GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2012 REGULAR SESSION

HOUSE BILL NO. 497

AS ENACTED

WEDNESDAY, MARCH 28, 2012

RECEIVED AND FILED
DATE April 11, 2012
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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY Marjorie Wilson

1 AN ACT relating to insurance.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 304.16-030 is amended to read as follows:

4 The lives of a group of individuals may be insured under a policy issued to an employer,
5 or to the trustees of a fund established by an employer, which employer or trustees shall
6 be deemed the policyholder, to insure employees of the employer for the benefit of
7 persons other than the employer, subject to the following requirements:

8 (1) The employees eligible for insurance under the policy shall be all of the employees
9 of the employer, or all of any class or classes thereof determined by conditions
10 pertaining to their employment. The policy may provide that the term "employees"
11 shall include the employees of one (1) or more subsidiary corporations, and the
12 employees, individual proprietors, and partners of one (1) or more affiliated
13 corporations, proprietors or partnerships if the business of the employer and of such
14 affiliated corporations, proprietors or partnerships is under common control through
15 stock ownership, contract or otherwise. The policy may provide that the term
16 "employees" shall include the individual proprietor or partners if the employer is an
17 individual proprietor or a partnership. The policy may provide that the term
18 "employees" shall include retired employees. No director of a corporate employer
19 shall be eligible for insurance under the policy unless such person is otherwise
20 eligible as a bona fide employee of the corporation by performing services other
21 than the usual duties of a director. No individual proprietor or partner shall be
22 eligible for insurance under the policy unless he is actively engaged in and devotes a
23 substantial part of his time to the conduct of the business of the proprietor or
24 partnership. A policy issued to insure the employees of a public body may provide
25 that the term "employees" shall include elected or appointed officials.

26 (2) The premium for the policy shall be paid by the policyholder, either wholly from the
27 employer's funds or funds contributed by him, ~~[or]~~partly from such funds and partly

1 from funds contributed by the insured employees***, or entirely from funds***
2 ***contributed by the insured employees***. Except as provided in subsection (3) of this
3 section, a policy on which no part of the premium is to be derived from funds
4 contributed by the insured employees shall insure all eligible employees, except
5 those who reject the coverage in writing.
6 (3) An insurer may exclude or limit the coverage on any person for whom evidence of
7 individual insurability is not satisfactory to the insurer.
8 (4) The amounts of insurance under the policy must be based upon some plan
9 precluding individual selection either by the employees or by the employer or
10 trustees.
11 ➔Section 2. KRS 304.16-090 is amended to read as follows:
12 The lives of a group of individuals may be insured under a policy issued to a credit union,
13 or to a trustee or trustees or agent designated by two (2) or more credit unions, which
14 shall be deemed the policyholder, to insure eligible members of the credit union or credit
15 unions for the benefit of persons other than the credit union or credit unions, trustee or
16 trustees, or agent, or its officials, subject to the following requirements:
17 (1) The members eligible for insurance under the policy shall be all of the members of
18 the credit union, or all except any for whom evidence of individual insurability is
19 not satisfactory to the insurer, or all of any class or classes thereof.
20 (2) The premium for the policy shall be paid by the policyholder***, either wholly*** from
21 the credit union's funds***, or partly from the credit union's funds and partly from***
22 ***funds contributed by the insured member specifically for the member's***
23 ***insurance***. A policy shall insure all eligible members, or all except any for whom
24 evidence of individual insurability is not satisfactory to the insurer.
25 (3) The amounts of insurance under the policy must be based upon some plan
26 precluding individual selection either by the insured members or by the
27 policyholder.

1 ➔Section 3. KRS 304.16-085 is amended to read as follows:
2 (1) Insurance under any group life insurance policy issued pursuant to KRS 304.16-030
3 (employee groups), KRS 304.16-050 (labor union groups), KRS 304.16-060 (trustee
4 groups), KRS 304.16-070 (public employee groups),~~[and]~~ KRS 304.16-080
5 (association groups)***, and Section 4 of this Act*** of this subtitle may be extended to
6 insure the dependents, or any class or classes thereof, of each insured employee or
7 member who so elects in amounts in accordance with a plan which precludes
8 individual selection. A "dependent" ***includes any of the following:***~~[is the]~~
9 ***(a) The*** husband or wife of the insured employee or member;~~[and an]~~
10 ***(b) The*** insured employee's or member's child under eighteen (18) years of age;
11 ***(c) The insured employee's or member's child age eighteen (18) years or older***
12 ***who is:***
13 ***1. Unmarried;***
14 ***2. Supported either in whole or in part by the insured employee or***
15 ***member; and***
16 ***3. A full-time student at a school, college, university, or other accredited***
17 ***educational institution;*** or
18 ***(d) A dependent child of an insured employee or other member of an insured***
19 ***group which terminates coverage at a specified age, who is unmarried and***
20 ***incapable of self-sustaining employment because of a mental or physical***
21 ***condition, if:***
22 ***1. The child was incapacitated prior to attainment of the age at which***
23 ***dependent coverage would otherwise terminate;***
24 ***2. The child is chiefly dependent upon the employee or member for***
25 ***support and maintenance;***
26 ***3. The insurance of the employee or member remains in force;***
27 ***4. The dependent child remains incapable of self-sustaining***

1 *employment; and*

2 *5. The insured employee or member submits proof of the dependent*

3 *child's incapacity within thirty-one (31) days of the dependent's*

4 *attainment of the termination age*[~~ his child eighteen (18) years or older~~

5 ~~who is attending an educational institution and relying upon the insured~~

6 ~~employee or member for financial support~~].

7 (2) Premiums for the insurance on the dependents may be paid by the group

8 policyholder, or by the employee or member or by the group policyholder and the

9 employee or member jointly.

10 (3) A husband or wife and dependents pursuant to this section shall have the same

11 conversion right as to the insurance on his or her life as is vested in the employee or

12 member.

13 (4) Notwithstanding the provisions of KRS 304.16-180 (certificate; filing approval)

14 only one (1) certificate need be issued for each family unit if a statement concerning

15 any dependent's coverage is included in the certificate.

16 ➔SECTION 4. A NEW SECTION OF SUBTITLE 16 OF KRS CHAPTER 304

17 IS CREATED TO READ AS FOLLOWS:

18 *Group life insurance offered to a resident of this state under a group life insurance*

19 *policy issued to a group, other than one described in KRS 304.16-030, 304.16-040,*

20 *304.16-050, 304.16-060, 304.16-070, or 304.16-080, shall be subject to the following*

21 *requirements:*

22 *(1) No group life insurance policy shall be delivered in this state unless the*

23 *commissioner finds that:*

24 *(a) The issuance of the group policy is not contrary to the best interests of the*

25 *public;*

26 *(b) The issuance of the group policy would result in economies of acquisition*

27 *or administration; and*

1 *(c) The benefits of the group policy are reasonable in relation to the premiums*
2 *charged;*
3 *(2) No group life insurance coverage may be offered in this state by an insurer under*
4 *a policy issued in another state unless this state or another state having*
5 *requirements substantially similar to the requirements of subsection (1) of this*
6 *section has made a determination that the requirements have been met;*
7 *(3) The premium for the policy shall be paid either from the policyholder's funds or*
8 *from funds contributed by the covered persons or from both; and*
9 *(4) An insurer may exclude or limit the coverage on any person as to whom evidence*
10 *of individual insurability is not satisfactory to the insurer.*
11 ➔SECTION 5. A NEW SECTION OF SUBTITLE 13 OF KRS CHAPTER 304
12 IS CREATED TO READ AS FOLLOWS:
13 *(1) An insurer that uses credit information shall, on written request from an*
14 *applicant or an insured, provide reasonable exceptions to the insurer's rates,*
15 *rating classifications, company or tier placement, or underwriting rules or*
16 *guidelines for an applicant or insured who has experienced and whose credit*
17 *information has been directly influenced by any of the following events:*
18 *(a) Catastrophic event, as declared by the federal or state government;*
19 *(b) Serious illness or injury, or serious illness or injury to an immediate family*
20 *member;*
21 *(c) Death of a spouse, child, or parent;*
22 *(d) Divorce or involuntary interruption of legally owed alimony or support*
23 *payments;*
24 *(e) Identity theft;*
25 *(f) Temporary loss of employment for a period of three (3) months or more, if it*
26 *results from involuntary termination;*
27 *(g) Military deployment overseas; or*

1 *(h) Other events, as determined by the insurer.*
2 *(2) If an applicant or insured submits a request for an exception as set forth in*
3 *subsection (1) of this section, an insurer may:*
4 *(a) Require the applicant or insured to provide reasonable written and*
5 *independently verifiable documentation of the event;*
6 *(b) Require the applicant or insured to demonstrate that the event had direct*
7 *and meaningful impact on his or her credit information;*
8 *(c) Require that the request be made no more than sixty (60) days from the date*
9 *of the application for insurance or the policy renewal;*
10 *(d) Grant an exception despite the applicant or insured not providing the initial*
11 *request for an exception in writing; or*
12 *(e) Grant an exception where the applicant or insured asks for consideration of*
13 *repeated events or the insurer has considered this event previously.*
14 *(3) An insurer shall not be considered in violation of any law or regulation relating*
15 *to underwriting, rating, or rate filing as a result of granting an exception under*
16 *this section. Nothing in this section shall be construed to provide an applicant or*
17 *insured or other insured with a cause of action that does not exist in the absence*
18 *of this section.*
19 *(4) The insurer shall provide notice to applicants or insureds that reasonable*
20 *exceptions are available and information about how they may inquire further.*
21 *(5) Within thirty (30) days of the insurer's receipt of sufficient documentation of an*
22 *event described in subsection (1) of this section, the insurer shall inform the*
23 *applicant or insured of the outcome of his or her request for a reasonable*
24 *exception. The communication shall be in writing or provided to an applicant in*
25 *the same medium as the request.*
26 *(6) For purposes of this section, "credit information" shall mean any credit-related*
27 *information derived from a credit report, found on a credit report itself, or*

1 ***provided on an application for personal insurance. Information that is not credit-***
2 ***related shall not be considered credit information, regardless of whether it is***
3 ***contained in a credit report or in an application, or is used to calculate an***
4 ***insurance score.***
5 ➔SECTION 6. A NEW SECTION OF SUBTITLE 20 OF KRS CHAPTER 304
6 IS CREATED TO READ AS FOLLOWS:
7 ***No insurer shall cancel, refuse to renew, or increase the premium on an automobile***
8 ***liability insurance policy or a homeowner's insurance policy solely as the result of an***
9 ***inquiry related to the insured's coverage which does not reasonably apprise the insurer***
10 ***of a claim.***
11 ➔Section 7. KRS 304.20-040 is amended to read as follows:
12 (1) As used in this section:
13 (a) "Policy" means an automobile liability insurance policy, delivered or issued
14 for delivery in this state, insuring a single individual or husband and wife
15 resident of the same household, as named insured, and under which the
16 insured vehicles therein designated are of the following types only:
17 1. A motor vehicle of the private passenger or station wagon type that is
18 not used as a public or livery conveyance for passengers, nor rented to
19 others; and
20 2. Any other four-wheel motor vehicle with a load capacity of one
21 thousand five hundred (1,500) pounds or less which is not used in the
22 occupation, profession, or business of the insured; provided, however,
23 that this section shall not apply:
24 a. To any policy issued under an automobile assigned risk plan; ***or***
25 b.~~[To any policy insuring more than four (4) automobiles; or~~
26 ~~c.]~~ To any policy covering garage, automobile sales agency, repair
27 shop, service station, or public parking place operation hazards;

1 (b) "Automobile liability insurance policy" includes only coverage for bodily
2 injury and property damage liability, basic reparations benefits, and the
3 provisions therein, if any, relating to medical payments, uninsured motorists
4 coverage, underinsured motorists coverage, and automobile physical damage
5 coverage;
6 (c) "Renewal" or "to renew" means the issuance and delivery by an insurer of a
7 policy replacing at the end of the policy period a policy previously issued and
8 delivered by the same insurer, or the issuance and delivery of a certificate or
9 notice extending the term of a policy beyond its policy period or term;
10 provided, however, that any policy with a policy period or term of less than
11 three (3) months shall for the purpose of this section be considered as if
12 written for a policy period or term of three (3) months. Provided, further, that
13 any policy written for a term longer than one (1) year or any policy with no
14 fixed expiration date, shall for the purpose of this section, be considered as if
15 written for successive policy periods or terms of one (1) year, and the policy
16 may be terminated at the expiration of any annual period upon giving seventy-
17 five (75) days' notice of nonrenewal prior to the anniversary date;
18 (d) "Nonpayment of premium" means failure of the named insured to discharge
19 when due any of his or her obligations in connection with the payment of
20 premiums on a policy, or any installment of the premium, whether the
21 premium is payable directly to the insurer or its agent or indirectly under any
22 premium finance plan or extension of credit;
23 (e) "Declination" or "decline" means either the refusal of an insurer to issue an
24 automobile liability insurance policy upon receipt of a written nonbinding
25 application or written request for coverage from its agent or an applicant, or
26 refusal of an agent to transmit to an insurer a written nonbinding application
27 or written request for coverage received from an applicant. The offering of

1 insurance coverage with a company within an insurance group that is different
2 from the company requested on the nonbinding application or written request
3 for coverage, or the offering of insurance upon different terms than requested
4 in the nonbinding application or written request for coverage, shall be
5 considered to be a declination; and
6 (f) "Agent" includes but is not limited to surplus lines broker.
7 (2) (a) A notice of cancellation of a policy shall be effective only if it is based on one
8 (1) or more of the following reasons:
9 1. Nonpayment of premium;
10 2. The driver's license or motor vehicle registration of the named insured or
11 of any other operator who either resides in the same household or
12 customarily operates an automobile insured under the policy has been
13 under suspension or revocation during the policy period or, if the policy
14 is a renewal, during its policy period or the one hundred eighty (180)
15 days immediately preceding its effective date;
16 3. Discovery of fraud or material misrepresentation made by or with the
17 knowledge of the named insured in obtaining the policy, continuing the
18 policy, or in presenting a claim under the policy;
19 4. Discovery of willful acts or omissions on the part of the named insured
20 that increase any hazard insured against; or
21 5. A determination by the commissioner that the continuation of the policy
22 would place the insurer in violation of this chapter or the rules or
23 administrative regulations of the commissioner.
24 (b) This subsection shall not apply to any policy or coverage which has been in
25 effect less than sixty (60) days at the time notice of cancellation is mailed or
26 delivered by the insurer unless it is a renewal policy.
27 (c) Modification of automobile physical damage coverage by the inclusion of a

deductible not exceeding one hundred dollars ($100) shall not be deemed a cancellation of the coverage or of the policy.

(d) This subsection shall not apply to nonrenewal.

(3) No notice of cancellation of a policy to which subsection (2) of this section applies shall be effective unless mailed or delivered by the insurer to the named insured at least twenty (20) days prior to the effective date of cancellation; provided, however, that where cancellation is for nonpayment of premium, at least fourteen (14) days' notice of cancellation accompanied by the reason therefor shall be given. This subsection shall not apply to renewals. ***A policy or coverage which has been in effect less than sixty (60) days at the time the notice of cancellation is mailed or delivered by the insurer is not limited to the reasons for cancellation set forth in subsection (2)(a) of this section unless it is a renewal policy. Notice of cancellation for a policy that has been in effect for less than sixty (60) days shall be mailed or delivered to the named insured at least fourteen (14) days in advance of the effective cancellation date.***

(4) No insurer or agent shall decline, refuse to renew, or cancel a policy of automobile insurance solely because:

(a) Of the credit history,[~~or~~] lack of credit history, ***or the following extraordinary life circumstances that directly influence the credit history*** of the applicant or insured:[~~;~~]

1. Catastrophic event, as declared by the federal or state government;

2. Serious illness or injury, or serious illness or injury to an immediate family member;

3. Death of a spouse, child, or parent;

4. Divorce or involuntary interruption of legally owed alimony or support payments;

5. Identity theft;

1 *6. Temporary loss of employment for a period of three (3) months or*
2 *more, if it results from involuntary termination;*
3 *7. Military deployment overseas; or*
4 *8. Other events, as determined by the insurer;*
5 (b) The applicant or insured has previously obtained automobile coverage through
6 a residual market mechanism or from a carrier providing nonstandard
7 coverage;
8 (c) The applicant or insured has sustained one (1) or more losses that immediately
9 result from a natural cause without the intervention of any person and that
10 could not have been prevented by the exercise of prudence, diligence, and
11 care;
12 (d) Of the race, religion, nationality, ethnic group, age, sex, or marital status of
13 the applicant or named insured; or
14 (e) Another insurer previously declined to insure the applicant or terminated an
15 existing policy in which the applicant was the named insured.
16 (5) No insurer shall fail to renew a policy unless it shall mail or deliver to the named
17 insured, at the address shown in the policy, at least seventy-five (75) days' advance
18 notice of its intention not to renew. If notice is not provided, coverage shall be
19 deemed to be renewed for the ensuing policy period upon payment of the
20 appropriate payment under the same terms and conditions, until the named insured
21 has accepted replacement coverage with another insurer, or until the named insured
22 has agreed to the nonrenewal.
23 (6) The transfer of a policyholder between companies within the same insurance group
24 shall be considered a nonrenewal.
25 (7) Renewal of a policy shall not constitute a waiver or estoppel with respect to grounds
26 for cancellation which existed before the effective date of the renewal.
27 (8) If the insurer has manifested its willingness to renew by mailing or delivering a

1 renewal notice, bill, certificate, or policy to the first-named insured at his or her last
2 known address at least thirty (30) days before the end of the current policy period
3 with the amount of the renewal premium charge and its due date clearly set forth
4 therein, then the policy shall expire and terminate without further notice to the
5 insured on the due date, unless the renewal premium is received by the insurer or its
6 authorized agent on or before that date. When any policy terminates pursuant to this
7 subsection because the renewal premium was not received on or before the due
8 date, the insurer shall, within fifteen (15) days, deliver or mail to the first-named
9 insured at his or her last known address a notice that the policy was not renewed
10 and the date on which the coverage under it ceased to exist.
11 (9) (a) Proof of mailing of renewal premium to the insurer or its agent, when
12 authorized, on or before the due date, shall constitute a presumption of receipt
13 pursuant to subsection (8) of this section.
14 (b) Proof of mailing of notice of cancellation or of intention not to renew or of
15 reasons for cancellation or nonrenewal to the named insured at the address
16 shown in the policy shall be sufficient proof of notice.
17 (10) No insurer shall impose or request an additional premium higher than its standard
18 premium for automobile insurance, cancel or refuse to issue a policy, or refuse to
19 renew a policy solely because the insured or the applicant is an individual with a
20 disability, so long as the disability does not substantially impair the person's
21 mechanically assisted driving ability.
22 (11) When an automobile liability insurance policy is canceled other than for
23 nonpayment of premium, or in the event of failure to renew a policy of automobile
24 liability insurance, the insurer shall notify the named insured of his or her possible
25 eligibility for automobile liability insurance coverage through the Kentucky
26 automobile assigned risk plan. The notice shall accompany or be included in the
27 notice of cancellation or the notice of intent not to renew. The notice shall also

1 inform the insured that he or she may, within seven (7) days, request the
2 commissioner in writing to determine whether there is sufficient reason to cancel or
3 not to renew the policy. ***Upon receipt of a request from the insured, the***
4 ***commissioner may request additional information regarding the cancellation or***
5 ***nonrenewal of a policy from the insurer. An insurer shall respond to a request***
6 ***for information from the commissioner within seven (7) days from receipt of the***
7 ***request.*** Within fourteen (14) days of receiving~~[such]~~ a written request ***from the***
8 ***insured***, the commissioner shall send his or her findings to the insurer and to the
9 insured. ***If an insurer fails to respond to a request for additional information***
10 ***within seven (7) days from receipt of the request, the commissioner may make a***
11 ***finding in favor of the insured.*** When he or she sends findings, the commissioner
12 shall notify both parties of their right to request a hearing under KRS 304.2-
13 310(2)(b) and KRS Chapter 13B. The party requesting the hearing shall give the
14 commissioner written confirmation of attendance at the hearing not more than five
15 (5) days before, nor less than forty-eight (48) hours before, the scheduled hearing. If
16 the requesting party fails to give the required written confirmation, the
17 commissioner shall cancel the hearing.
18 (12) The reason for nonrenewal or cancellation shall accompany or be included in the
19 notice of nonrenewal or cancellation.
20 (13) Except where the maximum limits of coverage have been purchased, every notice of
21 first renewal shall include a provision or be accompanied by a notice stating in
22 substance that added uninsured motorists, underinsured motorists, and personal
23 injury protection coverages may be purchased by the insured.
24 (14) There shall be no liability on the part of and no cause of action of any nature shall
25 arise against the commissioner or against any insurer, its authorized representative,
26 its agents, its employees, or any firm, person, or corporation furnishing to the
27 insurer information as to reasons for cancellation or nonrenewal, for any statement

1 made by any of them in any written notice of cancellation or nonrenewal, or in any
2 other communication, oral or written, specifying the reasons for cancellation or
3 nonrenewal, or the providing of information pertaining thereto, or for statements
4 made or evidence submitted at any hearings conducted in connection therewith.
5 (15) (a) If the commissioner determines that an insurer has violated any provision of
6 this section, the commissioner may require the insurer to:
7 1. Accept the application or written request for insurance coverage at a rate
8 and on the same terms and conditions as are available to other risks
9 similarly situated;
10 2. Reinstate insurance coverage to the end of the policy period; or
11 3. Continue insurance coverage at a rate and on the same terms and
12 conditions as are available to other risks similarly situated.
13 (b) As to any person who has violated any provisions of this section, the
14 commissioner may:
15 1. Issue a cease and desist order to restrain the person from engaging in
16 practices that violate this section;
17 2. Suspend or revoke the person's license or certificate of authority;
18 3. Assess a civil penalty against the person in accordance with KRS
19 304.99-020; or
20 4. Take any combination of the actions specified in this paragraph.
21 ➔Section 8. KRS 304.20-042 is amended to read as follows:
22 (1) No insurer shall decline to issue, cancel, nonrenew, or otherwise terminate property
23 and casualty insurance contracts covering personal risks solely because of credit
24 history,~~[or]~~ lack of credit history***, or the following extraordinary life***
25 ***circumstances that directly influence the credit history of the applicant or***
26 ***insured:***
27 ***(a) Catastrophic event, as declared by the federal or state government;***

1 *(b) Serious illness or injury, or serious illness or injury to an immediate family*
2 *member;*
3 *(c) Death of a spouse, child, or parent;*
4 *(d) Divorce or involuntary interruption of legally owed alimony or support*
5 *payments;*
6 *(e) Identity theft;*
7 *(f) Temporary loss of employment for a period of three (3) months or more, if it*
8 *results from involuntary termination;*
9 *(g) Military deployment overseas; or*
10 *(h) Other events, as determined by the insurer*.
11 (2) For purposes of this section, "personal risks" shall have the meaning as defined in
12 KRS 304.13-011.
13 ➔Section 9. KRS 304.17A-150 is amended to read as follows:
14 (1) On and after July 15, 1995, it is an unfair trade practice for an insurer, agent, broker,
15 or any other person in the business of marketing and selling health plans, to commit
16 or perform any of the following acts:
17 (a) Encourage individuals or groups to refrain from filing an application for
18 coverage with the insurer because of the individual's or group's health status,
19 claims experience, industry, occupation, or geographic location; or
20 (b) Encourage or direct individuals or groups to seek coverage from another
21 insurer because of the individual's or group's health status, claims experience,
22 industry, occupation, or geographic location; or
23 (c) Encourage an employer to exclude an employee from coverage.
24 The provisions of this subsection shall not apply to information provided regarding
25 the established geographic service area of an insurer.
26 (2) It is an unfair trade practice for an insurer to compensate an agent, broker, or any
27 other person in the business of marketing and selling health plans on the basis of the

1 health status, claims experience, industry, occupation, or geographic location of the
2 insured or prospective insured except as provided in KRS 304.17B-001 to 304.17B-
3 031.
4 (3) It shall constitute an unfair trade practice for any insurer, insurance agent, or third-
5 party administrator to refer an individual to Kentucky Access, or to arrange for an
6 individual to apply to Kentucky Access, for the purpose of separating an individual
7 from group health insurance coverage.
8 (4) It is an unfair trade practice for an insurer that offers multiple health benefit plans to
9 require a health care provider, as a condition of participation in a health benefit plan
10 of the insurer, to participate in any of the insurer's other health benefit plans. In
11 addition to the proceedings and penalties provided in this chapter for violation of
12 this provision, a contract provision violating this subsection is void.
13 (5) It is an unfair trade practice for an insurer not to compute an insured's coinsurance
14 or cost sharing on the basis of the amount actually received by a health-care
15 provider from the insurer.
16 (6) The commissioner may suspend or revoke, after notice and hearing, the certificate
17 of authority to transact insurance in this state of any insurer that fails to pay an
18 assessment under KRS 304.17B-021. As an alternative, the commissioner may levy
19 a civil penalty on any member insurer that fails to pay the assessment when due.
20 The civil penalty shall not exceed five percent (5%) of the unpaid assessment per
21 month, but no civil penalty shall be less than one hundred dollars ($100) per month.
22 (7) The remedy provided by KRS 304.12-120 shall be available for conduct proscribed
23 by this section.
24 (8) It is an unfair claims settlement practice for any person to make claims payments to
25 insureds or beneficiaries not accompanied by a statement setting forth the coverage
26 under which the payments are being made in instances in which the insured has a
27 liability under the policy beyond his or her copayment or deductible.

1 *(9) It is an unfair trade practice to impose requirements in a provider contract or*
2 *agreement with a doctor of chiropractic licensed pursuant to KRS Chapter 312*
3 *that restrict, reduce, or negate the benefits that are otherwise provided to a person*
4 *covered under a health benefit plan. Nothing in this subsection shall be*
5 *construed to prevent an insurer from performing a utilization review in*
6 *accordance with KRS 304.17A-600 to 304.17A-633.*
7 ➔SECTION 10. A NEW SECTION OF SUBTITLE 17C OF KRS CHAPTER
8 304 IS CREATED TO READ AS FOLLOWS:
9 *A participating provider agreement shall not require a participating provider to provide*
10 *services to an enrolled participant at a fee set by or subject to the approval of the*
11 *limited health service benefit plan unless the services are covered services under the*
12 *provider agreement.*

Speaker-House of Representatives

President of Senate

Attest: Chief Clerk of House of Representatives

Approved Governor

Date 4-11-12