

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 46:050
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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 liability self-insurance groups for rate, underwriting guidelines, and evidence of coverage form filings, and describes the process for submitting those filings.
- (b) The necessity of this administrative regulation: This regulation is necessary to implement the provisions of 10 RS SB 77, which requires liability self-insurance groups to file rates, underwriting guidelines, and evidence of coverage filings in accordance with KRS 304.13-051 and 304.14-120.
- (c) How does this administrative regulation conform to the content of the authorizing statutes: KRS 304.48-230 authorizes the commissioner to promulgate reasonable administrative regulations not inconsistent with KRS 304 Subtitle 48 that the commissioner deems necessary for the proper administration of the subtitle. KRS 304.48-180 requires liability self-insurance groups to file rates, underwriting guidelines, evidence of coverage and any changes therein with the commissioner. This administrative regulation establishes the procedures for liability self-insurance groups to submit these filings.
- (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 complete, comparable 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 and ensure the drafting requirements set forth in Chapter 13A are met.
- (b) The necessity of the amendment to this administrative regulation: These amendments are necessary to comply with 304.17B-023, as well as KRS Chapter 13A.
- (c) How the amendment conforms to the content of the authorizing statutes: KRS Chapter 13A requires specific drafting requirements for administrative regulation, and these amendments adhere to those requirements.
- (d) How the amendment will assist in the effective administration of the statutes: The amendments concerning drafting requirements of Chapter 13A are to ensure readability and efficacy of administrative regulations.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation will affect the five (5) liability self-insurance groups currently authorized to do business in Kentucky and an unknown number of future liability self-insurance groups that may apply to do business in Kentucky.

(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, 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: Liability self-insurance groups will need to comply with the filing requirements outlined in this administrative regulation in order to be in compliance with KRS 304.48-180.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): Liability self-insurance groups have previously filed forms with the Department. This administrative regulation provides clear guidelines for the submission of their filings. Therefore, the cost to comply with this administrative regulation should be minimal.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): As a result of compliance, liability self-insurance groups will be in compliance with KRS 304.48-180 and will have evidences of coverage, rates and underwriting rules appropriately reviewed by the Department of Insurance.

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

(a) Initially: There will be no cost to implement this regulation.

(b) On a continuing basis: There should be no additional cost on a continuing basis.

(6) What is the source of funding to be used for the implementation and enforcement of this administrative regulation: If any costs arise, the budget of the Kentucky Department of Insurance will be used for implementation and enforcement of this administrative regulation.

(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 this administrative regulation.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not directly establish any new fees.

(9) TIERING: Is tiering applied? (Explain why tiering was or was not used.) Tiering is not applied because this regulation applies equally to all liability self-insurance groups.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation: 806 KAR 17:350

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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.
- (2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 304.48-180, 304.48-230
- (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. There is no fiscal impact known to be associated with this 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:

DETAILED SUMMARY OF MATERIAL INCORPORATED BY REFERENCE
806 KAR 46:050

(a) “Form LSIG: F-1A P & C, Face Sheet and Verification Form for Liability Self-Insurance Groups (7/2010)” which is the form that liability self-insurance groups shall file with the Department of Insurance as a face sheet with every rate, underwriting and evidence of coverage form filing to certify the accuracy and appropriateness of the filing.

(b) “Form LSIG: F-2 P & C, Forms Index (7/2010)” which is the form that liability self-insurance groups shall file with the Department of Insurance with all evidence of coverage form filings to provide an index of all form numbers, edition dates, titles and types of coverage forms being submitted.

(c) “Form LSIG: S-1 P & C, Filing Synopsis for Rates and or Rules (7/2010)” which is the form that liability self-insurance groups shall file with the Department of Insurance with all rate or rule filings to provide responses to standardized questions that summarize the filing.

(d) “Form LSIG: S-2 P & C, Filing Synopsis Form (7/2010)” which is the form that liability self-insurance groups shall file with the Department of Insurance with all evidence of coverage form filings to provide responses to standardized questions that summarize the filing.

(e) “Form LSIG: LC-1 P & C, Calculation of Loss Cost Multiplier (7/2010)”, which is the form that liability self-insurance groups shall file with the Department of Insurance with all rate filings referencing loss costs formulated by any advisory organization to provide responses to standardized questions regarding calculation of the loss cost multiplier being utilized in the rate filing.

(f) “Form LSIG: LC-2 P & C, Expense Constant Supplement (7/2010)” is the form that liability self-insurance groups shall file with the Department of Insurance with all rate filings referencing loss costs formulated by an advisory organization in which an expense constant is used to provide responses to standardized questions regarding expense constants that are being utilized in the rate filing.