mass mailing, no new filings, and no additional staff needed. The P&C Division will alert insurers via SERFF about the reg revisions. A notice will also be prepared to inform Transportation and the county clerks.

(b) On a continuing basis: There is no additional cost to DOI to implement this regulation on an ongoing basis. Insurers are not currently required to file the printed proof of insurance, nor will they be required to file a printed image of the optional electronic proof of insurance.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The implementation and enforcement of the amendments to this administrative regulation will continue to be funded by the existing filing fees charged by the Department of Insurance pursuant to 806 KAR 4:010.

(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 the amendments to this administrative regulation.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: The amendments to this administrative regulation do not establish any new fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is applied by the statutory distinctions between personal and commercial motor vehicle policies.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation: 806 KAR 39:070
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 Kentucky Department of Insurance as the implementer of the regulation and, specifically, the Department's Property and Casualty Division.

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 186.021, 186A.042, 304.2-110(1), 304.39-083, 304.39-085, 304.39-087, 304.39-117, 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?

This administrative regulation will not generate revenue for the Department of Insurance 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? This administrative regulation will not generate revenue for the Department of Insurance for subsequent years.

(c) How much will it cost to administer this program for the first year? There should not be a cost to administer this program in the first year.

(d) How much will it cost to administer this program for subsequent years? There should not be a cost to administer this program in subsequent years.

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:

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

806 KAR 39:070

- (1) The “Kentucky Automobile Liability Insurance Reporting Guide”, Version 1.6, 8/15/2005; sets out the electronic specifications for submission of electronic reports by insurers to the Transportation Cabinet, Department of Motor Vehicle Regulation.