

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation: 806 KAR 9:390
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(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the information to be included in the application for portable electronic insurance retailer, and recordkeeping for portable electronic insurance retailers and their employees who offer and disseminate portable electronics insurance by the licensee, its employees, and authorized representatives at each location at which the portable electronics retailer does business in the state.

(b) The necessity of this administrative regulation: The regulation is necessary to establish the licensure requirements and reporting procedures for portable electronic insurance retailer and the responsibilities of the supervising entity.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 304.2-110 authorizes the commissioner to promulgate administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code. KRS 304.9-780 authorizes the commissioner to issue a portable electronics insurance retailer license to offer and disseminate portable electronic insurance and requires the commissioner to promulgate administrative regulations to establish the requirements for licensure.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation sets forth the process for a portable electronic insurance retailer to obtain a license and identifies the responsibilities of a portable electronics insurance supervising entity.

(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: This is a new administrative regulation.

(b) The necessity of the amendment to this administrative regulation: This is a new administrative regulation.

(c) How the amendment conforms to the content of the authorizing statutes: This is a new administrative regulation.

(d) How the amendment will assist in the effective administration of the statutes: This is a new administrative regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation will impact the 41 current portable electronic insurance retailer business entities and an unknown number of future applicants.

(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: Those who wish to be licensed as a portable electronic insurance retailer will have to file the appropriate application with the Department. Supervising entities will have to maintain a register of locations, report any changes to the department, and supervise the activities of the unlicensed employees.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities: Portable Electronics Insurance Retailer License:

- One (1) to twenty (20) locations in Kentucky, \$100 per location; and
- Twenty-one (21) or more locations in Kentucky, \$2,500 dollars total.

(c) As a result of compliance, what benefits will accrue to the entities: Entities will be properly licensed under the insurance code. Supervising entities will maintain a register of locations containing the necessary information to comply with statutory requirements.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation: This does not associate a cost on the department to implement this administrative regulation's provisions.

(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 directly establish any new fees.

(9) TIERING: Is tiering applied? Explain why or why not. Tiering is not applied because this applies to all portable electronic retailer licensees the same.

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 Kentucky Department of Insurance will be impacted 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 304.2-110, 304.9-780
- (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 administrative regulation may generate revenue should any new licensees apply to the Department, but this is expected to be very minimal.
 - (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 revenue generated by this administrative regulation is expected to be minimal.
 - (c) How much will it cost to administer this program for the first year? This administrative regulation will not have a cost to implement in the first year.
 - (d) How much will it cost to administer this program for subsequent years? This administrative regulation will not have a cost to administer subsequent years.

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

Revenues (+/-): Neutral

Expenditures (+/-): Neutral

Other Explanation: This is a new administrative regulation.