



COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE
Frankfort, Kentucky

ADVISORY OPINION
2012-02

The following Advisory Opinion is to advise the reader of the current position of the Kentucky Department of Insurance (the "Department") on the specified issue. The Advisory Opinion is not legally binding on either the Department or the reader.

TO: All insurers, producers, and adjusters transacting insurance business in the Commonwealth of Kentucky

FROM: Sharon P. Clark, Commissioner

RE: Insurer, producer, and adjuster activities during the acute emergencies following the storms on February 28-29 and March 2-3, 2012

DATE: March 9, 2012

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The emergency response teams of the Kentucky Department of Insurance have been deployed since March 3, 2012, visiting areas of the state of Kentucky hit hardest by the storms in late February and early March. Insurers, producers, and adjusters are working hard to address the issues their customers face after the storms. This advisor¹ is intended to offer guidance with respect to several issues and questions that have come to the attention of the Department.

A. Insurers

Limited access to funds: The recent storms have, in certain areas of the state, impeded the ability of Kentuckians to access funds. The Department has received inquiries from insurers regarding their ability to extend time periods for customers to pay premiums, copayments, deductibles, and other charges which may be due. Given the state of emergency in areas of the commonwealth, insurers are permitted to extend time periods that, when extended, will be for the benefit of their customers. Such extensions should be reasonable time periods that will not result in a financial hardship on consumers when the payments become due after the extensions.

Further, any insurer intending to offer extensions to consumers should advise the Department of such by sending an email to Debbie.Stamper@ky.gov or by letter delivered to:

Attn: Debbie Stamper
Commissioner's Office
Kentucky Department of Insurance
P.O. Box 517
Frankfort, Kentucky 40602

Disruption of Mail Delivery: The recent storms have also resulted in major disruptions to mail delivery. Insurers should refrain from taking action against policyholders such as cancelling policies, non-renewing policies, and implementing rate increases until such time as proper and actual notice can be given.

Access to Policies: In many instances, policyholders may not have access to their policies and are unable to review their policy language. Insurers should supply, upon request from a policyholder, a copy of the policy without charge.

Adjusters: In accordance with KRS 304.9-430(12) temporary registration for emergency independent or staff adjusters shall be issued by the commissioner in the event of a catastrophe declared in Kentucky. Insurers sending unlicensed adjusters to Kentucky to assist with claims from the storms of February 28-29 (Catastrophe Serial No. 66) and March 2-3 (Catastrophe Serial No. 67) must complete Form 8307 to register the unlicensed catastrophe adjusters. The form must be completed and submitted by the insurer, not the individual adjuster or any other entity. Form 8307 shall be submitted electronically through the insurer's eServices account on the Department's website at <http://insurance.ky.gov>. An emergency independent or staff adjuster's registration shall remain in force for a period not to exceed ninety (90) days, unless extended by the commissioner.

B. Public Adjusters

A public adjuster is an adjuster that acts on behalf of an insured or aids an insured solely in relation to first-party claims arising under insurance contracts that insure the real or personal property of the insured, in negotiating for, or effecting the settlement of a claim for loss or damage covered under an insurance contract. A public adjuster also directly or indirectly solicits business, investigates or adjusts losses, advises an insured about first-party claims for losses or damages arising out of policies of insurance that insure real or personal property for another person, or engages in the business of adjusting losses or damages covered by an insurance policy for the insured. See KRS 304.9-020(15).

Any person acting as a public adjuster is required to be licensed by the Department and must comply with the contract and disclosure requirements in KRS 304.9-433.

C. Producers

The Department has extended a 90-day grace period relating to license renewal and continuing education requirements beginning with the effective date of this Advisory Opinion. This grace period applies to all producers in those areas severely impacted by the storms. During this grace period, the Department will not cancel or otherwise terminate a producer's license due to their failure to renew, pay renewal fees, or comply with continuing education requirements.

As further inquiries or additional information is received, the Department may publish additional advisories. If you have any questions about this Advisory Opinion, please contact Debbie Stamper at (502) 564-6026.

Sharon P. Clark, Commissioner
Kentucky Department of Insurance
On this 9th day of March, 2012