

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

806 KAR 09:025

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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the guidelines for individual agents, business entities, consultants, and adjusters to become licensed, obtain appointments, as required, in Kentucky, maintain their licenses through the completion of continuing education, and surrender their license voluntarily or have their appointment terminated by an insurer.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to provide additional information to clarify the licensing requirements for adjusters and apprentice adjusters.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.2-110 authorizes the Commissioner of Insurance to promulgate administrative regulations necessary for or as an aid to the effectuation of any provisions of the Kentucky Insurance Code. KRS 304.9-080 requires the commissioner to prescribe and furnish all forms required for licenses and appointments under Subtitle 9 of the insurance code. KRS 304.9-105 requires the commissioner to promulgate administrative regulations to mandate a prelicensing course of study for all agents except for a variable life and variable annuities line of authority and limited lines of authority. KRS 304.9- 230 requires the commissioner to promulgate administrative regulations regarding a prelicensing course of study for limited lines of authority. KRS 304.9-160 requires the commissioner to establish the examination process, and KRS 304.9-170 provides exemptions to the examination requirement. KRS 304.9-270 requires the commissioner to prescribe a form required for appointment of individual and business entity agents. KRS 304.9-295 requires the commissioner to establish forms and standards for the approval of pre-licensing and continuing education course providers, instructors, and courses. This administrative regulation establishes the guidelines for individual agents, business entities, consultants, and adjusters to become licensed, obtain appointments, as required, in Kentucky, maintain their licenses through the completion of continuing education, and surrender their license voluntarily or have their appointment terminated by an insurer.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will provide the Department with the necessary information to appropriately and effectively evaluate an applicant for licensure.

(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 regulation update relative statutes that this regulation conforms to based on HB 91 from the 2022 regular legislative session. KRS 12.357 requires an administrative agency to issue an initial occupational license or renew an occupational license for the spouse of a current member of the Armed Forces, so long as the spouse meets the statutory requirements for the occupational license. If the administrative agency requires

electronic payment of the occupational license fee prior to issuance, the fee must be refunded within 30 days. The amendments made to the Form 8301 incorporated in this administrative regulation conform to the requirements of the new statute.

(b) The necessity of the amendment to this administrative regulation: HB 91 was passed during the 2022 regular legislative session requiring an administrative agency to issue an initial occupational license or renew an occupational license for the spouse of a current member of the Armed Forces, so long as the spouse meets the statutory requirements for the occupational license. If the administrative agency requires electronic payment of the occupational license fee prior to issuance, the fee must be refunded within 30 days.

(c) How the amendment conforms to the content of the authorizing statutes: This amendment provides notice to applicants of the reimbursement to military spouses.

(d) How the amendment will assist in the effective administration of the statutes: The amendments to the Form 8301 application gives notices of the policies and procedures the Department will enforce to abide by KRS 12.357.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: The number of military spouses is unknown because the Department has not required this information to be filed with us previously.

(4) Provide an analysis of how the entities identified in question (3) 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: An applicant who is a military spouse will have to submit an application to the department accompanied by one of the following:

- Proof that the applicant is married to a current member of the Armed Forces of the United States;
- Proof that the applicant's spouse is assigned to a duty station in the Commonwealth of Kentucky; and
- Proof that the applicant has satisfied all statutory and regulatory pre-licensing course of study requirements, and all statutory and regulatory examination requirements, or proof that the applicant holds a valid individual insurance license issued by another state, the District of Columbia, or any possession or territory of the United States.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): These applicants whom are verified to be spouses of current Armed Forces member are exempt from paying the associated fees set out in 806 KAR 4:010.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): Verified applicants will be exempt from paying any applications or licensing fees.

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

(a) Initially: There is no associated cost with implementation

(b) On a continuing basis: There is no expected continuing cost

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The Department's operational budget.

(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: No, there is no increase.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees nor increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) No because this administrative regulation applies equally to all licensees and applicants.

FISCAL NOTE

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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 implementor.

(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, 304.9-080, 304.9-105, 304.9-160, 304.9-170, 304.9-230, 304.9-270, 304.9-295

(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? None.

(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? None. There may be a decrease in revenue for the Department when considering the Department has not been required to waive all of the fees associated with licensing for military spouses.

(c) How much will it cost to administer this program for the first year? There will be no cost.

(d) How much will it cost to administer this program for subsequent years? The cost will remain minimal.

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:

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? The cost savings are very circumstantial but at a minimum the cost of a temporary license that is waived is \$20.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? The cost savings would remain the same and depend on the licensee.

(c) How much will it cost the regulated entities for the first year? There should be no cost associated.

(d) How much will it cost the regulated entities for subsequent years? There should be no cost associated.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings (+/-):

Expenditures (+/-):

Other Explanation:

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. "Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)] There is no major economic impact.