

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 39:050

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the criteria to apply or re-apply for self-insurance and the jurisdiction that authorizes the commissioner to revoke self-insurance.

(b) The necessity of this administrative regulation: The necessity of this administrative regulation is to set forth the application criteria for self-insurers and the limitations of approval or disapproval determined by the commissioner.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.39-080 authorizes the commissioner to approve or disapprove self-insurance applications and set the standards at which self-insurance applications are approved or disapproved, this administrative regulation conforms to this statute by establishing those limitations,

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: KRS 304.2-110 authorizes the commissioner to promulgate administrative regulations to aid in the effectuation of the Insurance Code. This administrative regulation promulgates the application criteria for self-insurers, conforming to the effectiveness of KRS 304.39-080.

(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 made in this administrative regulation are to abide by the requirements of Chapter 13A. the amendments also incorporate the “Application for Self Insurance” into the regulation, which requires a materials incorporated section and a summary of said materials.

(b) The necessity of the amendment to this administrative regulation: The necessity of these amendments are to conform to the drafting requirements set forth in Chapter 13A.222. The form newly incorporated allows entities to apply for self-insurance in the Commonwealth according to Subtitle 39 of the Kentucky Revised Statutes.

(c) How the amendment conforms to the content of the authorizing statutes: The amendments change and replace old language, as well as address outdated formatting. The amendments will allow the administrative regulation to read more clearly and effectively.

- (d) How the amendment will assist in the effective administration of the statutes: The amendments meeting Chapter 13A requirements assist in the effective administration of KRS 304.2-110 and KRS 304.39-080 by ensuring the administrative regulation is easily understood by lay men and can be clearly received by entities affected by the administrative regulation itself.
- (3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Anyone who is looking to apply for self-insurance, is currently self-insured, those seeking to re-apply for self-insurance, those disapproved by the commissioner for self-insurance and the department.
- (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: Applicants must file an application with the commissioner to be approved or disapproved to be self-insured. If approved they must file annually every year and if disapproved they must re-apply to meet the proper standards not met in the initial application.
- (b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: Pursuant to 806 KAR 4:010, the fee to apply to be a motor vehicle self-insured entity is \$200.
- (c) As a result of compliance, what benefits will accrue to the entities: If a person is compliant to the administrative regulation they should receive approval by the commissioner to be self-insured.
- (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 applied. Tiering is not applied. The application process applies in the same manner to all entities who desire become self-insured for the purpose of motor vehicle insurance.

## 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? Persons who wish to be self-insured and the department.

(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. 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.

(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.

(c) How much will it cost to administer this program for the first year? There is not expected cost to administer this program, as it has been in place for many years prior.

(d) How much will it cost to administer this program for subsequent years? There is not expected cost to administer this program, as it has been in place for many years prior.

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: