

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 52:030

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation prescribes the required forms to be used by workers' compensation self-insured groups for rate, rule and coverage form filings.

(b) The necessity of this administrative regulation: This regulation is necessary to implement the provisions of KRS 304.50-010(2), which requires the Commissioner to promulgate administrative regulations to govern admission, certification and regulation of workers' compensation self-insured groups.

(c) How this administrative regulation conforms to the content of the authorizing statutes: 2005 Ky. Acts ch. 7 sec. 2 requires the Commissioner to promulgate administrative regulations as necessary to govern admission, certification and regulation of workers' compensation self-insured groups. Section 23 requires workers' compensation self-insured groups to file rates, supplementary rating information and coverage forms with the Commissioner.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation prescribes the required forms to insure that standardized information is filed for review and analysis by the Department 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: The amendments to this administrative regulation are technical in nature.

(b) The necessity of the amendment to this administrative regulation: The amendments made to this administrative regulation are necessary in the effectuation of Chapter 13A of the Kentucky Revised Statutes.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 304.50-010(2), which requires the Commissioner to promulgate administrative regulations to govern admission, certification and regulation of workers' compensation self-insured groups.

(d) How the amendment will assist in the effective administration of the statutes: KRS 304.50-010(2) and KRS 304.50-115 allow the Commissioner to promulgate administrative regulation to oversee workers' compensation self-insured groups and the filings for admissions. This amendments assist in the effectuation by meeting the drafting standards required by Chapter 13A.

- (3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This regulation will affect seven (7) existing workers' compensation self-insured groups and any entity desiring to file an initial application to become a certified workers' compensation self-insured group.
- (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: Workers' compensation self-insured groups will be required to utilize the forms prescribed by this regulation when making the statutorily required filings with the Department of Insurance.
- (b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: There is no associated cost with this administrative regulation.
- (c) As a result of compliance, what benefits will accrue to the entities: If the regulated entities meet the standards required by the authorizing statutes and limitations of this administrative regulations they will meet the standards
- (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: There will be no increase in fees or funding to implement this new administrative regulation.
- (8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This administrative regulation does not directly establish any new fees. The existing filing fees of \$100 for rate or rule filings requiring prior approval and \$5 for other rate, rule and form filings required by KRS 304.4-010 and 806 KAR 4:010 are applicable to these filings.

(9) TIERING: Is tiering applied? Explain why or why not. Tiering is not applied because this regulation applies equally to all workers' compensation self-insured groups operating in Kentucky.

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 of this administrative regulation.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 304.4-010, 304.50-010(2), 304.50-115

(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? No revenue is expected to 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 is expected to be generated.

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

(d) How much will it cost to administer this program for subsequent years? No cost is expected.

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: