

Kentucky Assigned Claims Plan

Rules and Regulations

10605 Shelbyville Rd, Suite 100
Louisville, KY 40223
Telephone #: (502) 327-7105
Fax #: (502) 327-0851

Email: KYAUTO@KAIP.ORG
www.kyinsplans.org

SECTION 1. Purpose and Objectives

To form and provide for the operation and administration of the Kentucky Assigned Claims Plan.

SECTION 2. Effective Date

The Plan, rules and regulations pertaining to the operation and administration thereof, subject to approval of the Executive Director of the Office of Insurance, shall become effective on July 1, 1975.

SECTION 3. Administration

Rule 1. Duties of the Governing Committee

The Committee shall meet as often as may be required to perform the general duties of administration of the Plan.

Rule 2. Meetings

Five (5) days written notice, including agenda, shall be given by the secretary.

Rule 3. Voting

(a) A majority of Committee Members shall constitute a quorum for voting on amendments to the rules and regulations of the Plan; and general administrative duties of the Bureau.

(b) Amendments to or changes in the Plan by the Committee will require the majority vote of all members of the committee. Voting by proxy shall be permitted.

(c) Assessments to members will require the majority vote of all members of the Committee. Voting by proxy shall be permitted.

Rule 4. The Committee shall be empowered to appoint a Manager, budget expenses, levy assessments, disburse funds, and establish subcommittees to perform all duties essential to the proper administration of the Plan.

Rule 5. The Governing Committee shall designate three (3) members who shall be empowered as a Finance Committee to invest funds in short term government or bank obligations, to open accounts and engage in such banking transactions as may be authorized by majority vote of this subcommittee.

Rule 6. Annually the Manager shall submit to the Committee an operating budget in the manner prescribed by the Committee and a report as to the condition and

operation of the Plan during the preceding calendar year for approval and submission to the Executive Director of the Office of Insurance and to member companies upon request.

Rule 7. Officers and Management.

The Governing Committee shall elect from its membership to serve a period of one (1) year a Chairman and a Vice Chairman. A Secretary/Treasurer shall be elected by the Committee. The person elected need not be a member of this Bureau.

- (a) The Chairman shall preside over all meetings. He shall discharge such other duties incidental to his office or required of him by these rules or by the Governing Committee.
- (b) The Vice Chairman shall preside at meetings in the absence of the Chairman. In the event of death, incapacity or disability of the Chairman, the Vice Chairman shall perform the duties of the Chairman until such office has been filled by the Governing Committee.
- (c) The Secretary shall issue, or require to be issued all notices of meetings, record minutes of all meetings, keep the records of the Governing Committee and discharge such other duties incidental to his office or required of him by these rules or by the Governing Committee.
- (d) The Treasurer shall, in cooperation with the Manager, keep books of account and discharge such other duties usual or incidental to the office of Treasurer or required of him by these rules or by the Governing Committee.
- (e) The office of Treasurer shall be combined with the office of Secretary.

Rule 8. The Executive Director of the Office of Insurance shall be notified immediately of any change in status of a member of the Governing Committee.

Rule 9. The Kentucky Assigned Claims Plan shall meet annually to report to the Executive Director of the Office of Insurance and participating members of the Plan. Such meetings will be held at the office of the Kentucky Assigned Claims Bureau at such time and location as directed. (Call the Bureau Office to confirm the time and place of the meeting.)

SECTION 4. Assigned Claims Bureau

- Rule 1. The Assigned Claims Bureau shall be a nonprofit, unincorporated association. The principal office shall be located in Louisville, Kentucky.
- Rule 2. The Bureau shall operate on a calendar year.
- Rule 3. The Bureau shall make available to persons claiming benefits under the Plan all required forms, which must be completed in duplicate and signed by the applicant.
- Rule 4. Assignment of Claims.
- (a) Upon receipt of properly completed and executed claim forms, including a police report when available, the Assigned Claims Bureau shall make an initial determination of the claimant's eligibility for benefits.
 - (b) An apparent eligible claim shall be assigned promptly by the Assigned Claims Bureau to a servicing insurer. The Bureau shall notify the claimant of the identity and address of the servicing insurer to which the claim is assigned.
 - (c) If statements on an application for Benefits, received by the Assigned Claims Bureau, show that the person claiming benefits is ineligible for payment, the claim shall be denied. The claimant shall be notified promptly in writing of the denial and the reasons therefore.
 - (d) In assigning claims, the Assigned Claims Bureau shall consider the resources of the servicing insurer relative to the claim and the convenience for the claimant. Multiple claimants from a single accident may be assigned to one servicing insurer.
 - (e) A servicing insurer upon discovery that it, or an affiliated company, insures persons whose interest may be adverse to the claimant, shall promptly notify the Assigned Claims Bureau and the claimant of its possible conflict of interest and shall return the claim for reassignment.
- Rule 5. The servicing insurer shall return the original claim file and supporting documents to the Bureau within ninety (90) days after the file is closed. No reimbursement shall be made to any Servicing Insurer until substantiating documents have been furnished to the Plan.
- Rule 6. The Bureau shall be responsible for reimbursement to the servicing insurers as follows:

- (a) The servicing insurer shall be entitled to reimbursement for all benefits paid in good faith and to a maximum claim handling fee equal to 10% of such benefits paid per accident or loss. In no event shall such fee be less than \$250.00 per claimant. In addition, the servicing insurer shall be reimbursed for allocated claim expenses, subject to approval of the Bureau.
- (b) The servicing insurer shall not be reimbursed for interest or penalties on overdue payments which results from its negligence or for any improper payments in failing to take all allowable deductions set forth in KRS 304.39-160.
- (c) A servicing insurer shall not be reimbursed for attorney fees or independent adjusting charges unless incurred in consent of the Bureau.

Rule 7. The servicing insurer shall pursue subrogation without prior approval of the Bureau until such time as the services of an attorney or arbitration is involved, at which time the Bureau's decision will be final as to whether additional expense shall be incurred to pursue subrogation.

Rule 8. In pursuit of subrogation authorized by the Bureau, the servicing insurer shall be entitled to a fee equal to 15% of gross recovery, or 15% of net recovery if an attorney is engaged to make recovery. In the event of subrogation authorized by the Bureau there shall be a minimum fee of \$30.00 per claim. Court costs incurred by the servicing insurer, even when recovery is unsuccessful, will be reimbursed by the Bureau.

Rule 9. The Bureau is entitled to audit all claim files at any time.

SECTION 5. Servicing Insurers

Rule 1. The servicing insurers shall, within ten (10) days after receipt of the assignment from the Bureau, acknowledge the receipt of the assignment and advise its claim control number.

Rule 2. The servicing insurer shall within thirty (30) days determine the initial eligibility of the person to make claim and make an investigation report to the Bureau. If eligibility cannot be determined within such time, the servicing insurer shall notify the Bureau of its inability to do so.

Rule 3. The servicing insurer shall within thirty (30) days notify the applicant in writing, of ineligibility and reasons for same.

SECTION 6. Assessment of Participating Members

Rule 1. Assessments to all participating members shall be determined and levied as often as required by the Governing Committee. Each reparation obligor providing basic reparation insurance will be subject to a minimum assessment of \$25.00. Assessment shall be due no later than sixty (60) days of the assessment date. There after a 1% (percent) penalty will be levied for each thirty (30) days.

Rule 2. For purposes of assessment, the members shall be divided into three classes:

- (a) Class 1 shall consist of all self-insurers authorized by the Executive Director of the Office Of Insurance.
- (b) Class 2 shall consist of all governmental units which become obligated under the Act other than through the purchase of insurance.
- (c) Class 3 shall consist of all insurers licensed to write automobile liability insurance in the Commonwealth of Kentucky.

Rule 3. The total assessment shall be distributed among all three classes listed in Rule 2 prorata as to the number of known vehicles in each class bears to the total number of known vehicles for all classes combined.

Rule 4.

- (a) The amounts assessed self-insurers and/or obligated governments (classes 1 and 2) shall be apportioned among respective members of each class on a prorate basis as the number of known vehicles owned by such member bears to the total number of known vehicles in its class.
- (b) The amounts assessed Insurers shall be apportioned on a prorata basis as each Member's subject written premium bears to the total such direct subject written premium for all members for the same period. Subject written premium will be taken from those lines on page 15 of the Annual Statement filed with the Executive Director of Office of Insurance which detail both Private Passenger and Commercial Automobile Liability; Automobile Medical Payments; Uninsured Motorists; and Personal Injury Protection.