

1 Public Protection Cabinet
2 Department of Insurance
3 All Divisions
4 (Amendment)

5 806 KAR 4:010. Fees of the Department [~~Office~~] of Insurance.

6 RELATES TO: KRS 304.2-150, 304.4-010, 304.9-105, 304.9-130, 304.9-140, 304.9-150,
7 304.9-160, 304.9-260, 304.9-270, 304.9-295, 304.9-300, 304.9-430, [~~304.9-485~~], 304.9-505,
8 304.9-780, 304.10-120, 304.11-020, 304.15-700, 304.38-040, 304.38-060

9 STATUTORY AUTHORITY: KRS 61.874(4), 304.2-110(1), 304.4-010(1)

10 NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110(1) authorizes the
11 Commissioner [~~Executive Director~~] of Insurance to promulgate reasonable administrative
12 regulations necessary for or as an aid to the effectuation of any provision of the Kentucky
13 Insurance Code as defined in KRS 304.1-010. KRS 304.4-010(1) requires the Commissioner
14 [~~Executive Director~~] of Insurance to prescribe those services for which fees shall be charged and
15 the amounts of the fees. KRS 61.874(4) authorizes an agency to charge fees based on costs for
16 public records used for commercial purposes. This administrative regulation shall prescribe
17 [~~prescribes~~] these services for which the Department [~~Office~~] of Insurance shall [~~will~~] charge fees
18 and the amounts of those fees.

19 Section 1. The commissioner shall collect in advance fees as follows:

20 (1) Annual statement.

21 (a) Filing each year, \$100.

1 (b) Filing additional or supplemental statement in the same year, \$100.

2 (2) Filing charter documents.

3 (a) Original charter document, bylaws, and records of organization, or certified copies
4 thereof required to be filed, \$100.

5 (b) Amended charter documents, bylaws, and records of organization, or certified copies
6 thereof required to be filed, fifty (50) dollars.

7 (3) Certificate of authority.

8 (a) Issuance of original certificate, \$500.

9 (b) Amending, to add a line, fifty (50) dollars.

10 (c) Renewal, each year, \$100.

11 (4) Organization of domestic mutual insurers: filing application for solicitation permit and
12 issuance of such permit, \$200.

13 (5) Self insurer.

14 (a) Application to become self insurer under KRS Chapter 304 Subtitle 39, \$200.

15 (b) Notification of self-insurance program under KRS Chapter 304 Subtitle 32, fifty (50)
16 dollars.

17 (6) Agent license, line of authority, license renewal, appointment, appointment renewal,
18 and late renewal penalty. Each individual agent and each business entity agent.

19 (a) License and line of authority:

20 1. Resident individual license, forty (40) dollars and an additional forty (40) dollars for
21 each line of authority;

22 2. Nonresident individual license, fifty (50) dollars and an additional fifty (50) dollars for
23 each line of authority;

- 1 3. Resident business entity license, \$100 and an additional \$100 for each line of
2 authority; and
- 3 4. Nonresident business entity license, \$120 and an additional \$120 for each line of
4 authority.
- 5 (b) Temporary license as agent, twenty (20) dollars.
- 6 (c) License renewal, biennial:
- 7 1. Resident individual license renewal:
- 8 (a) If no active appointment, forty (40) dollars; and
- 9 (b) If one (1) or more active appointments, zero dollars;
- 10 2. Nonresident individual license renewal:
- 11 (a) If no active appointment, fifty (50) dollars; and
- 12 (b) If one (1) or more active appointments, zero dollars;
- 13 3. Resident business entity license renewal:
- 14 a. If no active appointment, \$100; and
- 15 b. If one (1) or more active appointments, zero dollars; and
- 16 4. Nonresident business entity license renewal:
- 17 a. If no active appointment, \$120; and
- 18 b. If one (1) or more active appointments, zero dollars.
- 19 (d) Appointment, per foreign or alien insurer represented:
- 20 1. Resident individual appointment, for each form filed:
- 21 a. Property, casualty, and personal lines of authority of agent, forty (40) dollars;
- 22 b. Life, health, and variable life and variable annuity lines of authority, forty (40) dollars;
- 23 and

- 1 c. All other lines of authority of agent, forty (40) dollars each;
- 2 2. Nonresident individual appointment, for each form filed:
- 3 a. Property, casualty, and personal lines of authority of agent, fifty (50) dollars;
- 4 b. Life, health, and variable life and variable annuity lines of authority, fifty (50) dollars;
- 5 and
- 6 c. All other lines of authority of agent, fifty (50) dollars each;
- 7 3. Resident business entity appointment, for each form filed:
- 8 a. Property, casualty, and personal lines of authority of agent, \$100;
- 9 b. Life, health, and variable life and variable annuity lines of authority, \$100; and
- 10 c. All other lines of authority of agent, \$100 each; and
- 11 4. Nonresident business entity appointment, for each form filed:
- 12 a. Property, casualty, and personal lines of authority of agent, \$120;
- 13 b. Life, health, and variable life and variable annuity lines of authority, \$120; and
- 14 c. All other lines of authority of agent, \$120 each.
- 15 (e) Appointment renewal, biennial, per foreign or alien insurer:
- 16 1. Resident individual appointment renewal, forty (40) dollars;
- 17 2. Nonresident individual appointment renewal, fifty (50) dollars;
- 18 3. Resident business entity appointment renewal, \$100; and
- 19 4. Nonresident business entity appointment renewal, \$120.
- 20 (f) Appointment and biennial appointment renewal, per fraternal benefit society, KRS
- 21 Chapter 304 Subtitle 32 corporation, health maintenance organization, or limited health service
- 22 organization represented:
- 23 1. Resident individual, forty (40) dollars;

1 2. Nonresident individual, fifty (50) dollars;

2 3. Resident business entity, \$100; and

3 4. Nonresident business entity, \$120.

4 (g) Late penalty for license renewal and appointment renewal:

5 1. Resident individual, forty (40) dollars;

6 2. Nonresident individual, fifty (50) dollars;

7 3. Resident business entity, \$100; and

8 4. Nonresident business entity, \$120.

9 (7) Pharmacy benefit manager license, or annual license renewal, \$1,000; late renewal
10 penalty \$500.

11 (8) Portable Electronics Insurance Retailer License, one (1) to twenty (20) locations in
12 Kentucky, \$100 per location; twenty-one or more locations in Kentucky, \$2,500 dollars total.

13 (9 [7]) Surplus lines broker, consultant, reinsurance intermediary, or managing general
14 agent license, biennial license renewal, or late renewal penalty, \$100 each.

15 (10 [8])(a) Adjuster license, biennial license renewal, or late renewal penalty, fifty (50)
16 dollars each.

17 (b) Temporary license as apprentice adjuster, twenty-five (25) dollars.

18 (11 [9]) Administrator's license, biennial license renewal, or late renewal penalty, fifty (50)
19 dollars each.

20 (12 [10])(a) Individual life [vitiacal] settlement broker license, biennial license renewal,
21 or late renewal penalty, \$250 each.

22 (b) Business entity life [vitiacal] settlement broker license, biennial license renewal, or
23 late renewal penalty, \$750 each.

1 (13[14])(a) Individual life [~~vital~~] settlement provider license, biennial license renewal,
2 or late renewal penalty, \$500 each.

3 (b) Business entity life [~~vital~~] settlement provider license, biennial license renewal, or
4 late renewal penalty, \$1,500 each.

5 (14[12]) Approval of prelicensing training course, fifty (50) dollars; biennial renewal, fifty
6 (50) dollars.

7 (15[13]) Approval of instructors, five (5) dollars per instructor; biennial renewal, five (5)
8 dollars per instructor.

9 (16[14]) Filing agent continuing education course for:

10 (a) Approval, five (5) dollars per hour of continuing education credit in addition to initial
11 fee of ten (10) dollars remitted with filing; and

12 (b) Biennial renewal, five (5) dollars per hour of continuing education credit; minimum of
13 ten (10) dollars.

14 (17[15]) Examination for agents, life settlement [~~vital~~] brokers, adjusters, and
15 consultants, fifty (50) dollars for each examination.

16 (18[16]) Annual registration fee of unauthorized insurer under KRS 304.11-020(2), \$500.

17 (19[17])(a) Rental vehicle insurance license, biennial license renewal, and late license
18 renewal penalty:

- 19 1. Rental vehicle agent, \$100 each; and
- 20 2. Rental vehicle managing employee, individual, forty (40) dollars each.

21 (b) Rental vehicle agent and managing employee appointment, biennial appointment
22 renewal, and late appointment renewal penalty, per insurer represented:

- 23 1. Resident individual, forty (40) dollars each;

1 2. Nonresident individual, fifty (50) dollars each;

2 3. Resident business entity, \$100 each; and

3 4. Nonresident business entity, \$120 each.

4 (c) Rental vehicle location registration or biennial location registration renewal, fifty (50)
5 dollars per location.

6 ~~[(18)(a) Specialty credit insurance license, biennial license renewal, and late license
7 renewal penalty:]~~

8 ~~[1. Specialty credit producer, \$750; and]~~

9 ~~[2. Specialty credit managing employee, forty (40) dollars each.]~~

10 ~~[(b) Specialty credit producer and managing employee appointment, biennial
11 appointment renewal, and late appointment renewal penalty, per insurer represented:~~

12 ~~[1. Resident individual, forty (40) dollars each;]~~

13 ~~[2. Nonresident individual, fifty (50) dollars each;]~~

14 ~~[3. Resident business entity, \$100 each; and]~~

15 ~~[4. Nonresident business entity, \$120 each.]~~

16 ~~[(c) Specialty credit location registration or biennial location registration renewal, \$250
17 per location.]~~

18 (20 [19]) Registration fee of industrial insureds, government entity insureds, and exempt
19 commercial policyholders under KRS Chapter 304 Subtitle 11, \$100.

20 (21 [20]) Advisory organizations, statistical agents, and form providers.

21 (a) Application for license, \$500.

22 (b) Annual renewal, \$100.

23 (22 [21]) Rate and form filings.

1 (a) Rate level revision filing in a noncompetitive market or other rate level revision filings
2 subject to prior approval by the commissioner [~~executive director~~], \$100.

3 (b) Credit life or health insurance filing requiring review for compliance with KRS 304.19-
4 080, \$100.

5 (c) Other rate and form filings, five (5) dollars per rate and form.

6 (~~23~~ [22]) Insurance premium finance companies.

7 (a) Application for license, \$500.

8 (b) Annual renewal, \$100.

9 (~~24~~ [23]) Cost of administering KRS Chapter 304 Subtitle 32 per membership contract in
10 force on December 31 of each year, except the health insurance contract or contracts for state
11 employees as authorized by KRS 18A.225, ten (10) cents.

12 (~~25~~ [24]) Computer printouts of lists, computer printouts of mailing labels, and electronic
13 or digital media:

14 (a) Agents with lines of authority for:

15 1. Property, casualty, and personal lines, for computer print-outs of lists or mailing labels,
16 \$300, for electronic or digital media, \$265;

17 2. Life, health, and variable life and variable annuity for computer print-outs of lists or
18 mailing labels, \$300, for electronic or digital media, \$265;

19 3. All other lines, \$100;

20 4. Listing for each ZIP code, fifty (50) dollars; and

21 5. Appointments (activity) of a specific agent, five (5) dollars.

22 (b) Adjusters, consultants, managing general agents, surplus lines brokers, reinsurance
23 intermediaries, rental vehicle agents and managing employees, ~~specialty credit producers and~~

1 ~~managing employees, lifeviatical~~ settlement brokers, ~~lifeviatical~~ settlement providers, and
2 administrators, ninety (90) dollars per license classification.

3 (c) Insurer directories:

- 4 1. All authorized insurers, ninety (90) dollars;
- 5 2. Insurers by line of insurance, ninety (90) dollars; and
- 6 3. Appointments (activity) by a specific insurer, fifty (50) dollars.

7 (d) Business entity license for agent, adjuster, administrator, managing general agent,
8 reinsurance intermediary, rental vehicle agent, [~~specialty credit producer~~], life [~~viatical~~]
9 settlement broker, and ~~lifeviatical~~ settlement provider, per license classification:

- 10 1. Business entity directory, ninety (90) dollars;
- 11 2. Business entities by line of authority, ninety (90) dollars; and
- 12 3. Appointments (activity) of a specific business entity, ten (10) dollars.

13 (e) Other special requests, printouts, or electronic or digital media not specified in this
14 section, if the request is approved by the commissioner [~~executive director~~], the commissioner
15 [~~executive director~~] shall establish the cost for the request in accordance with KRS 61.874(4)(c).

16 (~~26 [25]~~) Provider agreement filing, twenty-five (25) dollars.

17 (~~27 [26]~~) Subcontract agreement filing, twenty-five (25) dollars.

18 (~~28 [27]~~) Risk-sharing arrangement filing, fifty (50) dollars.

19 (~~29 [28]~~) Miscellaneous services.

20 (a) Filing other documents, each, five (5) dollars per document.

21 (b) Commissioner's ~~Executive Director's~~ certificate under seal, other than certificates,
22 licenses, and other documents provided for in this section, each, five (5) dollars.

1 (c) For copies of any document on file with the commissioner [~~executive director~~], per
2 page, thirty (30) cents.

3 (d) Copy of annual statements, per page, one (1) dollar.

4 Section 2. The biennial appointment renewal fees for agents, including managing general
5 agent, rental vehicle agent, and rental vehicle managing employee, [~~specialty credit producer,~~
6 ~~and specialty credit managing employee~~], shall be payable as follows:

7 (1) Life insurers and health insurers, including health maintenance organizations, limited
8 health service organizations, and KRS Chapter 304 Subtitle 32 corporations, shall renew their
9 appointments on or before March 31 in odd numbered years and biennially thereafter; fraternal
10 benefit societies shall renew their appointments on or before March 31, 2005, and biennially
11 thereafter.

12 (2) All other insurers shall renew their appointments on or before March 31 in even
13 numbered years and biennially thereafter.

14 (3) Original license and appointment fees shall be the amount stated and not prorated.

15 (4) Fee for duplicate request of appointment or renewal of appointment may be deemed
16 earned when the appointment or renewal is confirmed.

17 Section 3. If a statute or administrative regulation requires payment of a fee as provided in
18 KRS 304.4-010, it refers to a fee as specified in this administrative regulation.

806 KAR 4:010
READ AND APPROVED:

Sharon P. Clark
Commissioner, Department of Insurance

Date

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 June 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 June 30, 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 Assistant
Address: 500 Mero Street, Frankfort, KY 40601
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REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 4:010
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 fees for the Department of Insurance.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to prescribe the fees charged by the Department of Insurance.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.874(4) authorizes an agency to charge fees based on costs for public records used for commercial purposes. KRS 304.2-110 authorizes the Commissioner of the Department of Insurance to make reasonable rules and regulations necessary for the effectuation of any provision of the Kentucky Insurance Code. KRS 304.4-010 requires the Commissioner of Insurance to prescribe those services for which fees shall be charged and the amounts of the fees. This amendment establishes the fees for the Department of Insurance.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effective administration of the statutes by providing the schedule of fees that licensees need to pay in order to obtain and maintain licenses and perform other insurance-related services in Kentucky.

(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: • Establishes the fee for a portable electronics insurance retailer license, a new license created in KRS 304.9-780 and a new line for pharmacy benefit manager licensing/ annual licensing renewals; Revises terminology to reference life settlements rather than viaticals; Removes references to specialty credit insurance producers and managing employees as that license was repealed in statute; amendments to meet the statutory requirements on Chapter 13A. This amendment also requires \$5 fee per form submitted to the Department.

(b) The necessity of the amendment to this administrative regulation: This amendment is necessary to establish the fee for a portable electronics insurance retailer license, and pharmacy benefit licensing, conform the fee regulation to the terminology and business practices used in existing statutes and repeal the reference to an obsolete statute.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 61.874(4) authorizes an agency to charge fees based on costs for public records used for commercial purposes. KRS 304.2-110 authorizes the Commissioner of the Department of Insurance to make reasonable rules and regulations necessary for the effectuation of any provision of the Kentucky Insurance Code. KRS 304.4-010 requires the Commissioner of Insurance to prescribe those services for which fees shall be charged and the amounts of the fees. This amendment establishes the fee for a portable electronics insurance retailer license, and pharmacy benefit manager license. Additionally, the amendment provides technical changes to conform terminology and business practices to existing statutes.

(d) How the amendment will assist in the effective administration of the statutes: This amendment will establish the fee for an entity wanting to apply for portable electronic insurance retailer license as well as pharmacy benefit manager. Conforms the terminology used in the regulation to previous statutory changes, and repeal references to obsolete statutes.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: the updated fees established in this administrative regulation will affect Portable electronic insurance retailers and pharmacy benefit managers in the state. The remaining amendments are technical in nature and do not create new requirements.

(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: The primary amendment to this administrative regulation relates to portable electronics insurance retailers and pharmacy benefit managers. Any such entity wanting to offer and disseminate insurance on portable electronics will need to be properly licensed in Kentucky and pay the fee established in this administrative regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: Pharmacy benefit manager license, or annual license renewal, \$1,000; late renewal penalty \$500. Portable Electronics Insurance Retailer License, one (1) to twenty (20) locations in Kentucky, \$100 per location; twenty-one or more locations in Kentucky, \$2,500 dollars total. \$5 per form submitted to the Department of Insurance.

(c) As a result of compliance, what benefits will accrue to the entities: The entities will be meeting statutory requirements to obtain the appropriate license, given the entities meet other statutory requirements listed in the Insurance Code.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation: There will be no cost to implement this 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 establishes a new fee for a portable electronics retailer license and pharmacy benefit managers.

(9) TIERING: Is tiering applied? Explain why or why not. The amendments to this administrative regulation propose a tiered fee for portable electronics insurance retailers. The tiering sets a fee of \$100 per location for one (1) – (20) locations in Kentucky and a set fee of \$2,500 for twenty-one or more locations in Kentucky. In recognition that the entities obtaining this license could be large corporate entities with numerous locations across the Commonwealth, tiering was applied to establish a maximum fee.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation: 806 KAR 04:010
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.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.874, 304.2-110, 304.4-010

(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 is not expected to generate any revenue to the listed entities.

(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? The amendment to this administrative regulation is not estimated to generate revenue in subsequent years as the fee for the portable electronics insurance retailer license is an application fee only.

(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 remain 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: