

Kentucky Automobile Insurance Plan

Notice of Annual Meeting

To: Governing Committee

The annual meeting of the Kentucky Auto Insurance Plan will be held at 10:30 AM, on June 19, 2024 at 327 Townepark Circle, Louisville, KY.

Agenda:

1. Call to order.
2. Anti-trust preamble.
3. Approval of minutes.
4. Election of members of the Governing Committee.
5. Other business.
6. Adjournment.

Mark Hillis



Secretary –Treasurer and Manager

Encl

Cc: Shawn Boggs, Deputy Commissioner, Kentucky Department of
Insurance

ANTITRUST PREAMBLE

Kentucky Automobile Insurance Plan

This statement applies to the members of the Kentucky Automobile Insurance Plan Governing Committee Member and Kentucky Automobile Insurance Plan Staff.

Antitrust laws aim to protect the public from agreements among insurance competitors that affect the price or distribution of products. Also, the laws aim to promote fair and vigorous competition in the insurance marketplace.

The agenda and discussion items for each meeting are limited to matters of the Kentucky Automobile Insurance Plan, and attendees shall not discuss business interests of their individual insurer members. Each Governing Committee Member and/or officer shall not discuss competitive information of any insurer member.

It is the policy of the Governing Committee Members of the Kentucky Automobile Insurance Plan to fully comply with applicable federal and state antitrust law. These laws apply to member conduct at all Governing Committee meetings, sub-committee meetings, other adjunct meetings, coffee breaks, meals, social gatherings, and informal conversations. This includes, but is not limited to:

- Raising, lowering or stabilizing rates;
- Actual current or future rates, including actuarial projections and capacity;
- Profit levels or actual costs;
- Credit terms and other price-related terms;
- Allocation of markets, territories, or potential insureds;
- Individual company results, or current or future marketing or pricing strategies or business plans;
- Joint action on pricing, products, markets or innovation;
- Whether to quote or not to quote certain classes or types of risks or products;
- Restrictions on availability of insurance;
- Use of standard forms;
- Any other matters on which insurers ordinarily compete with each other.

It is the responsibility of all Governing Committee members and Kentucky Automobile Insurance Plan staff to comply with the antitrust laws. Violation of antitrust laws can lead to serious civil and criminal punishment. Check with legal counsel with any questions.

Kentucky Automobile Insurance Plan Minutes

The Annual Meeting of the Kentucky Automobile Insurance Plan was held at 10:30 A.M. on June 21, 2023, in-person and via teleconference.

Those in attendance:

Governing Committee:

George Moore (Chair)	AGC
Brad Erdman (Vice Chair)	Kentucky National Ins. Co.
Kristen Mellinger	Kentucky Farm Bureau
Bert Hackenberg	Erie Insurance
Rudy Schlich	Old Kentucky Insurance
Aaron Angel	State Farm Mutual Insurance Company
Christopher Miglioizzi	Nationwide Insurance Company

Kentucky Department:

Deputy Commissioner Shawn Boggs	Kentucky Department of Insurance
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Insurance Guests:

Sarah Antle	Deming, Malone, Livesay and Ostroff
Mike Donovan	National Continental Insurance

Staff:

Mark Hillis	Secretary/Treasurer & Manager
Melissa Chlon	Assistant Director
Erin Lux	Assistant Plans Manager

Call to Order

Mr. Moore called the meeting to order and completed a roll call. He confirmed that a quorum was present.

Anti-Trust Preamble

Mr. Moore advised that each member had been provided a copy of the anti-trust preamble prior to the meeting and noted that they were bound by same.

Approval of Minutes

Mr. Schlich moved and Ms. Mellinger seconded a motion to approve the minutes of the June 8, 2022, annual meeting. The motion carried.

Election of Governing Committee Members

Mr. Moore indicated that a copy of the Governing Committee roster was provided and has been updated with Brad Erdman representing Kentucky National Insurance Company.

Kentucky Automobile Insurance Plan Minutes

George Moore (Chair)

Vice President

AGCSIF

Brad Erdman (Vice-Chair)

Claims and Underwriting Officer

Kentucky National Insurance

Kristen K.W. Mellinger

Director of Underwriting Services

Kentucky Farm Bureau Insurance

Angie Haston

Underwriting Manager

State Farm Insurance

Rudy Schlich

Independent Insurance Agent

Old Kentucky Insurance

Bert Hackenberg

Vice President

Erie Insurance

Christopher Migliozi

Business Consulting Manager

Nationwide Insurance

Mr. Schlich moved, and Ms. Mellinger seconded a motion to seat the Governing Committee for the upcoming year. The motion carried.

Other Business

No other business was presented for discussion.

Adjournment

Ms. Mellinger moved, Mr. Schlich seconded, and the motion carried, to adjourn the annual meeting.

Respectively submitted,



Mark Hillis

Secretary-Treasurer

Kentucky Automobile Insurance Plan Governing Committee – 2024

	Company/Organization	Name and Address
Chartered in Kentucky	Kentucky Farm Bureau	Kristen K.W. Mellinger Director of Underwriting Services 9201 Bunsen Parkway Louisville, KY 40220 (502) 495-5000 x 7499 Kristen.Mellinger@kyfb.com
Chartered Outside of Kentucky	Erie	Bert Hackenberg Vice President 1146 Monarch Street, STE 140 Lexington, KY 40513 (859) 219-4959 Bert.Hackenberg@erieinsurance.com
Independent Agent	Old Kentucky Insurance	Rudy Schlich Old Kentucky Insurance 915 Lily Creek Road Louisville, KY 40243 (502) 451-8800 Rudy.Schlich@oldkyins.com
Chartered in Kentucky	Kentucky National Insurance Company	Brad Erdman (Vice-Chair) Claims and Underwriting Officer 2709 Old Rosebud Rd. Lexington, KY 40509 (859) 264-0030 brerdman@forchtgroup.com

Kentucky Automobile Insurance Plan Governing Committee – 2024

Chartered Outside of Kentucky	Nationwide	<p>Christopher Migliozi Business Consulting Manager 1 Nationwide Plaza (1-18-101) Columbus, OH 43215 (614) 249-1637 miglic1@nationwide.com</p>
Chartered Outside of Kentucky	State Farm	<p>Angie Haston Underwriting Manager 2500 Memorial Blvd., Murfreesboro, TN 37131 (615) 692-6509, (615) 692-3091 Fax angie.haston.gidr@statefarm.com</p>
Chartered in Kentucky	Kentucky Associated General Contractors Self Insurers' Fund	<p>George Moore (Chair) Vice President 320 N. Evergreen Road Louisville, KY 40243 (502) 671-3737 George.Moore@AGCSIF.com</p>
Insurance Department Representative	Kentucky Department of Insurance	<p>Shawn D. Boggs, APIR Deputy Commissioner Consumer Protection Division Kentucky Department of Insurance 500 Mero Street, 2 SE 11 Frankfort KY 40601 (502) 564-6034 shawn.boggs@ky.gov</p>
Plan	Kentucky Auto Insurance Plan	<p>Stephen “Mark” Hillis (Secretary-Treasurer, Manager) 10605 Shelbyville Road Suite 100, Louisville, KY 40223 (502) 327-8909, (502) 327-0851 Fax Shillis@kyfairplan.com</p>

Notice of Governing Committee Meeting

A meeting of the Kentucky Auto Insurance Plan Governing Committee will be held on June 19, 2024 following the Annual Meeting. The meeting will be held in person at the Plan offices at 327 Townepark Circle Louisville KY.

Agenda:

1. Roll Call.
2. Anti-Trust Preamble.
3. Approval of Minutes.
4. Election of Officers.
5. 2023 KAIP and PAIP Independent Auditors Report.
 - a. DMLO Financial Highlights
 - b. DMLO Report to Management
 - c. DMLO Financial Statement
6. 2023 Kentucky CAIP Statutory Financial Statement.
7. Service Provider Allowance.
8. Secretary Treasurer's Report.
 - a. KAIP 2023 Budget – Mark Hillis
 - b. PAIP Kentucky Audits/Reviews – Mark Hillis and Erin Lux
 - c. KAIP Policy List – Erin Lux (Kentucky Insurance Plans)
 - d. KAIP Policy Overview – Erin Lux (Kentucky Insurance Plans)
 - e. AIPSO 2024 Activity Report (KAIP) – Mark Hillis
9. Rate, Rule and Form Changes
 - a. Private Passenger Rate Proposal - 2025
 - b. Commercial Auto Rate Proposal - 2025
 - c. Manual Revision Proposal – Public or Livery Conveyance Exclusion
10. Other Business.
11. Adjournment.

Mark Hillis



Secretary –Treasurer and Manager

Cc: Deputy Commissioner Shawn Boggs, Kentucky Department of Insurance

ANTITRUST PREAMBLE

Kentucky Automobile Insurance Plan

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- Raising, lowering or stabilizing rates;
- Actual current or future rates, including actuarial projections and capacity;
- Profit levels or actual costs;
- Credit terms and other price-related terms;
- Allocation of markets, territories, or potential insureds;
- Individual company results, or current or future marketing or pricing strategies or business plans;
- Joint action on pricing, products, markets or innovation;
- Whether to quote or not to quote certain classes or types of risks or products;
- Restrictions on availability of insurance;
- Use of standard forms;
- Any other matters on which insurers ordinarily compete with each other.

It is the responsibility of all Governing Committee members and Kentucky Automobile Insurance Plan staff to comply with the antitrust laws. Violation of antitrust laws can lead to serious civil and criminal punishment. Check with legal counsel with any questions.

Kentucky Automobile Insurance Plan

Minutes

A meeting of the Kentucky Automobile Insurance Plan Executive Committee was held at 10:30 AM on November ,1 2023 at the Plan offices.

In attendance

George Moore, Chair
Brad Erdman, Vice Chair
Mark Hillis, Secretary-Treasurer

CNA Commercial Insurance Co.
Kentucky National Insurance Co.
Kentucky Automobile Insurance Plan

1. Call to Order

Mr. Moore called the meeting to order.

2. Anti-Trust Preamble

Mr. Hillis reminded the Committee they were bound by the anti-trust preamble which was included in their documents.

3. Minutes

Mr. Hillis noted that the Minutes of the prior Executive Committee Meeting as well as the recent Compensation and Benefits Committee Meeting were included in the handouts and had been distributed electronically prior to the meeting. Mr. Erdman moved to accept the minutes. This was seconded by Mr. Moore. The motion carried.

4. 2024 Budget and Assessment

Mr. Hillis recommended a KAIP administrative budget of \$205,325 for 2024. Mr. Hillis noted that of the recommended \$205,325 expense budget, he was recommending an assessment of just \$197,125 due to excess funds in the KAIP accounts due to coming in under budget in prior years.

Further, Mr. Hillis reviewed the PAIP program. He indicated that applications had continued to decline. He reminded the committee that they continued to hold \$500,000 in a Contingency Reserve. He recommended that the PAIP operational needs of \$60,000 (a reduction from 2023 \$3,000 assessment) be included to reflect anticipated losses to the program for 2024. Mr. Hillis noted that the transition from a LAD program to the PAIP program continues to be saving the industry substantial money, and at the same time, providing security to consumers of the Commonwealth who needed coverage. Mr. Hillis noted that the \$100 annual membership fee per company more than covered the needs of the PAIP operations. And that no further assessment would be needed.

Mr. Moore moved to approve the KAIP Administrative Expense Budget of \$205,325 to approve the KAIP Expense Assessment of \$197,125 and to accept the PAIP Assessment of \$60,000. Mr. Erdman seconded. And the motion carried.

Kentucky Automobile Insurance Plan

Following the motion, Mr. Hillis provided an update on the FAIR Plan Alliance, and spoke about the Plans allocation of employees. Focusing on saving the industry money, and providing for additional operational efficiencies as residual markets continue to decline in size. Mr. Hillis noted that Kentucky was currently providing services to Illinois (100% of the claims handling, 100% of their accounting, 100% of their print, 1/3 of their UW, 1/3 of their customer service, and portions of their IT and systems work); to Missouri (100% of their claims work); to Wisconsin (100% of their claims handling); Minnesota (back up underwriting); Washington State (claims consulting); and Kansas (100% of their claims work). Mr. Hillis noted that the savings to the industry for 2023 was well over \$800,000.

Mr. Hillis noted that the FAIR Plan Cost Sharing Alliance was now an official LLC and that all employees were being transitioned to the Alliance on January 1, 2024 under the parent of the Kentucky FAIR Plan.

5. Other Business

a. PAIP and CAIP Q3 Results and Updates

Mr. Hillis noted that there continued to be opportunities related to the handling of the PAIP program. However, he noted that this was improving. Kentucky continues to provide oversight on claims in both Kentucky, but also for Kansas.

PAIP YTD WP: \$58,636

PAIP PIF: 7

CAIP YTD WP: \$364,431

CAIP PIF: 19

b. Barbara Mills – National Continental Extra Contractual

- Mr. Hillis noted that he received an email from Mike Donovan with National Continental in late September with a letter from NCIC counsel Christine Sukel. They were requesting extra contractual funds for claims resolution. Mr. Hillis noted that the request came with no supporting documentation and as such, he had requested a copy of the claims file to determine if NCIC's actions constituted gross negligence, or simple negligence. He noted that after his review, he had a Zoom meeting with NCIC counsel and Mike Donovan and gave conditional extra contractual authority to resolve the outstanding claims. The conditional authority requires that the NCIC claims rep verify through clear filed documentation that she has confirmed that there are no other UI exposures potential or known.

c. Barbara Mills – Supporting Documentation

- Mr. Hillis noted that supporting documentation for the extra contractual decision had been provided to the committee

d. Policy Change Request Proposal

- Mr. Hillis reviewed a manual change under Policyholder Change Request Proposal 10529. Mr. Hillis noted that the Plan recommended the approval of this change indicating that it was a baby step towards efficiency and indicated that the proposal would open the door for an electronic option for

Kentucky Automobile Insurance Plan

submission of private passenger change requests via e-mail, fax, and telephone. Further, this will open the door for commercial change requests via email and fax.

- A producer can submit a private passenger PCR electronically via e-mail, facsimile, or telephone.
- A producer can submit a commercial PCR electronically via e-mail or facsimile.
- A producer can continue to submit private passenger and commercial PCRs by mail via the United States Postal Service or by means other than the United States Postal Service.
- The producer must remit the appropriate deposit no later than 1 working day after the electronic transmission date of the PCR.
- The effective date of coverage is calculated at the date and hour specified in the PCR form provided the form and any additional premium payments are provided to the service provider or servicing carrier in accordance with the Plan requirements.

Mr. Hillis asked for a motion to approve the proposal. Mr. Erdman motioned, Mr. Moore seconded and the motion passed.

e. Salary Range Adjustments and Merit Increase Reviews

Mr. Hillis reviewed the included PIPSO documents related to initial indications for 2024 salary range and merit increases. Recommending a 2.9% increase in salary ranges and 3.9 - 4% overall increase for merits. Mr. Hillis noted that these documents had been provided to the Compensation and Benefits Committee for their review of October 11th.

f. Dean Consulting Group – Salary and Benefits Survey

Mr. Hillis noted that the Dean group had provided an updated survey for the Plans and that he had provided this in advance for the Executive Committees review. He noted that this survey allowed the Plans to stay on top of the management and oversight of compensation and benefits.

Mr. Hillis noted the exceptional work of the team and provided a brief overview of the continued cost savings of the Plans, as well as the FAIR Plan Alliance and the billings the Plan had made in 2023 to offset Kentucky's costs. He noted that these efforts continued to grow and that he expected 2024 to offer even more savings to both Kentucky, as well as the industry in various states.

After general discussion, Mr. Hillis left the room so that Mr. Moore and Mr. Erdman could review confidential discussions between Mr. Moore and the Compensation and Benefits Committee, and the Executive Committee could review Mr. Hillis performance.

Kentucky Automobile Insurance Plan

After discussion, Mr. Hillis was asked to return to the meeting. The Executive Committee provided Mr. Hillis with his evaluation, as well as provided Mr. Hillis with authorization of 5% for merit and 2.9% for salary adjustments for the team. The Executive Committee gave Mr. Hillis a 5% salary increase and Mr. Moore noted that he would send Mr. Hillis an email confirming same.

6. **Adjournment:** There being no further business, the meeting was adjourned.

Respectfully submitted,



Mark Hillis
Secretary-Treasurer

ELECTION OF OFFICERS
Kentucky Automobile Insurance Plan Governing Committee
2024

Name and Address
<p>George Moore (Chair) Vice President – Kentucky Associated General Contractors 320 North Evergreen Road Louisville, KY 40243 (502) 671-3737 George.Moore@AGCSIF.com</p>
<p>Brad Erdman (Vice-Chair) Vice President of Operations – Kentucky National Insurance 2709 Old Rosebud Rd. Lexington, KY 40509 (859) 367-5213 brerdman@kynat.com</p>
<p>Stephen “Mark” Hillis (Secretary-Treasurer, Manager) Executive Director – Kentucky Insurance Plans 10605 Shelbyville Road Suite 100, Louisville, KY 40223 (502) 327-8909 Shillis@kyfairplan.com</p>

KENTUCKY AUTOMOBILE INSURANCE PLAN
Year Ended December 31, 2023

<u>Financial Highlights</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Cash and cash equivalents	\$ 914,584	\$ 1,202,026
Premiums receivable	\$ 23,544	\$ 3,294
Assessment receivable	\$ 164,856	\$ -
Other receivables	\$ 87,084	\$ 67,663
Total admitted assets	\$ 1,190,068	\$ 1,272,983
Insurance reserves	\$ 175,642	\$ 210,634
Assessment payable	\$ -	\$ 126,219
Accounts payable and accrued expenses	\$ 34,877	\$ 26,438
Total liabilities	\$ 210,519	\$ 363,291
Net assets	\$ 979,549	\$ 909,692
Premiums earned	\$ 41,166	\$ 29,661
Change in premiums earned	38.8%	
Assessments	\$ 274,788	\$ (60,549)
Underwriting expenses	\$ 24,377	\$ 98,497
Change in underwriting expenses	-75.3%	
Management and general expenses	\$ 247,953	\$ 217,522
Change in net assets	\$ 69,857	\$ (337,794)
Net cash flow from operations	\$ (287,442)	\$ 363,127

Comments

- Financial statements are prepared on the statutory basis of accounting as prescribed or permitted by the Commonwealth of Kentucky Department of Insurance
- No new accounting policies adopted or changed during the year
- Major estimate in the financial statements is the estimate for the loss and loss adjustment expense reserves
- Net adjustments made to the financial statements resulted in a change in net assets of \$69,840
- No internal control related findings to report

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New Albany, Indiana 47150
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9300 Shelbyville Road
Suite 1100
Louisville, Kentucky 40222
T: 502.426.9660
F: 502.425.0883

131 E. Chestnut Street
Corydon, Indiana 47112
T: 812.738.3516
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To the Governing Committee
Kentucky Automobile Insurance Plan

We have audited the financial statements of Kentucky Automobile Insurance Plan (Plan) for the year ended December 31, 2023, and have issued our report thereon dated February 27, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 29, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Kentucky Automobile Insurance Plan are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the loss and loss adjustment expense reserves. These estimates are based on losses reported and adjusted and estimates for loss and loss adjustment expenses incurred but not reported. The Plan relies on the actuarial opinion of AIPSO, a management organization and service provider for the residual market, in determining the estimate for loss and loss adjustment expenses incurred but not reported. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of liability for loss and loss adjustment expenses in Note 3 to the financial statements. This disclosure is significant due to the information provided on the future liability of the Plan.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following adjustment for the Plan, based on our non-attest services provided, was recorded by management:

	<u>Change in Net Assets</u>
Record and adjust assessments	<u>\$69,840</u>

In addition, the schedule below summarizes an uncorrected adjustment of the financial statements. Management has determined that its effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

	<u>Change in Net Assets</u>
Net impact of PTO and payroll accrual	<u>\$548</u>

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 27, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Plan’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

This information is intended solely for the use of the Governing Committee and management of Kentucky Automobile Insurance Plan and is not intended to be, and should not be, used by anyone other than these specified parties.



Louisville, Kentucky
February 27, 2024

KENTUCKY AUTOMOBILE INSURANCE PLAN

FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

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Independent Auditors' Report

To the Governing Committee
Kentucky Automobile Insurance Plan
Louisville, Kentucky

Opinions

We have audited the accompanying financial statements of Kentucky Automobile Insurance Plan (a not-for-profit organization), which comprise the statements of admitted assets, liabilities, and net assets - statutory basis as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and other changes in net assets - statutory basis and statements of cash flows - statutory basis for the years then ended, and the related notes to the financial statements.

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the admitted assets, liabilities, and net assets of Kentucky Automobile Insurance Plan as of December 31, 2023 and 2022, and its revenue, expenses, and other changes in net assets for the years then ended, in accordance with the financial reporting provisions prescribed or permitted by the Commonwealth of Kentucky Department of Insurance as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Kentucky Automobile Insurance Plan as of December 31, 2023 and 2022, or the changes in its net assets or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kentucky Automobile Insurance Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion on the statutory basis of accounting and our adverse opinion on U.S. generally accepted accounting principles.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by Kentucky Automobile Insurance Plan in accordance with financial reporting provisions prescribed or permitted by the Commonwealth of Kentucky Department of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Commonwealth of Kentucky Department of Insurance. The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions prescribed or permitted by the Commonwealth of Kentucky Department of Insurance, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentucky Automobile Insurance Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kentucky Automobile Insurance Plan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentucky Automobile Insurance Plan’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Deming, Malone, Lussary & Petroff

Louisville, Kentucky
February 27, 2024

KENTUCKY AUTOMOBILE INSURANCE PLAN
STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND
NET ASSETS - STATUTORY BASIS
December 31, 2023 and 2022

Admitted Assets	2023	2022
Cash and cash equivalents	\$ 914,584	\$ 1,202,026
Premiums receivable	23,544	3,294
Assessment receivable	164,856	
Other receivables	87,084	67,663
Total admitted assets	\$ 1,190,068	\$ 1,272,983
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 28,108	\$ 22,955
Assessment payable		126,219
Accrued expenses	6,769	3,483
Insurance reserves:		
Losses	82,178	188,850
Loss adjustment expense	3,430	5,189
Unearned premiums	63,041	11,046
Premium deficiency	26,993	5,549
	175,642	210,634
Total liabilities	210,519	363,291
Net Assets	979,549	909,692
Total liabilities and net assets	\$ 1,190,068	\$ 1,272,983

See Notes to Financial Statements.

KENTUCKY AUTOMOBILE INSURANCE PLAN
STATEMENTS OF REVENUES, EXPENSES, AND OTHER
CHANGES IN NET ASSETS - STATUTORY BASIS
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues and Losses		
Assessments	\$ 274,788	\$ (60,549)
Premiums earned	41,166	29,661
Net investment return	22,083	7,209
Other income	<u>4,150</u>	<u>1,904</u>
Total revenues (losses)	<u>342,187</u>	<u>(21,775)</u>
Expenses		
Program - underwriting expenses:		
Losses	(29,829)	88,057
Loss adjustment	(1,721)	(5,150)
Commissions	4,664	1,329
Service provider fees	17,662	11,885
Other	<u>33,601</u>	<u>2,376</u>
	<u>24,377</u>	<u>98,497</u>
Management and general:		
Salaries	85,602	78,856
Professional fees	41,483	39,907
Computer	32,597	13,636
Health insurance	22,869	23,889
Management fees	21,617	22,161
Other	18,777	15,442
Retirement	12,678	12,105
Rent	6,400	6,400
Payroll taxes	<u>5,930</u>	<u>5,126</u>
	<u>247,953</u>	<u>217,522</u>
Total expenses	<u>272,330</u>	<u>316,019</u>
Change in net assets	69,857	(337,794)
Net assets at beginning of year	<u>909,692</u>	<u>1,247,486</u>
Net assets at end of year	<u>\$ 979,549</u>	<u>\$ 909,692</u>

See Notes to Financial Statements.

KENTUCKY AUTOMOBILE INSURANCE PLAN
STATEMENTS OF CASH FLOWS - STATUTORY BASIS
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash received from customers, members and others	\$ 308,239	\$ 579,824
Cash paid to suppliers, employees, members and others	(621,914)	(225,810)
Net investment and other income received	<u>26,233</u>	<u>9,113</u>
Net cash (used in) provided by operating activities	<u>(287,442)</u>	<u>363,127</u>
Net change in cash and cash equivalents	(287,442)	363,127
Cash and cash equivalents at beginning of year	<u>1,202,026</u>	<u>838,899</u>
Cash and cash equivalents at end of year	<u>\$ 914,584</u>	<u>\$ 1,202,026</u>
Reconciliation of Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Change in net assets	\$ 69,857	\$ (337,794)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in:		
Premiums receivable	(20,250)	65
Assessment receivable	(164,856)	470,789
Other receivables	(19,421)	34,225
Increase (decrease) in:		
Accounts payable	5,153	1,349
Assessment payable	(126,219)	126,219
Accrued expenses	3,286	(2,978)
Insurance reserves	<u>(34,992)</u>	<u>71,252</u>
Net cash (used in) provided by operating activities	<u>\$ (287,442)</u>	<u>\$ 363,127</u>

See Notes to Financial Statements.

KENTUCKY AUTOMOBILE INSURANCE PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization:

The Kentucky Automobile Insurance Plan (Plan) is a statutory, not-for-profit, unincorporated legal entity which provides two residual market mechanisms for vehicle liability coverage in Kentucky, one for personal vehicles and the other for commercial vehicles. The Plan's members are insurance companies authorized to write automobile liability insurance in Kentucky.

The Plan's personal vehicle component, Personal Auto Insurance Program (PAIP), policies are issued on Kentucky Automobile Insurance Plan paper. Issuance of the policies and claims handling is administered by Automobile Insurance Plan Service Office (AIPSO). This activity is included in the accompanying financial statements.

The Plan's commercial vehicle component, Kentucky Commercial Automobile Insurance Procedure (KCAIP), policies are not issued on Kentucky Automobile Insurance Plan paper. The Plan receives applications and forwards each properly completed application to a single servicing carrier which underwrites the commercial vehicle policies, collects the premiums, handles all claims and adjustment expenses, charges its pre-approved fees, and remits the remaining funds to AIPSO if applicable, or charges the industry for losses beyond premiums earned. AIPSO operates a pooling arrangement on behalf of the Plan and its members under which the profits and losses from the operation of KCAIP are spread among the Plan's members. From time to time, the members pay assessments to AIPSO or receive distributions from AIPSO in connection with the pooling arrangement. This activity is not included in the accompanying financial statements.

Summary of significant accounting policies:

This summary of significant accounting policies of Kentucky Automobile Insurance Plan is presented to assist in understanding the Plan's financial statements. The financial statements and notes are representations of the Plan's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles on the statutory basis of accounting and have been consistently applied in the preparation of the financial statements.

NOTES TO FINANCIAL STATEMENTS

Basis of accounting:

The Plan prepares its financial statements on the statutory basis of accounting as prescribed or permitted by the Commonwealth of Kentucky Department of Insurance for insurance companies. Prescribed statutory accounting practices include a variety of publications of the National Association of Insurance Commissioners (NAIC), as well as state laws, regulations, and general administrative rules.

Statutory accounting practices vary in some respects from accounting principles generally accepted in the United States of America. The more significant differences are as follows:

- Certain costs of acquiring insurance business, principally commissions, are expensed as incurred rather than deferred and amortized as the related premiums are earned.
- Salvage and subrogation recoveries are recognized when received rather than accrued.
- Nonadmitted assets, principally certain deposits, premium receivables greater than 90 days past due, and furniture and equipment, are charged directly to net assets rather than recorded as an asset, net of any valuation allowance.
- Investments in available-for-sale securities having a fixed term, rate and face value are stated at amortized cost rather than fair value.

Net assets:

Net assets are available for use in general operations and are not subject to any donor restrictions. Net assets include funds designated as a contingency fund by the Governing Committee.

Use of estimates:

The preparation of financial statements under accounting practices prescribed or permitted by the Commonwealth of Kentucky Department of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Premiums, assessments and underwriting expense:

Insurance premiums are earned ratably over the terms of the underlying policies. Assessments are earned when assessed. Commissions and other costs related to acquiring business are charged to operations as incurred.

NOTES TO FINANCIAL STATEMENTS

Cash equivalents:

Cash equivalents are short-term, highly liquid investments with original maturities of three months or less. Cash equivalents include the Plan's share of a liquid asset trust, a commingled investment account administered by AIPSO on behalf of participating plans.

Receivables:

Premiums receivable consist of unsecured amounts due from policyholders. Amounts are considered past due based on policy terms. If unpaid per policy terms, the policy is cancelled, and related unearned premium is reversed. Any receivable outstanding more than 90 days are considered nonadmitted assets. At December 31, 2023 and 2022, no receivable balances were in excess of 90 days past due.

Assessment receivables consist of unpaid amounts due from member insurance companies. Amounts are written off when deemed uncollectible.

The Plan considers all receivables at December 31, 2023 and 2022 to be fully collectible. Accordingly, there is no allowance for doubtful accounts.

Nonadmitted assets:

Assets included in the financial statements are at admitted asset value. Nonadmitted assets, which are specifically designated by statutory accounting principles as assets that cannot be readily realized for the benefit of policyholders, are excluded through a direct charge to net assets.

Loss and loss adjustment expense reserves:

Loss and loss adjustment expense reserves are based on losses reported and adjusted and estimates for loss and loss adjustment expenses incurred but not reported. The Plan relies on the actuarial opinion of AIPSO, a management organization and service provider for the residual market, in determining the estimate for loss and loss adjustment expenses incurred but not reported. Loss and loss adjustment expense reserves are based on estimates, and the ultimate liability may vary significantly from such estimates. Changes in estimates are recorded in the year in which the Plan becomes aware of the need for revision.

Functional allocation of expenses:

The costs of program and supporting services are presented in the statements of revenues, expenses, and other changes in net assets. The functional expenses on those statements present the natural classification detail of expenses by function. Costs have been directly allocated to program and supporting services based on type of costs.

Capitalization policy:

The Plan's policy is to capitalize asset purchases in excess of \$2,000 with a useful life exceeding one year.

NOTES TO FINANCIAL STATEMENTS

Subsequent events:

Subsequent events have been evaluated through February 27, 2024, which is the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, without restrictions limiting their use, within one year of December 31, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$414,584	\$702,026
Receivables	<u>275,484</u>	<u>70,957</u>
	<u>\$690,068</u>	<u>\$772,983</u>

Additional cash equivalent funds designated by the Governing Committee as a contingency fund in the amount of \$500,000 could be made available for general expenditure if necessary.

The Plan manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

Note 3. Liability for Loss and Loss Adjustment Expenses

Activity in the liability for loss and loss adjustment expenses as of and for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Reserves, beginning of year	\$194,039	\$111,168
Incurred loss and loss adjustment expenses:		
Provision for insured events of current year	35,727	(14,952)
Change in provision attributable to prior events	<u>(60,172)</u>	<u>99,910</u>
Total incurred	<u>(24,445)</u>	<u>84,958</u>
Payments:		
Attributable to current year events	6,455	36
Attributable to prior year events	<u>77,531</u>	<u>2,051</u>
Total paid	<u>83,986</u>	<u>2,087</u>
Reserves, end of year	<u>\$ 85,608</u>	<u>\$194,039</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Member Assessments

The Plan periodically assesses all member insurance companies for their pro-rata share of PAIP and administrative expenses. Each member is assessed in the same proportion that the member's voluntary direct premiums written during the preceding calendar year bear to the total of such direct premiums written by all members during the preceding calendar year.

PAIP assessments are reapportioned each year based on actual operations. Reapportionment may result in additional assessments due from members or assessments payable back to members. Reapportionment of assessments are recorded in the year of reapportionment and netted with assessments receivable or payable on the statements of admitted assets, liabilities, and net assets and assessments on the statements of revenues, expenses, and other changes in net assets. Any amounts payable to members will be used to offset future assessments or refunded to members in years of excess cash. The Plan refunded assessments of approximately \$271,000 during the year ended December 31, 2023.

Note 5. Tax Status

The Plan is exempt from federal, state and local income taxes as a not-for-profit entity as described under Internal Revenue Code Section 501(c)(6). The Plan files an information return in the U.S. federal jurisdiction.

As of December 31, 2023 and 2022, the Plan did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

Note 6. Related Party Transactions

Kentucky Assigned Claims Plan, Kentucky Insurance Arbitration Association, and Kentucky FAIR Plan Reinsurance Association (KFP) are related organizations under a cost sharing agreement. KFP furnishes personnel and administrative support for the Plan and the above entities and allocates the charges to each.

Following is a summary of transactions and balances under the cost sharing agreement for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Payable at the beginning of the year	\$ 22,830	\$ 22,051
Expenses allocated during the year	212,337	181,701
Payments made during the year	<u>(207,923)</u>	<u>(180,922)</u>
Payable at the end of year	<u>\$ 27,244</u>	<u>\$ 22,830</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Retirement Plans

The Plan has a money-purchase pension plan and 401(k) defined contribution plan that cover substantially all employees. Contributions to the money-purchase pension plan are determined annually at the discretion of the Governing Committee. Annual expense provisions for the 401(k) defined contribution are based upon the Plan matching a portion of the employees' contributions. Total expense for these plans was \$12,678 and \$12,105, for the years ended December 31, 2023 and 2022, respectively.

Costs are allocated in accordance with the cost sharing agreement as described in Note 6.

Note 8. Operating Lease

The Plan leases office space from the Kentucky FAIR Plan Reinsurance Association under an operating lease through December 31, 2024. This lease has an automatic renewal provision which allows for the lease to automatically renew and extend an additional year unless either party gives written notice of intent not to renew not less than 30 days prior to expiration of the term of the lease. Future minimum rental commitments under the lease are \$6,400 for the year ending December 31, 2024. Rent expense was \$6,400 for each of the years ended December 31, 2023 and 2022.

Note 9. Concentration of Credit Risk

The Plan maintains its cash and cash equivalents at various financial institutions and in a liquid asset trust held by AIPSO. The total balance at each financial institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023, the Plan's uninsured cash balance totaled approximately \$777,000.

Note 10. Commitments

The Plan has entered into a service agreement with AIPSO to administer the Personal Auto Insurance Program (PAIP). Under the agreement, AIPSO will provide underwriting, policy issuance and administration, and claims handling services for all PAIP applications. The Plan may terminate the agreement with six months written notice to AIPSO. During the years ended December 31, 2023 and 2022, the Plan incurred expenses of \$40,000 and \$35,000, respectively, under the terms of the agreement. As part of the agreement, AIPSO holds the Plan's funds in a liquid asset trust. As of December 31, 2022, the Plan had a receivable due from AIPSO of \$14,200 for Plan funds that have not been allocated to the Plan's share of the liquid asset trust. This amount is included in other receivables on the statements of assets, liabilities, and net assets.

May 23, 2024

Mark Hillis, Executive Director
Kentucky Automobile Insurance Plan
10605 Shelbyville Road, Suite 100
Louisville, KY 40223

RE: 2023 KENTUCKY CAIP FINANCIAL STATEMENTS

Dear Mr. Hillis:

Enclosed is a copy of the 2023 audited financial statement and statement of cash receipt and disbursement for the Kentucky CAIP. The Independent Auditors Report is from KPMG and their opinion makes reference to the Plan's Accounting and Statistical Requirements Manual instead of referencing the NAIC.

In order to assist you in reviewing this report, I would like to clarify the following points:

Audited Financial Statements

- The May 17, 2024 date on the Independent Auditors Report represents the actual date the auditors completed their fieldwork. These reports were then subsequently reviewed at different levels of management of the auditing firm before it was sent to the printer and then to AIPSO. The final reports were received by AIPSO on May 17, 2024.
- Under the headings titled, *Basis for Disclaimer of Opinion and Disclaimer of Opinion*, of the Independent Auditors Report, the auditors do not express an opinion on the financial statement due to the auditors lack of access to the underlying underwriting detail of the data reported by the servicing carriers.
- Under the heading titled, *Basis of Accounting*, of the Independent Auditors Report, the auditors are noting that the financials are prepared using provisions of Section B. of the Accounting and Statistical Requirements Manual, which varies from U.S. generally accepted accounting principles.

Statement of Cash Receipts and Disbursement

- The May 17, 2024 date on the Independent Auditors Report represents the actual date the auditors completed their fieldwork. These reports were then subsequently reviewed at different levels of management of the auditing firm before it was sent to the printer and then to AIPSO. The final reports were received by AIPSO on May 17, 2024.
- Under the heading titled, *Opinion*, the auditors state that the cash receipts and disbursements are presented fairly, in all material respects. The cash receipts and disbursements are prepared on a cash basis, which is a comprehensive basis of accounting other than U.S. GAAP. Per Note 2 in the report, the primary difference between the cash basis and the accrual basis of accounting required by U.S. GAAP principles is that revenue is recognized when received rather than when earned and expenses are recorded when paid rather than when incurred.

Please distribute this financial statement to the Governing Committee. Please note the restriction listed in the cover letter labeled "Independent Auditors Report", last paragraph. If you have any questions or need additional copies, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "David E. Maynard".

David Maynard
Senior Manager- Financial and Investment Services

Enclosure

cc: T. Assad
K. Leeman
E. Sullivan

**KENTUCKY COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE**

Financial Statements
and
Statements of Cash Receipts and Disbursements
Accounted for by the Central Processor

August 31, 2023 and 2022

(with Independent Auditors' Report Thereon)

**KENTUCKY COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE**

Financial Statements

August 31, 2023 and 2022

(with Independent Auditors' Report Thereon)



KPMG LLP
 One Financial Plaza, Suite 2300
 Providence, RI 02903

Independent Auditors' Report

Governing Committee
 Kentucky Automobile Insurance Plan:

Disclaimer of Opinion

We were engaged to audit the financial statements of the Kentucky Commercial Automobile Insurance Procedure (the "CAIP"), which comprise the statements of assets, liabilities and accountability of members as of August 31, 2023 and 2022, and the related statements of operations, and statements of changes in accountability of members for the years then ended, and the related notes to the financial statements.

We do not express an opinion on the accompanying financial statements of the CAIP. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

Our procedures on the underwriting accounts (as defined in Note 2 to the financial statements, "*Underwriting Account Accumulations*") were restricted under the terms of our engagement and did not allow us to obtain evidence as to the existence, completeness, accuracy, and valuation of the underlying data reported to the CAIP by individual servicing carriers as of August 31, 2023 and 2022. As a result, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded amounts in the underwriting accounts, and the related elements making up the statements of assets, liabilities and accountability of members, statements of operations, and statements of changes in accountability of members.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared by the Central Processor (AIPSO) on the basis of the financial reporting provisions of Section B of the Commercial Automobile Insurance Procedure Accounting and Statistical Requirements Manual dated June 2009 (the Manual), which is a basis of accounting other than U.S. generally accepted accounting principles, to comply with the financial reporting provisions of the Manual referred to above. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Manual, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the CAIP's financial statements in accordance with auditing standards generally accepted in the United States of America and to issue an auditors' report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able



to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the CAIP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Restriction on Use

Our report is intended solely for the information and use of the governing committee, management, AIPSO, member companies of the CAIP, and state insurance departments to whose jurisdiction the CAIP is subject and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Providence, Rhode Island
May 17, 2024

**KENTUCKY COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE**
Statements of Assets, Liabilities, and Accountability of Members
August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 322,104	\$ 504,066
Accounts receivable - member companies	28,160	37,992
Accounts receivable - servicing carriers	103,297	-
Accrued interest receivable	268	192
	<u>268</u>	<u>192</u>
Total assets	<u>\$ 453,829</u>	<u>\$ 542,250</u>
LIABILITIES AND ACCOUNTABILITY OF MEMBERS		
LIABILITIES		
Loss reserves	\$ 446,987	\$ 439,204
Allocated loss adjustment expense reserves	48,522	21,844
Unearned premiums	179,583	103,215
Premium deficiency reserve	85,051	25,628
Accounts payable - member companies	89,342	156,071
Accounts payable - servicing carriers	-	33,259
Accounts payable - AIPSO	1,702	1,352
Accrued expenses	33,764	23,056
	<u>33,764</u>	<u>23,056</u>
Total liabilities	884,951	803,629
ACCOUNTABILITY OF MEMBERS	<u>(431,122)</u>	<u>(261,379)</u>
Total liabilities and accountability of members	<u>\$ 453,829</u>	<u>\$ 542,250</u>

See accompanying notes to the financial statements.

**KENTUCKY COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE**
Statements of Operations
Years ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Premiums earned	\$ 260,699	\$ 260,613
Losses incurred	72,379	203,800
Allocated loss adjustment expense incurred (recovered)	28,245	(2,579)
Unallocated loss adjustment expense allowance	22,688	20,005
Change in premium deficiency reserve	59,423	20,171
Administrative allowance expense	60,802	56,277
Commissions expense	16,281	23,540
Supplemental fee recovered	(10,801)	-
Premium tax expense	<u>22,177</u>	<u>6,179</u>
Total underwriting expense	<u>271,194</u>	<u>327,393</u>
Underwriting loss	(10,495)	(66,780)
Premiums charged off	(7,204)	(1,371)
Insolvent company income	148	18
Indemnification expense	(541)	-
Central processor expense	(16,999)	(15,856)
Miscellaneous expense	<u>(9,606)</u>	<u>(18)</u>
Loss from operations	<u>\$ (44,697)</u>	<u>\$ (84,007)</u>

See accompanying notes to the financial statements.

**KENTUCKY COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE**
Statements of Changes in Accountability of Members
Years ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Accountability of members, beginning of year	\$ (261,379)	\$ 230,710
Settlement activity for period		
Change in settlement	(125,046)	(408,082)
Loss from operations	<u>(44,697)</u>	<u>(84,007)</u>
Accountability of members, end of year	<u>\$ (431,122)</u>	<u>\$ (261,379)</u>

See accompanying notes to the financial statements.

KENTUCKY COMMERCIAL AUTOMOBILE INSURANCE PROCEDURE

Notes to Financial Statements

Years ended August 31, 2023 and 2022

1. NATURE OF BUSINESS

The primary responsibility of the Kentucky Automobile Insurance Plan (the Plan) is to provide automobile insurance to applicants that are eligible for coverage under the Plan. The Commercial Automobile Insurance Procedure (CAIP) was implemented to provide for the servicing of risks as defined in the CAIP section of the Plan Manual. The Kentucky CAIP was adopted by the Governing Committee and approved by the Commissioner of Insurance of the State of Kentucky.

The Governing Committee has appointed servicing carrier(s) to issue insurance policies, collect premiums, pay commissions, and adjust claims. They are paid a fee for these services. Any insurance company writing commercial automobile insurance in the state is required to become a member of the Plan (member company). Funds are collected and disbursed to servicing carriers and member companies on a quarterly basis, based on net cash activity. In the event that a company is declared insolvent, all remaining companies are responsible for the insolvent company's share of the Plan deficit.

Beginning on September 1, 2022, AIPSO Insurance Operation (AIO) has assumed the role of countrywide CAIP servicing carrier, using a fronting company model to write CAIP policies and using a third-party to handle claims. With this new arrangement, there is no change in the general operations of the CAIP mechanism. Premium, expenses, and losses are pooled through CAIP and the operating results are shared among companies writing other than private passenger automobile insurance in the voluntary market. The prior servicing carriers will continue to estimate reserves and process loss payments throughout the life of the claims until all obligations have been satisfied, for all policies written through August 31, 2022.

AIPSO has been appointed by the Governing Committee to act as the Central Processor to perform accounting and statistical functions for which the CAIP is charged a service fee. AIPSO is responsible for the disbursement and collection of funds attributable to the servicing carriers' CAIP experience.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Kentucky Commercial Automobile Insurance Procedure, domiciled in Kentucky, have been prepared in accordance with the financial reporting provisions of Section B of the Commercial Automobile Insurance Procedure Accounting and Statistical Requirements Manual (the Manual).

The financial reporting provisions of the Manual vary from U.S. generally accepted accounting principles primarily in that underwriting results and related accounts presented in accordance with the Manual would not be recorded and expenses directly associated with the acquisition of new policies are charged to current operations as incurred rather than deferred and amortized over the term of the policy. The aggregate effect of the differences has not been determined. In addition, a statement of cash flows has not been presented.

Cash and Cash Equivalents

Cash and cash equivalents represent the CAIP's share of the AIPSO Liquid Asset Trust (LAT) managed by AIPSO and cash on hand. The investments of the LAT are limited to U.S. Treasury notes and bills, government-sponsored enterprises, money market accounts, commercial paper, and overnight repurchase

KENTUCKY COMMERCIAL AUTOMOBILE INSURANCE PROCEDURE

Notes to Financial Statements

Years ended August 31, 2023 and 2022

agreements and are recorded at cost, which approximates fair value. LAT investments have less than three month maturities from the acquisition date and, therefore, are considered cash equivalents.

Underwriting Account Accumulations

Servicing carriers report to AIPSO underwriting account accumulations, including premiums, commissions, losses, loss adjustment expenses, premium taxes, loss reserves, loss adjustment expense reserves, administrative expenses, guaranty fund and other assessments, other underwriting expenses, premiums charged off, commissions charged off, collection fees and related receipts, and disbursements, as applicable. AIPSO accumulates this underwriting account information and derives the related asset and liability accounts, as well as operating accounts, which form the basis for preparation of the accompanying statements of assets, liabilities and accountability of members and statements of operations and changes in accountability of members. The appropriate share of these underwriting accounts, including other operating expenses of the CAIP, is allocated to each member company. This allocation is based upon participation ratios, which approximate each member company's voluntary writings to the total voluntary writings within the state.

Change in Settlement

Each quarter, the Central Processor estimates the projected cash needs of the CAIP based upon the last four quarters cash requirements and CAIP market trends and includes an appropriate contingency fund to cover potential cash shortfalls in the CAIP. The change in settlement is a combination of the change in contingency fund, as well as the cash results of the CAIP, which are allocated to and settled with the member companies based on their voluntary market share in the state.

Premiums

Premiums earned are recognized ratably over the terms of the policies. Unearned premiums represent that portion of written premiums applicable to the unexpired period of the policy. Earned but unbilled premium represents estimated audit premiums and are recorded as an adjustment to earned premium. The amount of earned but unbilled premium at August 31, 2023 and 2022 was \$0 and \$500, respectively, which is included in unearned premiums in the statements of assets, liabilities, and accountability of members.

Loss and Allocated Loss Adjustment Expense Reserves

The liability for losses and allocated loss adjustment expense represents case basis estimates of reported losses, estimates of incurred but not reported losses, as reported by the servicing carriers, and estimated salvage and subrogation recoverable, as calculated by AIPSO. The estimated salvage and subrogation recoverable at August 31, 2023 and 2022 was \$3,109 and \$7,654, respectively, which is included in loss reserves in the statements of assets, liabilities, and accountability of members.

Reserve estimates are based on past loss experience modified for current claim trends as well as prevailing social, economic, and legal conditions. Final claim payments, however, may ultimately differ from the established reserves. Reserve estimates are continually reviewed and updated and any resulting adjustments are reflected in current operating results.

The loss reserves and allocated loss adjustment expense reserves contained in the financial statements have been subjected to the NAIC loss reserve statement of opinion process as contained in the Manual. Each

KENTUCKY COMMERCIAL AUTOMOBILE INSURANCE PROCEDURE

Notes to Financial Statements

Years ended August 31, 2023 and 2022

servicing carrier has provided to AIPSO a loss reserve statement of opinion that covers the following points: a) the reserves meet the requirements of the insurance laws of “state of domicile”; b) are computed in accordance with accepted loss reserving standards and principles; and c) make a reasonable provision for all unpaid loss and loss expense reserving obligations of the servicing carrier under the terms of its policies and agreements.

Unallocated Loss Adjustment Expense Allowance

Unallocated loss adjustment expense allowance is computed by AIPSO as a percentage of earned premiums.

Administrative Expense Allowance

Administrative expense allowance is computed by AIPSO as a percentage of premiums written.

Supplemental Fee

During the year ended August 31, 2021, a supplemental CAIP servicing carrier fee of \$3.5 million was assessed to the industry and each state was allocated its proportional share based on the state’s total CAIP written premium to total countrywide CAIP written premium. The proportional supplemental fee expense assisted AIPSO in funding its insurance expansion to service all CAIP states, which began in September 2022 when AIPSO Insurance Operations became the sole CAIP servicing carrier. Any supplemental fee previously collected by AIPSO in excess of actual operational expenses plus a contingency amount was returned to the CAIPs, reflected as a recovery within the statements of operations.

Use of Estimates

The Central Processor and the servicing carriers have made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues, and expenses to prepare these financial statements in conformity with the basis of accounting described in Note 2. Actual results could differ from those estimates.

Premium Deficiency Reserve

Premium deficiency reserve represents the excess of anticipated losses, loss adjustment expenses, commissions and other acquisition costs, and maintenance costs over unearned premiums. The amount of the premium deficiency reserve at August 31, 2023 and 2022 was computed by AIPSO and was \$85,051 and \$25,628, respectively.

3. INCOME TAXES

The Internal Revenue Service (IRS) recognizes the CAIP as an administrative procedure of the Plan and not a separate legal entity for federal income tax purposes. The Plan is a tax-exempt organization as described in section 501 (c) (6) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to section 501 (c) (6) of the Code. The Plan is required to assess uncertain tax positions and has determined that there were no such positions that are material to the financial statements. Furthermore, since the activities of the CAIP are insignificant when compared with the Plan, the IRS concluded that CAIP’s activities would not adversely affect the Plan’s tax status.

**KENTUCKY COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE**
Notes to Financial Statements
Years ended August 31, 2023 and 2022

4. MEMBER COMPANIES IN REHABILITATION

There is no amount included in accounts receivable or payable member companies at August 31, 2023 and 2022, due from/(due to) members in rehabilitation/conservation by court order. If an amount is a receivable which becomes uncollectible, it would be written off and assessed to the other member companies of the CAIP. The write-off of insolvent companies is accomplished through a reallocation of the insolvent companies' inception-to-date CAIP experience, including amounts paid and unpaid by the insolvent member, with no net impact on accountability of members or accounts receivable (payable) member companies in the aggregate.

5. COMMITMENTS AND CONTINGENCIES

The CAIP is involved in various legal proceedings arising out of and incidental to its business.

In accordance with the CAIP servicing carrier agreement, a servicing carrier is entitled to have certain legal and other claim related costs indemnified by the CAIP if it is determined that there was no criminal or willful misconduct on the part of the servicing carrier. During the fiscal years ended August 31, 2023 and 2022, the CAIP incurred indemnification expenses of \$541 and \$0, respectively.

Management of the CAIP, based on its review with counsel, does not anticipate that the losses, if any, incurred as a result of these legal proceedings, or CAIP indemnification, would materially affect the financial position or results of operations of the CAIP.

**KENTUCKY COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE**
Notes to Financial Statements
Years ended August 31, 2023 and 2022

6. LIABILITY FOR LOSS RESERVES AND ALLOCATED LOSS ADJUSTMENT EXPENSE RESERVES

Activity in the liability for loss reserves is summarized as follows:

	<u>2023</u>	<u>2022</u>
Balance at September 1	\$ 439,204	\$ 485,204
Incurring (recovered) related to		
Current year	101,374	176,740
Prior years	<u>(28,995)</u>	<u>27,060</u>
Total incurred	<u>72,379</u>	<u>203,800</u>
Paid (recovered) related to		
Current year	(6,137)	22,778
Prior years	<u>70,733</u>	<u>227,022</u>
Total paid	<u>64,596</u>	<u>249,800</u>
Balance at August 31	<u>\$ 446,987</u>	<u>\$ 439,204</u>

Activity in the liability for allocated loss adjustment expense reserve is summarized as follows:

	<u>2023</u>	<u>2022</u>
Balance at September 1	\$ 21,844	\$ 24,957
Incurring (recovered) related to		
Current year	108	2,294
Prior years	<u>28,137</u>	<u>(4,873)</u>
Total incurred (recovered)	<u>28,245</u>	<u>(2,579)</u>
Paid related to		
Current year	-	-
Prior years	<u>1,567</u>	<u>534</u>
Total paid	<u>1,567</u>	<u>534</u>
Balance at August 31	<u>\$ 48,522</u>	<u>\$ 21,844</u>

The CAIP is unable to determine the reasons for the change in the liability for loss reserves and allocated loss adjustment expense reserves, which are attributable to insured events of prior years. This information resides with the servicing carriers and is not reported to the CAIP. Refer to Note 2 for further information.

**KENTUCKY COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE**
Notes to Financial Statements
Years ended August 31, 2023 and 2022

7. RISKS AND UNCERTAINTIES

Widespread health emergencies, such as the recent coronavirus outbreak, can disrupt our operations through their impact on our employees, customers and their businesses, and the communities in which we operate. Disruptions to our customers could result in increased risk of non-payment of premiums, a decline in new policies generated, higher than expected cancelations and changes in claims frequency. Any additional expenses associated with this pandemic are covered by the member companies and would be collected through the normal assessment process.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 17, 2024, which is the date the financial statements were available to be issued.

**KENTUCKY COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE**

Statements of Cash Receipts and Disbursements
Accounted for by the Central Processor

August 31, 2023 and 2022
(with Independent Auditors' Report Thereon)



KPMG LLP
 One Financial Plaza, Suite 2300
 Providence, RI 02903

Independent Auditors' Report

Governing Committee
 Kentucky Automobile Insurance Plan:

Opinion

We have audited the statements of cash receipts and disbursements accounted for by the Central Processor of the Kentucky Commercial Automobile Insurance Procedure (the "CAIP") for the years ended August 31, 2023 and 2022, and the related notes (the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash receipts and disbursements of the CAIP for the years ended August 31, 2023 and 2022, in accordance with the cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CAIP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of certain internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CAIP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Restriction on Use

Our report is intended solely for the information and use of the governing committee, management, AIPSO, member companies of the CAIP, and state insurance departments to whose jurisdiction the CAIP is subject and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Providence, Rhode Island
May 17, 2024

**KENTUCKY COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE**
Statements of Cash Receipts and Disbursements
Accounted for by the Central Processor
Years ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
RECEIPTS		
Collections from member companies	\$ 38,307	\$ 1,506,718
Collections from servicing carriers	131,066	116,578
Insolvent company recovery	148	18
Supplemental fee recovery	10,801	-
Miscellaneous income	7,341	3,946
	<u>187,663</u>	<u>1,627,260</u>
DISBURSEMENTS		
Distributions to member companies	220,257	295,767
Distributions to servicing carriers	129,734	804,166
Central processor expense	16,655	16,155
Supplemental fee expense	-	11,953
Miscellaneous expense	2,979	4,025
	<u>369,625</u>	<u>1,132,066</u>
Receipts (under) over disbursements	(181,962)	495,194
Cash and cash equivalents, beginning of year	<u>504,066</u>	<u>8,872</u>
Cash and cash equivalents, end of year	<u>\$ 322,104</u>	<u>\$ 504,066</u>

See accompanying notes to statements of cash receipts and disbursements accounted for by the Central Processor.

KENTUCKY COMMERCIAL AUTOMOBILE INSURANCE PROCEDURE

Notes to Statements of Cash Receipts and Disbursements Accounted for by the Central Processor August 31, 2023 and 2022

1. NATURE OF BUSINESS

The primary responsibility of the Kentucky Automobile Insurance Plan (the Plan) is to provide automobile insurance to applicants that are eligible for coverage under the Plan. The Commercial Automobile Insurance Procedure (CAIP) was implemented to provide for the servicing of risks as defined in the CAIP section of the Plan Manual. The Kentucky CAIP was adopted by the Governing Committee and approved by the Commissioner of Insurance of the State of Kentucky.

The Governing Committee has appointed servicing carrier(s) to issue insurance policies, collect premiums, pay commissions, and adjust claims. They are paid a fee for these services. Any insurance company writing commercial automobile insurance in the state is required to become a member of the Plan (member company). Funds are collected and disbursed to servicing carriers and member companies on a quarterly basis, based on net cash activity. In the event that a company is declared insolvent, all remaining companies are responsible for the insolvent company's share of the Plan deficit.

Beginning on September 1, 2022, AIPSO Insurance Operation (AIO) has assumed the role of countrywide CAIP servicing carrier, using a fronting company model to write CAIP policies and using a third-party to handle claims. With this new arrangement, there is no change in the general operations of the CAIP mechanism. Premium, expenses, and losses are pooled through CAIP and the operating results are shared among companies writing other than private passenger automobile insurance in the voluntary market. The prior servicing carriers will continue to estimate reserves and process loss payments throughout the life of the claims until all obligations have been satisfied, for all policies written through August 31, 2022.

AIPSO has been appointed by the Governing Committee to act as the Central Processor to perform accounting and statistical functions for which the CAIP is charged a service fee. AIPSO is responsible for the disbursement and collection of funds attributable to the servicing carriers' CAIP experience.

2. BASIS OF PRESENTATION

The statements of cash receipts and disbursements, accounted for by the Central Processor of the CAIP, have been prepared on the basis of cash received and disbursed (cash basis). The primary difference between the cash basis and accrual basis of accounting required by U.S. generally accepted accounting principles is that the revenue is recognized when received rather than when earned and expenses are recorded when paid rather than when incurred. The statements of cash receipts and disbursements are a summary of only the cash activity of the CAIP that is accounted for by AIPSO, the Central Processor. Accordingly, the statements of cash receipts and disbursements are not intended to present results of operations in conformity with U.S. generally accepted accounting principles.

3. INSOLVENT COMPANY RECOVERY

A member company was deemed insolvent as of August 1, 2006 by the domiciliary state's insurance regulatory authority. A proof of claim was filed with the state on July 3, 2013 and approved as a priority level class 5 creditor. The overall obligation of \$39,389 was settled by the member company as of April 28, 2023, and allocated proportionately among the CAIPs .

**KENTUCKY COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE**
Notes to Statements of Cash Receipts and Disbursements
Accounted for by the Central Processor
August 31, 2023 and 2022

A member company was deemed insolvent as of October 3, 2001 by the domiciliary state's insurance regulatory authority. A proof of claim was filed with the state on November 20, 2003 and approved as a priority level class 5 and class 10 creditor. The overall obligation of \$18 was settled by the member company as of October 21, 2021.

4. SUPPLEMENTAL FEE

During the year ended August 31, 2021, a supplemental CAIP servicing carrier fee of \$3.5 million was assessed to the industry and each state was allocated its proportional share based on the state's total CAIP written premium to total countrywide CAIP written premium. The proportional supplemental fee expense assisted AIPSO in funding its insurance expansion to service all CAIP states, which began in September 2022 when AIPSO Insurance Operations became the sole CAIP servicing carrier. Any supplemental fee previously collected by AIPSO in excess of actual operational expenses plus a contingency amount was returned to the CAIPs, reflected as a recovery within the statements of operations

5. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 17, 2024, which is the date the statements of cash receipts and disbursements accounted for by the Central Processor were available to be issued.



2025 Servicing Carrier Allowances

Effective Date(s)	CAIP/SRDP March 1, 2025, AK AORDP August 1, 2025, NYPAP January 1, 2025
Distribution	Servicing Carriers and Plan/Regional Managers
Contents	CAIP/AORDP/NY PAP/NY SRDP Servicing Carrier Allowances
Attachment(s)	<p>The attached exhibit illustrates the CAIP/AORDP/NY PAP/NY SRDP servicing carrier allowances in effect for 2025. The exhibit is published for informational purposes only. Official notification of any change to the servicing carrier allowance must be received from the Plan Advisory Committee/Board of Governors/Governing Committee in accordance with the Servicing Carrier Agreement.</p> <p>The annual Administrative and Loss Adjustment Expense Allowances are effective at the beginning of a fiscal quarter. Most are effective March 1, 2025. The exceptions are the Alaska AORDP, which is effective August 1, 2025, and the NYPAP which is effective January 1, 2025.</p>
Response Required	None
Contact	<p>Karen Leite, CPCU, AIS, AINS Sr. Statistical Analyst Quota and Participation Services 401-946-2310 Ext. 3300 Karen.Leite@aipso.com</p>

CAIP Servicing Carrier Allowances

Administrative Expense Allowance As a Percentage of Written Premium

State	2024		2025	
	Liability	Physical Damage	Liability	Physical Damage
Alabama +	15.9%	16.6%	15.5%	16.0%
Alaska	17.9%	18.6%	17.5%	18.0%
Arizona	17.9%	18.6%	17.5%	18.0%
Arkansas	17.9%	18.6%	17.5%	18.0%
California	17.9%	---	17.5%	---
Colorado	17.9%	18.6%	17.5%	18.0%
Connecticut	17.9%	18.6%	17.5%	18.0%
Delaware	17.9%	18.6%	17.5%	18.0%
District of Columbia	17.9%	18.6%	17.5%	18.0%
Georgia	17.9%	18.6%	17.5%	18.0%
Idaho	17.9%	18.6%	17.5%	18.0%
Illinois #	17.9%	18.6%	17.5%	18.0%
Indiana	17.9%	18.6%	17.5%	18.0%
Iowa	17.9%	18.6%	17.5%	18.0%
Kansas	17.9%	18.6%	17.5%	18.0%
Kentucky	17.9%	---	17.5%	---
Louisiana	17.9%	18.6%	17.5%	18.0%
Maine	17.9%	18.6%	17.5%	18.0%
Minnesota	17.9%	18.6%	17.5%	18.0%
Mississippi	17.9%	18.6%	17.5%	18.0%
Missouri	17.9%	18.6%	17.5%	18.0%
Montana	17.9%	18.6%	17.5%	18.0%
Nebraska	17.9%	18.6%	17.5%	18.0%
Nevada	17.9%	18.6%	17.5%	18.0%
New Hampshire	17.9%	18.6%	17.5%	18.0%
New Jersey	17.9%	18.6%	17.5%	18.0%
New Mexico	17.9%	18.6%	17.5%	18.0%
New York SRDP	17.9%	18.6%	17.5%	18.0%
New York PAP	17.9%	---	17.5%	---
North Dakota	17.9%	18.6%	17.5%	18.0%
Ohio \$	18.0%	18.0%	18.0%	18.0%
Oklahoma ~	17.9%	18.6%	17.5%	18.0%
Oregon	17.9%	18.6%	17.5%	18.0%
Pennsylvania Pooled Cap \$	16.0%	16.0%	16.0%	16.0%
Rhode Island	17.9%	18.6%	17.5%	18.0%
South Carolina	17.9%	---	17.5%	---
South Dakota	17.9%	18.6%	17.5%	18.0%
Tennessee	17.9%	18.6%	17.5%	18.0%
Utah	17.9%	18.6%	17.5%	18.0%
Vermont	17.9%	18.6%	17.5%	18.0%
Virginia	17.9%	18.6%	17.5%	18.0%
Washington	17.9%	18.6%	17.5%	18.0%
West Virginia	17.9%	18.6%	17.5%	18.0%
Wisconsin \$	16.0%	---	16.0%	---
Wyoming	17.9%	18.6%	17.5%	18.0%

* Best's 3 year avg general and other acquisition expense ratio to written premium increased by a general service fee of 5%.

+ Alabama uses Best's 3 year average figure increased by a general service fee of 3%.

~ The administrative expense allowance for Oklahoma may be adjusted by up to a maximum of ±2% annually

The administrative expense allowance for Illinois may be adjusted by up to a maximum of ±1% annually

\$ These plans have extended the current percentage

CAIP Servicing Carrier Allowances

State	Unallocated Loss Adjustment Expense Allowance As a Percentage of Earned Premium			
	2024		2025	
	Liability	Physical Damage	Liability	Physical Damage
Alabama ^	4.0%	6.6%	3.9%	6.2%
Alaska	11.1%	10.6%	7.2%	12.3%
Arizona	4.0%	6.6%	3.9%	6.2%
Arkansas ~	12.0%	6.6%	10.0%	6.2%
California	7.1%	---	8.9%	---
Colorado	9.4%	6.6%	11.2%	6.2%
Connecticut	5.5%	6.6%	3.9%	6.2%
Delaware	5.9%	6.6%	5.6%	6.2%
District of Columbia	4.7%	6.6%	4.9%	6.2%
Georgia ^	7.6%	6.6%	6.9%	6.2%
Idaho	5.2%	17.9%	8.2%	18.5%
Illinois #	9.3%	9.1%	10.3%	10.1%
Indiana ~	8.5%	6.6%	10.5%	6.2%
Iowa	11.6%	6.6%	9.4%	6.2%
Kansas	5.5%	6.6%	7.1%	6.2%
Kentucky	12.0%	---	3.9%	---
Louisiana	12.0%	6.6%	11.6%	6.2%
Maine \$ @	13.5%	7.5%	13.5%	7.5%
Minnesota	6.1%	6.6%	5.7%	6.2%
Mississippi ^	4.0%	6.6%	3.9%	6.2%
Missouri	6.1%	6.6%	7.7%	6.2%
Montana	4.0%	6.6%	3.9%	6.2%
Nebraska	12.0%	6.6%	11.6%	6.2%
Nevada	4.6%	6.6%	8.7%	6.2%
New Hampshire \$ @	13.5%	7.5%	13.5%	7.5%
New Jersey	9.3%	19.9%	8.3%	6.6%
New Mexico	4.0%	6.6%	3.9%	6.2%
New York SRDP	7.3%	6.6%	7.7%	6.2%
New York PAP	6.0%	---	7.0%	---
North Dakota	4.0%	6.6%	3.9%	6.2%
Ohio \$ @	13.5%	7.5%	13.5%	7.5%
Oklahoma ~	4.7%	6.6%	6.2%	6.2%
Oregon	4.9%	6.6%	3.9%	6.2%
Pennsylvania Pooled Cap \$	9.0%	9.0%	9.0%	9.0%
Rhode Island	7.5%	6.6%	7.8%	6.2%
South Carolina	4.0%	---	3.9%	---
South Dakota	4.0%	6.6%	3.9%	6.2%
Tennessee	4.0%	6.6%	5.7%	6.2%
Utah	5.6%	6.6%	7.2%	6.2%
Vermont	5.2%	6.6%	7.4%	6.8%
Virginia	5.6%	6.6%	5.9%	6.2%
Washington	4.3%	6.6%	9.3%	6.2%
West Virginia	5.9%	6.6%	6.7%	6.2%
Wisconsin \$	6.1%	---	6.1%	---
Wyoming	5.4%	6.6%	5.8%	14.7%

@ Includes ALAE for states where direct reimbursement of ALAE is not applicable: Maine, New Hampshire, and Ohio.

^ The liability loss adjustment expense allowance may be adjusted by up to a maximum of $\pm 1\%$ annually.

The loss adjustment expense allowance may be adjusted by up to a maximum of $\pm 1\%$ annually.

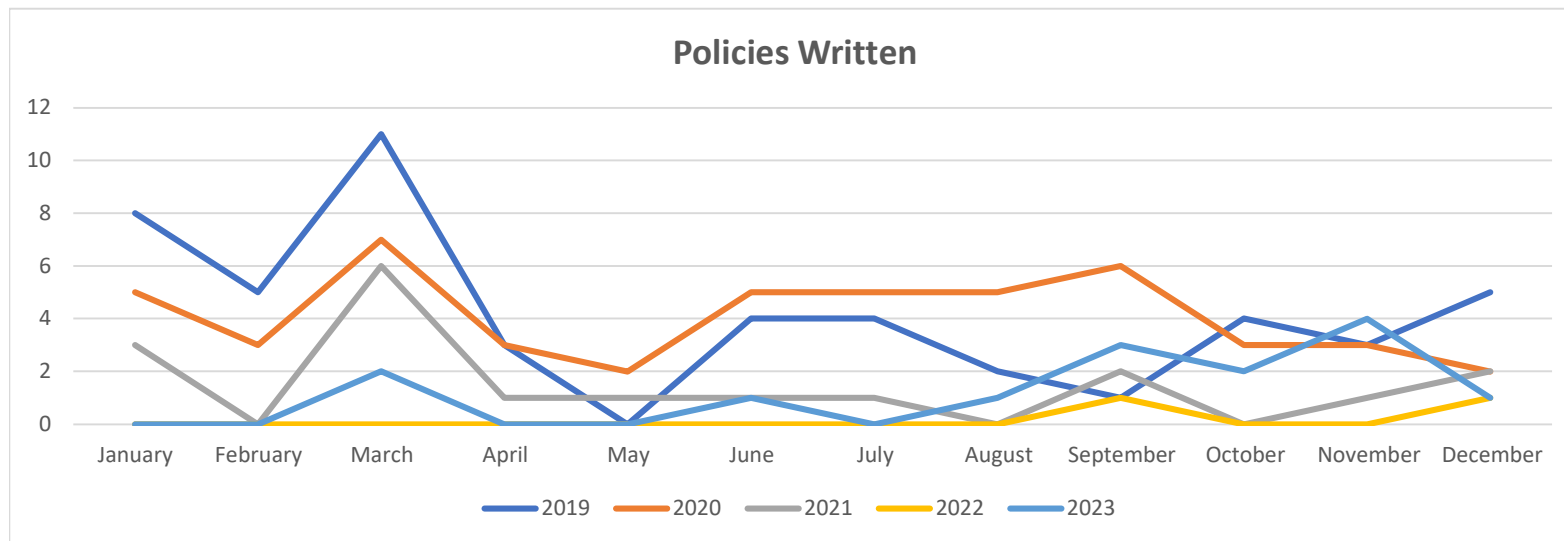
~ The loss adjustment expense allowance may be adjusted by up to a maximum of $\pm 2\%$ annually. (Arkansas: Liability; Indiana: Liability; Oklahoma: Liability and Physical Damage)

+ Best's total loss adjustment expense ratio is adjusted by the ratio of the CAIP pure loss ratio (subject to a maximum of 150% and a minimum of 50%) to Best's pure loss ratio.

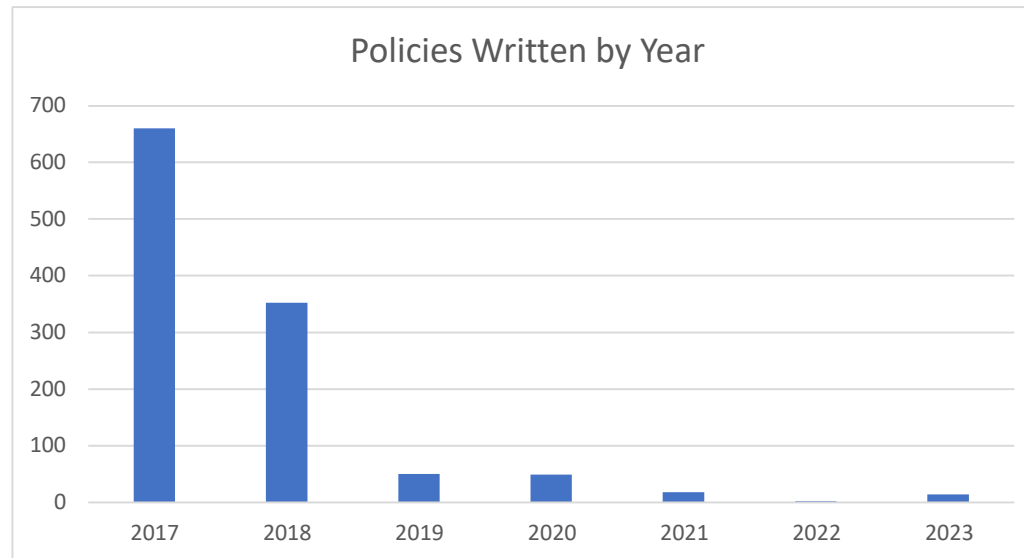
\$ These plans have extended the current percentage

Kentucky Auto Insurance Plan				
Budget Status				
Line Item	2021 Budget	2022 Budget	2023 Budget	2023 Final
Wages (W-2)	\$ 52,478	\$ 61,132	\$ 81,672	\$ 77,137
Payroll Taxes	\$ 5,248	\$ 6,113	\$ 8,167	\$ 5,930
Pension Benefits	\$ 6,927	\$ 8,069	\$ 10,781	\$ 10,499
401K Match	\$ 1,574	\$ 1,834	\$ 2,450	\$ 2,179
Office Supplies, Printing & Equip.	\$ 2,000	\$ 2,000	\$ 2,000	\$ 618
Professional Services	\$ 42,085	\$ 35,206	\$ 40,049	\$ 27,483
Human Resources	\$ 1,500	\$ 1,500	\$ 1,500	\$ 2,135
Rent	\$ 6,400	\$ 6,400	\$ 6,400	\$ 6,400
Telephone and Telephone Equip.	\$ 2,700	\$ 1,200	\$ 1,200	\$ 1,571
Travel	\$ 4,500	\$ 5,500	\$ 5,000	\$ 3,654
Meals and Entertainment	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,451
Insurance - P & C	\$ 6,980	\$ 6,720	\$ 7,150	\$ 2,990
Health and Employee Benefits	\$ 8,669	\$ 10,519	\$ 20,326	\$ 22,869
Postage	\$ 1,500	\$ 1,500	\$ 1,500	\$ 2,970
Computer and Systems	\$ 15,320	\$ 18,222	\$ 16,210	\$ 18,936
Dues & Subscriptions	\$ 400	\$ 400	\$ 400	\$ 913
Board Meetings	\$ 500	\$ 500	\$ 500	\$ 389
Education	\$ 300	\$ 300	\$ 300	\$ -
Miscellaneous	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,736
AIPSO--(Data and Plan Services)	\$ 2,782	\$ 3,954	\$ 2,860	\$ 5,446
AIPSO-LAD	\$ 2,750	\$ -	\$ -	\$ -
AIPSO-EASi	\$ 7,575	\$ 7,575	\$ 7,575	\$ 8,216
Total	\$ 174,188	\$ 180,644	\$ 218,040	\$ 203,520

Month	2019	2020	2021	2022	2023
January	8	5	3	0	0
February	5	3	0	0	0
March	11	7	6	0	2
April	3	3	1	0	0
May	0	2	1	0	0
June	4	5	1	0	1
July	4	5	1	0	0
August	2	5	0	0	1
September	1	6	2	1	3
October	4	3	0	0	2
November	3	3	1	0	4
December	5	2	2	1	1
TOTAL	50	49	18	2	14



Year	Policies Written	Avg Days in Force
2017	660	
2018	352	
2019	50	249
2020	49	210
2021	18	174
2022	2	38
2023	14	
2024	0	



KENTUCKY PAIP

Monthly Activity - Month Ending 12/31/2023

	<u>Month End</u>	<u>YTD</u>	<u>Prior Year Balance</u>
Written Premium	\$11,922	\$93,272	
Earned Premium	\$7,917	\$41,278	
Change in Unearned Premium	\$4,005	\$51,995	
Total Unearned Premium	\$63,041	\$63,041	\$11,046
Premium Charged Off	\$0	\$0	
Advanced Written Premium	\$0	\$0	
Written Commission	\$596	\$4,664	
Surcharges	\$215	\$1,679	
Losses Paid	\$25,000	\$76,843	
Losses Unpaid (Reserved)	\$35,000	\$35,000	\$125,000
Adjustment Expenses Paid	\$0	\$38	
Adjustment Expenses Unpaid	\$500	\$500	\$700
Defense and Cost Containment Expenses Paid	\$0	\$0	
Defense and Cost Containment Expenses Unpaid	\$0	\$0	\$0

Note: These numbers are preliminary and subject to change after the reconciliation process

May 17, 2024

Members of the Kentucky Governing Committee
 c/o Mr. Mark Hillis, Manager
 Kentucky Automobile Insurance Plan
 10605 Shelbyville Road, Suite 100
 Louisville, KY 40223-3167

Kentucky Automobile Insurance Plan
Private Passenger Auto Rate Review

Dear Committee Members:

The following is a proposal for your review and action.

BACKGROUND

Provided below is a brief history of the rate level changes in Kentucky:

<u>Effective Date</u>	<u>Rate Change</u>
01/01/2020	+13.2%
01/01/2021	+9.8%
01/01/2022	+4.7%
01/01/2023	+11.1%
01/01/2024	+10.4%

In addition to the above information, the table below provides a comparison of new applications to the Plan.

New Applications – Private Passenger Liability

	<u>03/23</u>	<u>03/24</u>
12 Months Ending	3	18
YTD Ending	1	5
Month Ending	1	2

Last year we developed an experience-based indication of +10.4% that used trend as the ballast to credibility and only PAIP data. We filed the full uncapped change, which was approved as filed.

PROPOSAL

We have developed an experience-based indication using only PAIP experience and proposed effective dates of January 1, 2025, for new business and February 1, 2025, for renewal business. The overall indication is +17.7%. We propose to take the full indicated change, which results in a monetary impact of \$6,510 based on 2022 earned premiums. Please see Exhibit 1 for details.

Note on Covid-19: We continue to use the 2-step trend procedure implemented last year. It uses the latest industry trend data in the analysis. The process indexes the historical experience to the latest year of trend data to put all years on a common, post-pandemic basis. We then project losses into the effective period based on the usual trend process.

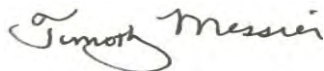
If the Committee decides to file, we request the allowance of a small deviation from what is shown here. It is possible that new information becomes available between the time in which this rate review is prepared and a rate filing is made. Our filings should reflect the most current information, which may mean the grand total shown above may change slightly, either upward or downward. We request that the Committee allow AIPSO a small deviation from the grand total in the event updated information becomes available. If the Committee agrees, any revision that does not adjust the proposed grand total by more than 2.5% points will be filed without returning to the full Committee for additional review and approval.

ATTACHMENT

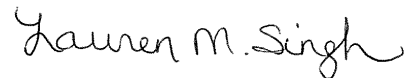
- Exhibit 1 - Summary of Rate Level Change

Please keep us advised as to the action taken by the Committee with respect to this proposal.

Sincerely,



Timothy Messier, FCAS, MAAA
 Assistant Vice President & Actuarial Team Leader
 (401) 528-1353
Timothy.Messier@aipso.com



Lauren Singh
 Actuarial Analyst
 (401) 429-1566
Lauren.Singh@aipso.com

pc: Mr. Thomas Assad, AIPSO
 Mr. Robert Powers, AIPSO

Kentucky
Automobile Insurance Plan

Summary of Base Rate Change

(1)	(2)	(3) Exhibit 2 Row 6	(4) Exhibit 3 Column 14	(5) Exhibit 7 Sheet 1	(6) (3)x(4)+ (5)x{1.0-(4)}	(7)	(8)
Coverage	4 year Premium at Current Level	Experience Based Indicated Change	1,084 Claim Credibility	Loss Trend	Credibility Weighted Indicated Change	Proposed Base Rate Change	Estimated Dollar Change Based on CY 2022 Premium*
Residual Bodily Injury	211,390	92.7%	12%	5.3%	15.8%	15.8%	3,071
Bodily Injury	0	92.7%	12%	5.3%	15.8%	15.8%	0
Property Damage	112,917	92.8%	11%	7.5%	16.9%	16.9%	1,476
Personal Injury Protection	86,267	166.9%	13%	2.0%	23.4%	23.4%	1,756
Medical Payments	0	27.7%	13%	2.0%	5.3%	5.3%	0
Uninsured BI (UMBI)	2,840	361.0%	3%	5.3%	16.0%	16.0%	70
Underinsured BI (UIMBI)	5,578	361.0%	3%	5.3%	16.0%	16.0%	138
Total Liability	418,992	113.4%		5.2%	17.7%	17.7%	6,510

NOTES:

Proposed Effective Dates: January 1, 2025 New; February 1, 2025 Renewal

Most Recent Rate Change: 10.4% on January 1, 2024

* Calendar Year 2022 Premium at Current Level is \$36,971

May 16, 2024

Members of the Kentucky Governing Committee
 c/o Mr. Mark Hillis, Manager
 Kentucky Automobile Insurance Plan
 10605 Shelbyville Road, Suite 100
 Louisville, KY 40223-3167

Kentucky Automobile Insurance Plan
Commercial Auto Rate Review

Dear Committee Members:

The following is a proposal for your review and action.

BACKGROUND

Provided below is a brief history of the rate level changes in Kentucky:

<u>Effective Date</u>	<u>Rate Change</u>
01/01/20	+18.2%
01/01/21	+1.9
01/01/22	+13.1
01/01/23	+12.6
01/01/24	+16.4

In addition to the above information, the table below provides a comparison of new applications to the Plan.

	<u>New Applications – Commercial</u>	
	<u>03/23</u>	<u>03/24</u>
12 Months Ending	14	17
YTD Ending	3	3
Month Ending	1	2

Last year we developed a rate indication of +16.4% based on financial data. We filed the full uncapped change. The change was approved as filed.

PROPOSAL

We continue to use our financial indication methodology. It uses Kentucky data to the greatest extent possible. The previous methodology relied on a countrywide benchmark that was applied to ISO's loss costs. The financial methodology develops a 10-year all sub-lines combined indication based on financial data from policy years 2013 through 2022 evaluated as of November 30, 2023. Since this data is not fully credible, we have used loss ratio trend as the ballast to credibility.

The resulting overall rate indication is +14.4% based on assumed effective dates of January 1, 2025, for new business and February 1, 2025, for renewals. In order to develop changes by coverage and sub-line, we have

reproduced the overall indicated change in our loss cost template. We propose to file the full uncapped change, which results in an estimated monetary impact of \$47,961.

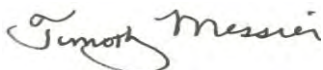
Covid-19: Consistent with recent ISO commercial auto filings, this indication has no adjustment for Covid-19. ISO expects that long-term behavioral, social, and economic changes due to Covid-19 will have negligible and/or offsetting effects on commercial auto loss costs.

ATTACHMENT

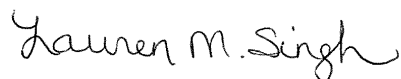
- Summary - Summary of Indicated and Proposed Rate Level Change
- Exhibit 1 - Financial Indication

Please keep us advised as to the action taken by the Committee with respect to this proposal.

Sincerely,



Timothy Messier, FCAS, MAAA
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pc: Mr. Thomas Assad, AIPSO
Mr. Robert Powers, AIPSO

Kentucky Automobile Insurance Plan

Summary of Proposed Rate Level Change

LIABILITY

Subline		2022 Premium at Current Level	Indicated Percent Change	Proposed Percent Change	Estimated Dollar Impact Based on 2022 Premium
Trucks, Tractors, and Trailers	CSL	53,579	-2.4%	-2.4%	
	PIP	702	-10.8%	-10.8%	
	Total	54,280	-2.5%	-2.5%	-1,354
Taxis and Limos	CSL	0	-2.3%	-2.3%	
	PIP	0	-10.9%	-10.9%	
	Total	0	-6.6%	-6.6%	0
School and Church Buses	CSL	16,591	-2.3%	-2.3%	
	PIP	897	-12.4%	-12.5%	
	Total	17,489	-2.9%	-2.9%	-500
Other Buses	CSL	0	-2.4%	-2.4%	
	PIP	0	-10.8%	-10.8%	
	Total	0	-6.6%	-6.6%	0
Van Pools	CSL	0	-2.3%	-2.3%	
	PIP	0	-17.9%	-18.1%	
	Total	0	-10.1%	-10.2%	0
Zone Rated Risks	CSL	0	-14.9%	-14.9%	
	PIP	0	-14.9%	-14.9%	
	Total	0	-14.9%	-14.9%	0
Garages	CSL	224,784	21.8%	21.8%	
	PIP	8,762	0.9%	0.9%	
	Total	233,546	21.0%	21.0%	49,059
Employer Non- Owned	CSL	176	1.1%	1.1%	
	Total	176	1.1%	1.1%	2
Hired Auto	CSL	220	60.4%	60.4%	
	Total	220	60.4%	60.4%	133
Uninsured Motorists	CSL	27,426	2.2%	2.2%	
	Total	27,426	2.2%	2.2%	611
Underinsured Motorists	CSL	951	1.1%	1.1%	
	Total	951	1.1%	1.1%	10
Liability Total	CSL	\$323,727	14.9%	14.8%	
	PIP	\$10,361	-1.1%	-1.0%	
	Total	\$334,088	14.4%	14.3%	\$47,961

Notes: Most recent rate change (01/01/2024): 16.4%
Proposed effective date: 01/01/2025

Kentucky Commercial Auto Program
Statewide Rate Level Indication

EARNED PREMIUM				INCURRED LOSSES AND ALAE				STATE EXPENSES			RATIOS TO PREMIUM			
(1)	(2)	(3) Exhibit 2	(4) (2)x(3)	(5) Exhibit 3	(6)	(7) Appendix 4	(8) [(5)+(6)]x(7)	(9)	(10)	(11)	(12) (8)/(4)	(13) (9)/(2)	(14) (10)/(2)	(15) (11)/(2)
Policy Year	Premium Earned	Premium On-Level Factor	Premium at Current Level	Adjusted Incurred Losses Incl. IBNR	Incurred ALAE	Loss Trend Factor	Projected Incurred Losses and ALAE	Comm.	Premium Taxes	Premium Charge-Offs	Projected Loss and ALAE Ratio	Comm. Ratio	Premium Taxes Ratio	Premium Charge-Offs Ratio
2013	320,477	1.970	631,340	65,442	0	2.558	167,401	26,676	6,910	1,925	26.5%	8.3%	2.2%	0.6%
2014	822,785	1.980	1,629,114	613,421	68,777	2.373	1,618,857	56,652	16,556	9,842	99.4%	6.9%	2.0%	1.2%
2015	617,689	1.915	1,182,874	504,387	14,197	2.201	1,141,403	45,534	12,354	1,459	96.5%	7.4%	2.0%	0.2%
2016	843,449	1.958	1,651,473	628,827	59,530	2.042	1,405,626	57,830	16,869	355	85.1%	6.9%	2.0%	0.0%
2017	1,290,780	2.059	2,657,716	831,028	26,834	1.894	1,624,791	82,362	25,816	32,328	61.1%	6.4%	2.0%	2.5%
2018	1,365,810	1.948	2,660,598	807,028	17,101	1.757	1,447,994	87,759	27,316	(1,315)	54.4%	6.4%	2.0%	-0.1%
2019	793,580	1.786	1,417,334	591,648	4,711	1.630	972,065	51,627	15,872	596	68.6%	6.5%	2.0%	0.1%
2020	436,793	1.511	659,994	180,737	2,045	1.512	276,367	18,449	8,736	250,678	41.9%	4.2%	2.0%	57.4%
2021	271,962	1.482	403,048	227,074	1,876	1.403	321,217	20,969	5,439	3,947	79.7%	7.7%	2.0%	1.5%
2022	214,987	1.311	281,849	101,760	405	1.301	132,917	12,923	8,223	2,034	47.2%	6.0%	3.8%	0.9%
Total	6,978,312		13,175,340	4,551,354	195,476		9,108,639	460,781	144,089	301,848	69.1%	6.6%	2.1%	4.3%
5-Year	3,083,132		5,422,822	1,908,248	26,138		3,150,560	191,727	65,586	255,939	58.1%	6.2%	2.1%	8.3%
3-Year	923,742		1,344,891	509,572	4,326		730,501	52,341	22,398	256,659	54.3%	5.7%	2.4%	27.8%

SELECTED

69.1% 6.2% 2.1% 4.3%

CONTRACTUAL AND OTHER EXPENSES						STATEWIDE RATE LEVEL INDICATION					
(16)	(17)	(18) Appendix 3	(19)	(20)	(21) Sum of (13) to (20)	(22) 1.0-(21)	(23) (12)/(22)-1.0	(24)	(25) 3,000 Claim Credibility=28%, Minimum=25%	(26) Exhibit 1 Sheet 2	(27) (23)x(25)+ (26)x[1.0-(25)]
Admin. Fees	ULAE Provision	Misc. Expenses (Income)	Contingency	Investment Income	Expense Ratio	Expected Loss and ALAE Ratio	Plan Indicated Change	10-Year Number of Claims	Credibility	Loss Ratio Trend	Statewide Rate Level Indication
17.9%	12.0%	1.2%	5.0%	-1.3%	47.4%	52.6%	31.4%	236	28%	7.8%	14.4%

**PUBLIC OR LIVERY CONVEYANCE EXCLUSIONS
(INCLUDING DELIVERY NETWORK PLATFORM SERVICES)****Defining the Issue**

In response to the increase of on-demand delivery service providers and the related exposures associated with such services, ISO is introducing new 1) public or livery conveyance exclusions to address delivery network services and 2) optional personal auto delivery network driver coverage.

Background

In 2015, ISO introduced and AIPSO adopted public or livery conveyance exclusions for ride sharing. The exclusions explicitly exclude liability, medical payments, personal injury protection (where permissible), uninsured motorists, and physical damage coverages while logged into a “transportation network platform” as a driver, whether or not a passenger is occupying the vehicle.

ISO is now clarifying the public or livery conveyance exclusions to include delivery network services.

Action Needed

Please review the following information and decide if the proposal is appropriate for the Kentucky Automobile Insurance Plan.

Proposal

We propose the following:

1. Clarifying the public or livery conveyance exclusions to explicitly exclude any liability, medical payments, uninsured and underinsured motorist, and personal injury protection coverages for an insured while logged into a “transportation network platform” as a driver, whether or not a passenger is occupying the vehicle and a “transportation network platform” or “delivery network platform” as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.
2. Amending the manual definition of private passenger auto to clarify that it includes private passenger, station wagon or jeep types that are used for both private passenger purposes and for ride sharing and/or vehicle-sharing activities but that the ride-sharing and personal vehicle-sharing activities, including on-demand delivery services, are not covered.

We are not recommending providing new optional personal auto delivery network driver coverage.

Impact

This revision is a reinforcement of the current public or livery conveyance exclusions.

AIPSO Systems Impact: ISPS can accommodate any effective date

This proposal has normal impact on Galaxy. This will require changes to configuration tables, Ghostdraft, and the Rules Engine. We will need to introduce new static form, CA 23 45 11 20, and discontinue form, CA 23 44 11 16. This proposal has medium impact to Atlas – six form replacements and validation testing. This has no impact on EASi.

Proposed Changes**Rule 20. DEFINITIONS**

Paragraph A.5 is amended to clarify that the term private passenger auto includes private passenger, station wagon or jeep types that are used for both private passenger purposes and for ride-sharing and/or vehicle-sharing activities but the ride-sharing, vehicle-sharing, and on-demand delivery services, including courier services, are not covered.

AIP 00 01 04 24 Named Nonowner Policy—Kentucky

Replaces AIP 00 01 12 19

This policy is revised to (1) introduce a definition for “delivery network platform” and (2) clarify the “public or livery conveyance” exclusion for liability, personal injury protection, and uninsured motorists coverages by explicitly excluding operation of a vehicle while it is being used by any insured who is logged into a (1) “transportation network platform” as a driver whether or not a passenger is occupying the vehicle and (2) “transportation network platform” or “delivery network platform” as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

AIP 05 70 04 24 Personal Injury Protection Coverage—Kentucky

Replaces AIP 05 70 11 22

This form is revised to clarify the personal auto policy “public or livery conveyance” exclusion for personal injury protection coverage by explicitly excluding ownership or operation of a vehicle while it is being used by any insured who is logged into a (1) “transportation network platform” as a driver whether or not a passenger is occupying the vehicle and (2) “transportation network platform” or “delivery network platform” as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

These changes are the same as filed and approved for ISO.

AIP 11 74 04 24 Uninsured Motorists Coverage—Kentucky

Replaces AIP 11 74 11 22

AIP 18 20 04 24 Underinsured Motorists Coverage—Kentucky

Replaces AIP 18 20 12 19

These forms are revised to clarify the personal auto policy “public or livery conveyance” exclusion for uninsured and underinsured motorist coverages by explicitly excluding ownership or operation of a vehicle while it is being used by any insured who is logged into a (1) “transportation network platform” as a driver whether or not a passenger is occupying the vehicle

and (2) “transportation network platform” or “delivery network platform” as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

AIP 12 75 04 24 Amendment of Policy Provisions—Kentucky

Replaces AIP 12 75 12 19

This form is revised to (1) introduce a definition for “delivery network platform” and (2) clarify the personal auto policy “public or livery conveyance” exclusion for liability and medical payments coverages by explicitly excluding ownership or operation of a vehicle while it is being used by any insured who is logged into a (1) “transportation network platform” as a driver whether or not a passenger is occupying the vehicle and (2) “transportation network platform” or “delivery network platform” as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

These changes are the same as filed and approved for ISO.

AIP 18 56 04 24 Underinsured Motorists Coverage—Kentucky

Named Nonowner Policy

Replaces AIP 18 56 12 19

This form is revised to clarify the named nonowner policy “public or livery conveyance” exclusion for underinsured motorist coverage by explicitly excluding operation of a vehicle while it is being used by any insured who is logged into a (1) “transportation network platform” as a driver whether or not a passenger is occupying the vehicle and (2) “transportation network platform” or “delivery network platform” as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

CA 23 45 11 20 Public Or Livery Passenger Conveyance And On-Demand Delivery Services Exclusion

Replaces CA 23 44 11 16

This form is introduced to clarify the commercial auto policy “public or livery conveyance” exclusion for liability, medical payments, physical damage, uninsured and/or underinsured, and personal injury protection coverages for an insured while logged into a (1) “transportation network platform” as a driver whether or not a passenger is occupying the vehicle and (2) “transportation network platform” or “delivery network platform” as a driver to provide “delivery services”, whether or not the goods, items or products to be delivered are in the covered “auto”. However, this exclusion does not apply to business activities performed by an “insured” that are directly related to the Named Insured(s) listed in the Declarations.

The Kentucky Automobile Insurance Plan does not provide physical damage coverage on commercial auto policies, so the physical damage exclusions have no effect on Plan business.

These changes are the same as filed and approved for ISO.

Attachments

- Exhibit A—Proposed amendments to Rule 20
- Strikethrough copies of AIP 00 01 12 19, AIP 05 70 11 22, AIP 11 74 11 22, AIP 12 75 12 19, AIP 18 20 12 19, AIP 18 56 12 19, and CA 23 44 11 16

KENTUCKY AUTOMOBILE INSURANCE PLAN
(Struck-out matter—deleted; Underlined matter—new)

EXHIBIT A
Page 1 of 1

Rule 20. DEFINITIONS

Paragraph A.5 is amended as follows:

A. Private Passenger Auto

5. This term includes the autos mentioned above that are used for both private passenger purposes and for

- a. ride-sharing; and/or
- b. vehicle-sharing; and/or
- c. prearranged delivery services, including courier services.

~~activities.~~ However, the ride-sharing, and vehicle-sharing, and prearranged delivery services activities, including courier services, will be excluded.

NAMED NONOWNER POLICY—KENTUCKY

SCHEDULE

Unless otherwise indicated below, or in the Declarations, Named Nonowner Coverage applies only to the individual named in the Schedule or in the Declarations.

Name Of Individual: _____

If indicated below, or in the Declarations, Named Nonowner Coverage applies to:

- Named Individual and "Family Members" (including Named Individual's Spouse)

Coverage For Vehicles Furnished Or Available For Regular Use

- If indicated to the left, or in the Declarations, the exclusions for vehicles furnished or available for regular use under **Part A—Liability Coverage** and **Part B—Personal Injury Protection Coverage** do not apply.

Coverage is provided where a premium and a limit of liability are shown for the coverage.

Coverages	Limit Of Liability	Premium
Liability		
Bodily Injury	\$ Each Person	\$
	\$ Each Accident	\$
Property Damage	\$ Each Accident	\$
Personal Injury Protection Benefits		
Medical Expenses	No Specific Dollar Amount	
Funeral Expenses	\$1,000	
Work Loss	No Specific Dollar Amount	
Replacement Services Loss	No Specific Dollar Amount	
Survivor's Economic Loss	No Specific Dollar Amount	
Survivor's Replacement Services Loss	No Specific Dollar Amount	
Maximum Limit Of Liability For The Total Of Work Loss, Replacement Services Loss, Survivor's Economic Loss And Survivor's Replacement Services Loss	\$200 Per Week	
Maximum Limit Of Liability For The Total Of All Personal Injury Protection Benefits	\$10,000	\$

Personal Injury Protection Coverage Deductible		
<input type="checkbox"/> If Indicated To The Left Or In The Declarations, Personal Injury Protection Benefits		
Are Subject To A Deductible Of \$	Applicable To The "Named Insured" Or Any Family Member	
Uninsured Motorists Bodily Injury	\$	Each Person \$
	\$	Each Accident \$
	Total Premium	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

AGREEMENT

In return for payment of the premium and subject to all the terms of this Policy, we agree with you as follows:

DEFINITIONS

- A. "You" or "your" refers to the individual named in the Schedule or in the Declarations.
 - B. "We", "us" and "our" refer to the company providing this insurance.
 - C. For purposes of this Policy, a private passenger type auto, pickup or van shall be deemed to be owned by a person if leased:
 - 1. Under a written agreement to that person; and
 - 2. For a continuous period of at least six months.
- Other words and phrases are defined. They are in quotation marks when used.
- D. "Bodily injury" means bodily harm, sickness or disease, including death that results.
 - E. "Business" includes trade, profession or occupation.
 - F. "Delivery network platform" means an online-enabled application or digital network used to connect customers with:
 - 1. Drivers; or
 - 2. Local vendors using drivers;for the purpose of providing prearranged delivery services, including courier services.

for compensation. A "delivery network platform" does not include a "transportation network platform".

- FG. "Family member" means a person related to you by blood, marriage or adoption, including a ward or foster child, if:
 - 1. The person is a resident of your household; and
 - 2. The Schedule or Declarations indicates that coverage is provided for the named individual and "family members".
- GH. "Motor vehicle" means a vehicle as defined in the Kentucky Motor Vehicle Reparatons Act.
- HI. "Named insured" means the person named in the Schedule or in the Declarations.
- IJ. "Occupying" means:
 - 1. In;
 - 2. Upon; or
 - 3. Getting in, on, out or off.
- JK. "Pedestrian" means a person who is not "occupying" a "motor vehicle" at the time injury occurs.
- KL. "Property damage" means physical injury to, destruction of or loss of use of tangible property.
- LM. "Survivor" means a person identified in the Kentucky Revised Statutes as one entitled to receive benefits due to the death of another person.

MN. “Trailer” means a vehicle designed to be pulled by a:

1. Private passenger auto; or
2. Pickup or van.

It also means a farm wagon or farm implement while towed by a vehicle listed in **1** or **2** above.

NO. “Transportation network platform” means an online-enabled application or digital network used to connect passengers with drivers using vehicles for the purpose of providing prearranged transportation services for compensation.

PART A—LIABILITY COVERAGE

INSURING AGREEMENT

A. We will pay damages for “bodily injury” or “property damage” for which any “insured” becomes legally responsible because of an auto accident. Damages include prejudgment interest awarded against the “insured”. We will settle or defend, as we consider appropriate, any claim or suit asking for these damages. In addition to our limit of liability, we will pay all defense costs we incur. Our duty to settle or defend ends when our limit of liability for this coverage has been exhausted by payment of judgments or settlements. We have no duty to defend any suit or settle any claim for “bodily injury” or “property damage” not covered under this Policy.

B. If information which has been provided to us about the insured is incorrect, incomplete or changes during the policy period, we may, based upon such information, decrease or increase the premium during the policy period.

C. “Insured” as used in this Part means you or any “family member” for the maintenance or use of any auto or “trailer” that you do not own.

However, if the Schedule or Declarations indicates that Named Nonowner Coverage applies to the named individual, the definition of “insured” is amended by deleting reference to “family member”.

SUPPLEMENTARY PAYMENTS

We will pay on behalf of an “insured”:

1. Up to \$250 for the cost of bail bonds required because of an accident, including related traffic law violations. The accident must result in “bodily injury” or “property damage” covered under this Policy.

2. Premiums on appeal bonds and bonds to release attachments in any suit we defend.
3. Interest accruing after a judgment is entered in any suit we defend. Our duty to pay interest ends when we offer to pay that part of the judgment which does not exceed our limit of liability for this coverage.
4. Up to \$250 a day for loss of earnings, but not other income, because of attendance at hearings or trials at our request.
5. Other reasonable expenses incurred at our request.

These payments will not reduce the limit of liability.

EXCLUSIONS

A. To the extent that the limits of liability for this coverage exceed the minimum limits of liability required by the Kentucky Motor Vehicle Repairs Act, we do not provide Liability Coverage for any “insured”:

1. Who intentionally causes “bodily injury” or “property damage”.
2. For “property damage” to property:
 - a. Rented to;
 - b. Used by; or
 - c. In the care of;
 that “insured”.

This exclusion (**A.2**) does not apply to “property damage” to a residence or private garage.

3. For “bodily injury” to an employee of that “insured” during the course of employment. This exclusion (**A.3**) does not apply to “bodily injury” to a domestic employee unless workers’ compensation benefits are required or available for that domestic employee.

4. For that “insured’s” liability arising out of the maintenance or use of a vehicle while it is being used as a public or livery conveyance. This includes but is not limited to any period of time a vehicle is being used by any “insured” who is logged into a “transportation network platform” or “delivery network platform” as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the

~~vehicle, as a driver whether or not a passenger is "occupying" the vehicle.~~

This exclusion **(A.4)** does not apply to:

- a. a A share-the-expense car pool.; or
 - b. The operation of a vehicle while it is being used in a manner described in Exclusion C.3.
5. Maintaining or using any vehicle in the "business" of that "insured".
 6. For "bodily injury" or "property damage" for which that "insured":
 - a. Is an insured under a nuclear energy liability policy; or
 - b. Would be an insured under a nuclear energy liability policy but for its termination upon exhaustion of its limit of liability.

A nuclear energy liability policy is a policy issued by any of the following or their successors:

- (1) Nuclear Energy Liability Insurance Association;
- (2) Mutual Atomic Energy Liability Underwriters; or
- (3) Nuclear Insurance Association of Canada.

B. We do not provide Liability Coverage for the maintenance or use of:

1. Any vehicle which:
 - a. Has fewer than four wheels; or
 - b. Is designed mainly for use off public roads.

2. Any vehicle that is furnished or available for your regular use.

However, this exclusion **(B.2)** does not apply if the Schedule or Declarations indicates that the Vehicles Furnished Or Available For Regular Use Exclusion does not apply.

3. Any vehicle, located inside a facility designed for racing, for the purpose of:
 - a. Participating or competing in; or
 - b. Practicing or preparing for; any prearranged or organized:
 - (1) Racing or speed contest; or

(2) Driver skill training or driver skill event.

4. Any vehicle which is designed or can be used for flight.

C. We do not provide Liability Coverage for any "insured":

1. For "property damage" to property owned by that "insured".
2. Using a vehicle without a reasonable belief that that "insured" is entitled to do so.
3. For that "insured's" liability arising out of the operation of a vehicle while it is being used during any period of time by an "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

LIMIT OF LIABILITY

A. The Limit Of Liability shown in the Schedule or in the Declarations for each person for Bodily Injury Liability is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of "bodily injury" sustained by any one person in any one auto accident. Subject to this limit for each person, the Limit Of Liability shown in the Schedule or in the Declarations for each accident for Bodily Injury Liability is our maximum limit of liability for all damages for "bodily injury" resulting from any one auto accident.

The Limit Of Liability shown in the Schedule or in the Declarations for each accident for Property Damage Liability is our maximum limit of liability for all "property damage" resulting from any one auto accident.

This is the most we will pay regardless of the number of:

1. "Insureds";
2. Claims made;
3. Vehicles or premiums shown in the Schedule or in the Declarations; or
4. Vehicles involved in the auto accident.

B. No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:

1. Part **B** or Part **C** of this Policy; or

2. Any Underinsured Motorists Coverage provided by this Policy.

OUT OF STATE COVERAGE

If an auto accident to which this Policy applies occurs in any state or province other than where you reside, we will interpret your Policy for that accident as follows:

- A. If the state or province has:
 1. A financial responsibility or similar law specifying limits of liability for "bodily injury" or "property damage" higher than the limit shown in the Schedule or in the Declarations, your Policy will provide the higher specified limit.
 2. A compulsory insurance or similar law requiring a nonresident to maintain insurance whenever the nonresident uses a vehicle in that state or province, your Policy will provide at least the required minimum amounts and types of coverage.
- B. No one will be entitled to duplicate payments for the same elements of loss.

FINANCIAL RESPONSIBILITY

When this Policy is certified as future proof of financial responsibility, this Policy shall comply with the law to the extent required.

You agree to reimburse us for any payment made by us which we would not have been obligated to make under the terms of this Policy except for the agreement contained in this provision.

OTHER INSURANCE

If there is other applicable liability insurance, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide for a vehicle you do not own shall be excess over any other collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this Policy.

PART B—PERSONAL INJURY PROTECTION COVERAGE

INSURING AGREEMENT

- A. We will pay, in accordance with the Kentucky Motor Vehicle Reparations Act, personal injury protection benefits to or for an "insured" who sustains "bodily injury". The "bodily injury" must be caused by an accident arising out of

the operation, maintenance or use of a "motor vehicle" as a vehicle.

- B. Subject to the limits shown in the Schedule or in the Declarations, personal injury protection benefits consist of the following:

1. Medical expenses. Reasonable charges incurred for reasonably needed products, services and accommodations, including those for:
 - a. Medical care, physical rehabilitation, rehabilitative occupational training, licensed ambulance services and other remedial treatment and care;
 - b. Any non-medical remedial treatment rendered in accordance with a recognized religious method of healing; and
 - c. Any healing arts profession of a type licensed by Kentucky.

Medical expenses do not include that portion of a charge for a room in a:

- a. Hospital, clinic, convalescent or nursing home; or
- b. Any other institution engaged in providing nursing care and related services;

in excess of a reasonable and customary charge for semi-private accommodations, unless intensive care is medically required.

2. Funeral expenses. Reasonable charges incurred for expenses which are in any way related to a funeral, cremation or burial.
3. Work loss.
 - a. Loss of income from work an "insured" would probably have performed had he not sustained "bodily injury".
 - b. Expenses reasonably incurred by an "insured" in obtaining services instead of those he would have performed for income.

Work loss shall be reduced by any income from substitute work actually performed by the "insured".

4. Replacement services loss. Expenses reasonably incurred in obtaining ordinary and necessary services instead of those an "insured" would have performed, not for

income, but for his or his family's benefit had he not sustained "bodily injury".

5. Survivor's economic loss. Loss after an "insured's" death of contributions of things of economic value to his "survivors". Survivor's economic loss:
 1. Shall be reduced by any expenses of the "survivors" which are avoided due to the "insured's" death.
 2. Does not include services the "survivors" would have received from the "insured" had he not died.
6. Survivor's replacement services loss. Expenses reasonably incurred by "survivors" after an "insured's" death in obtaining ordinary and necessary services instead of those the "insured" would have performed for their benefit had he not died. Such expenses shall be reduced by any expenses of the "survivors" which are avoided due to the "insured's" death which were not subtracted in calculating survivor's economic loss.

- C. If the Schedule or the Declarations indicates that Named Nonowner Coverage applies to the named individual, the definition of "insured" is amended by deleting reference to "family member".

"Insured" as used in this Part means:

1. The "named insured" or "family member" while:
 - a. "Occupying"; or
 - b. A "pedestrian" struck by; any "motor vehicle".
2. Any other person while:
 - a. "Occupying"; or
 - b. A "pedestrian" struck by; a "covered auto".

However, "insured" does not include:

1. The "named insured" who has rejected the limitation upon his tort rights pursuant to the Kentucky Motor Vehicle Reparations Act, unless personal injury protection benefits have subsequently been purchased under this Policy for that person.
2. Any other person who has rejected the limitation upon his tort rights pursuant to

the Kentucky Motor Vehicle Reparations Act.

Any rejection of tort limitations applicable only to motorcycles shall not affect the status of any person as an "insured" with respect to any "motor vehicle" other than a motorcycle.

- D. "Covered auto" as used in this Part means a "motor vehicle":
- a. To which the bodily injury liability coverage of this Policy applies and for which a specific premium is charged; and
 - b. For which the "named insured" is required by the Kentucky Motor Vehicle Reparations Act to maintain security.

EXCLUSIONS

- A. We do not provide Personal Injury Protection Coverage for "bodily injury" sustained by:
1. You while "occupying" a "motor vehicle" owned by you.
 2. Any "insured" if such injury arises from that "insured's" conduct within the course of a business of:
 - a. Repairing;
 - b. Servicing; or
 - c. Otherwise maintaining; "motor vehicles". This exclusion (A.2) does not apply if such conduct occurs off the business premises.
 3. Any "insured" arising from conduct in the course of loading or unloading any "motor vehicle". This exclusion (A.3) does not apply if such conduct occurs while "occupying" that "motor vehicle".
 4. Any "insured":
 - a. Intentionally causing; or
 - b. Attempting to cause; "bodily injury". If that "insured" dies as a result of such "bodily injury", his "survivors" are not entitled to survivor's economic loss or survivor's replacement services loss.
 5. Any "pedestrian", other than the "named insured" outside of Kentucky.
 6. Any "insured", other than the "named insured" while "occupying" a "motor vehicle" which is:

- a. Regularly used in the course of the business of transporting persons or property; and
- b. One of five or more “motor vehicles” under common ownership;

if the accident occurs outside of Kentucky.

However, this exclusion **(A.6)** does not apply if:

- a. The “insured” is a Kentucky resident;
- b. The “motor vehicle” the “insured” is “occupying” at the time of the accident is a bus which:

(1) Is secured as required by the Kentucky Motor Vehicle Repairs Act; and

(2) Is registered in Kentucky; and

- c. The “insured” boarded the bus in Kentucky.

- 7. Any “insured”, other than the “named insured” while “occupying” a “motor vehicle” owned by a government, other than the Kentucky state government or its:

- a. Political subdivisions;
- b. Municipal corporations; or
- c. Public agencies;

if the accident occurs outside of Kentucky.

- 8. Any “insured” arising out of the use of any “motor vehicle” while located as a residence or premises.
- 9. Any “insured” while “occupying” a “motorcycle”.
- 10. Any “insured” for “bodily injury” sustained while “occupying”, or when struck by, any vehicle that is furnished or available for your regular use.

However, this exclusion **(A.10)** does not apply if the Schedule or Declarations indicates that the Vehicles Furnished Or Available For Regular Use Exclusion does not apply.

- B. We do not provide Personal Injury Protection Coverage for “bodily injury”:

- 1. Due to:
 - a. War (declared or undeclared);
 - b. Civil war;

- c. Insurrection;
- d. Rebellion or revolution; or
- e. Any act or condition incident to any of the above.

- 2. Resulting from the:

- a. Radioactive;
 - b. Toxic;
 - c. Explosive; or
 - d. Other hazardous;
- properties of nuclear material.

- C. We do not provide personal injury protection benefits for “bodily injury” sustained by the “named insured” who has not rejected his or her tort limitation pursuant to the Kentucky Motor Vehicle Repairs Act, while:

- 1. “Occupying”; or
- 2. A “pedestrian” struck by;

any “motor vehicle”, other than a “covered auto”, for which the security required by the Kentucky Motor Vehicle Repairs Act is in effect.

This exclusion **(C)** does not apply if the provider of such security fails to make payment for loss within 30 days of reasonable proof of the fact and the amount of loss sustained.

- D. We do not provide personal injury protection benefits for “bodily injury” sustained by any “insured”:

While “occupying” a “covered auto” when it is being used as a public or livery conveyance. This includes but is not limited to any period of time a “covered auto” is being used by any “insured” who is logged into a:

- 1. “Transportation network platform” as a driver, whether or not a passenger is “occupying” the vehicle.
- 2. “Transportation network platform” or “delivery network platform” as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

This exclusion **(D)** does not apply to a share-the-expense car pool.

LIMIT OF LIABILITY

A. The Limits Of Liability shown in the Schedule or in the Declarations are the most we will pay to or for each “insured” injured in any one “motor vehicle” accident, regardless of the number of:

1. “Insureds”;
2. Policies or approved self-insurance plans applicable; or
3. Claims made. or
4. “Covered autos”.

B. Any amounts payable under this coverage shall be reduced by any applicable deductible shown in the Schedule or in the Declarations. Such deductible shall be applicable only to the “named insured”.

If the deductible is applicable to two or more persons who sustain “bodily injury” in the same “motor vehicle” accident, the amount of the deductible shall be pro rated equally among them.

The “named insured” is entitled to receive under this coverage, the difference between the deductible shown in the Schedule or in the Declarations and a larger personal injury protection coverage deductible applicable under another policy.

C. The maximum Limit Of Liability shown in the Schedule or in the Declarations for the total of work loss, replacement services loss, survivor’s economic loss and survivor’s replacement services loss shall be pro rated for any period less than one week. If an “insured’s” earnings or work is seasonal or irregular, the maximum limit of liability shall be equitably adjusted on an annual basis.

D. In calculating the loss or expenses for which personal injury protection benefits are payable under this coverage, we will reduce such loss or expenses by:

1. All benefits or advantages a person receives or is entitled to receive under workers’ compensation, unless these benefits or advantages have not been received before personal injury protection benefits are overdue or the claim is paid.
2. Any income tax saving resulting from benefits or advantages received for loss of income under:

- a. This coverage; or

b. Workers’ compensation;

which are not considered taxable income. The maximum reduction shall not exceed 15% of loss of income and shall be less if the person making a claim provides us with reasonable proof of a lower value of the income tax advantage.

OTHER INSURANCE

A. No one will be entitled to receive duplicate payments for the same elements of loss under this or any similar insurance, including approved self-insurance plans.

B. If there is other applicable insurance, including approved self-insurance plans, the maximum recovery under all such insurance shall not exceed the amount which would have been payable under the insurance with the highest limit of liability.

C. We will pay only the proportion of the loss that our limit of liability bears to the sum of all applicable limits.

PART C—UNINSURED MOTORISTS COVERAGE

INSURING AGREEMENT

A. We will pay compensatory damages which an “insured” is legally entitled to recover from the owner or operator of an “uninsured motor vehicle” because of “bodily injury”:

1. Sustained by an “insured”; and
2. Caused by an accident.

The owner’s or operator’s liability for these damages must arise out of the ownership, maintenance or use of the “uninsured motor vehicle”.

Any judgment for damages arising out of a suit brought without our written consent is not binding on us.

B. “Insured” as used in this Part means you or any “family member”.

However, if the Schedule or Declarations indicates that Named Nonowner Coverage applies to the named individual, the definition of “insured” is amended by deleting reference to “family member”.

If information which has been provided to us about the insureds is incorrect, incomplete or changes during the policy period, we may, based upon such information, decrease or increase the premium during the policy period.

C. "Uninsured motor vehicle" means a land motor vehicle or trailer of any type:

1. To which no bodily injury liability bond or policy applies at the time of the accident.
2. To which a bodily injury liability bond or policy applies at the time of the accident. In this case its limit for bodily injury liability must be less than the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which you reside.
3. Which is a hit-and-run vehicle whose operator or owner cannot be identified and which hits:
 - a. You or any "family member"; or
 - b. A vehicle which you or any "family member" are "occupying".
 - c. Another vehicle which, in turn, hits:
 - (1) You or any "family member"; or
 - (2) A vehicle which you or any "family member" are "occupying".

However, if the Schedule or Declarations indicates that Named Nonowner Coverage applies to the named individual, this provision (C.3) is amended by deleting reference to "family member".

4. To which a bodily injury liability bond or policy applies at the time of the accident but the bonding or insuring company:
 - a. Denies coverage; or
 - b. Is or becomes insolvent within one year of the date of the accident.

However, "uninsured motor vehicle" does not include any vehicle or equipment:

- (1) Owned by or furnished or available for the regular use of you.
- (2) Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer which is or becomes insolvent.
- (3) Owned by any governmental unit or agency.
- (4) Operated on rails or crawler treads.
- (5) Designed mainly for use off public roads while not on public roads.

(6) While located for use as a residence or premises.

EXCLUSIONS

A. We do not provide Uninsured Motorists Coverage for "bodily injury" sustained by any "insured":

1. If that "insured" or the legal representative settles the "bodily injury" claim and such settlement prejudices our right to recover payment.
2. While "occupying" a "motor vehicle" operated by you when it is being used as a public or livery conveyance. This includes but is not limited to any period of time a "motor vehicle" is being used by you while you are logged into a:
 - a. "Transportation network platform" as a driver, whether or not a passenger is "occupying" the "motor vehicle".
 - b. "Transportation network platform" or "delivery network platform" as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

This exclusion (A.2) does not apply to a share-the-expense car pool.

3. Using a vehicle without a reasonable belief that that "insured" is entitled to do so.
 4. While "occupying", or when struck by, any vehicle which is designed or can be used for flight.
- B. This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:
1. Workers' compensation law; or
 2. Disability benefits law.
- C. We do not provide Uninsured Motorists Coverage for punitive or exemplary damages.

LIMIT OF LIABILITY

A. The Limit Of Liability shown in the Schedule or in the Declarations for each person for Uninsured Motorists Coverage is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of "bodily injury" sustained by any one person in any one accident. Subject to this limit for each person the Limit Of Liability shown in the Schedule or in the

Declarations for each accident for Uninsured Motorists Coverage is our maximum limit of liability for all damages for “bodily injury” resulting from any one accident.

This is the most we will pay regardless of the number of:

1. “Insureds”;
 2. Claims made;
 3. Vehicles or premiums shown in the Schedule or in the Declarations; or
 4. Vehicles involved in the accident.
- B.** If the Schedule or the Declarations also indicates an each accident limit of liability for Property Damage Uninsured Motorists Coverage, the following is added to Paragraph **A**:
- The Limit Of Liability shown in the Schedule or in the Declarations for each accident for Property Damage Uninsured Motorists Coverage is our maximum limit of liability for all damages to all property resulting from any one accident.
- This is the most we will pay regardless of the number of:
1. “Insureds”;
 2. Claims made;
 3. Vehicles or premiums shown in the Schedule or in the Declarations; or
 4. Vehicles involved in the accident.
- C.** No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:
1. Part **A** or **B** of this Policy; or
 2. Any Underinsured Motorists Coverage provided by this Policy.
- D.** We will not make a duplicate payment under this coverage for any element of loss for which payment has been made by or on behalf of persons or organizations who may be legally responsible.
- E.** We will not pay for any element of loss if a person is entitled to receive payment for the same element of loss under any of the following or similar law:
1. Workers’ compensation law; or
 2. Disability benefits law.

OTHER INSURANCE

If there is other applicable insurance similar to the insurance provided by this Part, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a vehicle you do not own shall be excess over any other collectible insurance similar to the insurance provided by this Part.

ARBITRATION

Subject to KRS 417.050(2) and all other applicable law, you may request to submit a disputed claim under this Policy to arbitration as an alternative to a court of law. Such request will be considered at the time of any disputed claim and form a separate agreement from this Policy.

PART D—DUTIES AFTER AN ACCIDENT OR LOSS

We have no duty to provide coverage under this Policy if the failure to comply with the following duties is prejudicial to us:

- A.** We must be notified promptly of how, when and where the accident or loss happened. Notice should also include the names and addresses of any injured persons and of any witnesses.
- B.** A person seeking Liability Coverage and Uninsured Motorists Coverage must:
 1. Cooperate with us in the investigation, settlement or defense of any claim or suit.
 2. Promptly send us copies of any notices or legal papers received in connection with the accident or loss.
 3. Submit, as often as we reasonably require:
 - a. To physical exams by physicians we select. We will pay for these exams.
 - b. To examination under oath and subscribe the same.
 - c. To recorded statements.
 4. Authorize us to obtain:
 - a. Medical reports; and
 - b. Other pertinent records.
 5. Submit a proof of loss when required by us.
- C.** A person seeking Uninsured Motorists Coverage must also:

1. Promptly notify the police if a hit-and-run driver is involved.
 2. Promptly send us copies of the legal papers if a suit is brought.
- D.** A person seeking Personal Injury Protection Coverage must:
1. Give us prompt written notice in the event of an accident. Such notice shall include:
 - a. Sufficient details to identify the “insured”; and
 - b. Reasonably obtainable information regarding how, when and where the accident happened.
 2. Give us prompt written proof of claim, under oath if required. Such proof shall include:
 - a. Full details of the nature and extent of the “bodily injury” and treatment and rehabilitation received and contemplated; and
 - b. Any other information which may assist us in determining the amount due and payable.
 3. Submit, when required by order of a court, to a physical or mental exam by a physician specified in the court order.

PART E—GENERAL PROVISIONS

BANKRUPTCY

Bankruptcy or insolvency of the “insured” shall not relieve us of any obligations under this Policy.

CHANGES

A. Premium Changes

The premium for this Policy is based on information we have received from you or other sources. You agree:

1. That if any of this information material to the development of the policy premium is incorrect, incomplete or changed, we may adjust the premium accordingly during the policy period.
2. To cooperate with us in determining if this information is correct and complete, and to advise us of changes in this information.

Any adjustment of your premium will be made using the rules in effect at the time of the change.

Premium adjustment may be made as the result of a change in:

- a. Autos insured by the policy, including changes in use;
- b. Drivers, driver’s age or driver’s marital status;
- c. Coverages or coverage limits;
- d. Rating territory; or
- e. Eligibility for discounts or other premium credits.

B. Coverage Changes

We may revise your Policy coverages to provide more protection without additional premium charge. If we do this and you have the coverage which is changed, your Policy will automatically provide the additional coverage as of the date the revision is effective in your state. Otherwise, this Policy contains all of the coverage agreements between you and us. Its term may not be changed or waived except by an endorsement issued by us.

FRAUD

We do not provide coverage for any “insured” who has made fraudulent statements or engaged in fraudulent conduct in connection with any accident or loss for which coverage is sought under this Policy.

LEGAL ACTION AGAINST US

- A.** No legal action may be brought against us until there has been full compliance with all the terms of this Policy. In addition, under Part **A**, no legal action may be brought against us until:
1. We agree in writing that the “insured” has an obligation to pay; or
 2. The amount of that obligation has been finally determined by judgment after trial.
- B.** No person or organization has any right under this Policy to bring us into any action to determine the liability of an “insured”.

OUR RIGHT TO RECOVER PAYMENT

With respect to Liability Coverage and Uninsured Motorists Coverage:

- A.** If we make a payment under this Policy and the person to or for whom payment was made has a right to recover damages from another,

we shall be subrogated to that right. That person shall do:

1. Whatever is necessary to enable us to exercise our rights; and
 2. Nothing after loss to prejudice them.
- B.** If we make a payment under this Policy and the person to or for whom payment is made recovers damages from another, that person shall:
1. Hold in trust for us the proceeds of the recovery; and
 2. Reimburse us to the extent of our payment.
- C.** With respect to Uninsured Motorists Coverage or Underinsured Motorists Coverage, we shall be entitled to a recovery under Paragraph **A** or **B** only after the person has been fully compensated for damages.
- D.** With respect to Personal Injury Protection Coverage:
- If we make a payment under this coverage and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right, to the extent of our payment. That person shall:
1. Execute and deliver the instruments and papers and do whatever else is necessary to secure such rights; and
 2. Do nothing after loss to prejudice these rights.
- Our rights in this provision are subject to the provisions of the Kentucky Motor Vehicle Reparations Act.

POLICY PERIOD AND TERRITORY

- A.** This Policy applies only to accidents and losses which occur:
1. During the policy period as shown in the Schedule or in the Declarations; and
 2. Within the policy territory.
- B.** The policy territory is:
1. The United States of America, its territories or possessions; or
 2. Canada.

With respect to Personal Injury Protection:

A. COORDINATION OF COVERAGE

In consideration of the coverage provided under this Policy and the adjustment of applicable premiums, any amounts payable under Part **C** of this Policy shall be excess over any personal injury protection benefits paid or payable, but for the application of a deductible, under this or any other automobile insurance policy.

B. CONSTITUTIONALITY CLAUSE

The premium for and the coverages of this Policy have been established in reliance upon the Kentucky Motor Vehicle Reparations Act. If a court of competent jurisdiction:

1. Declares; or
2. Enters a judgment which renders; the provisions of these statutes invalid or unenforceable, in whole or in part, we shall have the right to:
 1. Recompute the premium payable for this Policy; and
 2. At our option, void or amend the provisions of Part **B**.

C. NOTICE TO POLICYHOLDERS

Acceptance of the coverage described in the Kentucky Motor Vehicle Reparations Act places some limitations on your right to bring suit for bodily injury. The Kentucky Motor Vehicle Reparations Act (Kentucky Revised Statutes Chapter 304, Subtitle 39-060) reads in part:

- (1)** "Any person who registers, operates, maintains or uses a motor vehicle on the public roadways of this Commonwealth shall, as a condition of such registration, operation, maintenance or use of such motor vehicle and use of the public roadways, be deemed to have accepted the provisions of this subtitle, and in particular those provisions which are contained in this section.
- (2)(a)** Tort liability with respect to accidents occurring in this Commonwealth and arising from the ownership, maintenance or use of a motor vehicle is abolished for damages because of bodily injury, sickness or disease to the extent the basic reparation benefits provided in this subtitle are payable

therefor, or that would be payable but for any deductible authorized by this subtitle, under any insurance policy or other method of security complying with the requirements of this subtitle, except to the extent non-economic detriment qualifies under paragraph **(b)** of this subsection.

- (b)** In any action of tort brought against the owner, registrant, operator or occupant of a motor vehicle with respect to which security has been provided as required in this subtitle, or against any person or organization legally responsible for his or her acts or omissions, a plaintiff may recover damages in tort for pain, suffering, mental anguish and inconvenience because of bodily injury, sickness or disease arising out of the ownership, maintenance, operation or use of such motor vehicle only in the event that the benefits which are payable for such injury as medical expense or which would be payable but for any exclusion or deductible authorized by this subtitle exceed one thousand dollars (\$1,000), or the injury or disease consists in whole or in part of permanent disfigurement, a fracture to a bone, a compound, comminuted, displaced or compressed fracture, loss of a body member, permanent injury within reasonable medical probability, permanent loss of bodily function or death. Any person who is entitled to receive free medical and surgical benefits shall be deemed in compliance with the requirements of this subsection upon a showing that the medical treatment received has an equivalent value of at least one thousand dollars (\$1,000).

- (c)** Tort liability is not so limited for injury to a person who is not an owner, operator, maintainer, or user of a motor vehicle within subsection **(1)** of this section, nor for injury to the passenger of a motorcycle arising out of the maintenance or use of such motorcycle."

- (3)** "Any person may refuse to consent to the limitations of his or her tort rights and liabilities as contained in this section. Such rejection must be completed in writing or

electronically in a form to be prescribed by the Department of Insurance and must have been executed and filed with the department at a time prior to any motor vehicle accident for which such rejection is to apply."

These are some of the exceptions to the limitations on your right to sue and are not intended to comprise a complete enumeration of all circumstances under which suit may be brought for bodily injury.

TERMINATION

A. Cancellation

This Policy may be cancelled during the policy period as follows:

1. The named insured shown in the Schedule or in the Declarations may cancel by:
 - a. Returning this Policy to us; or
 - b. Giving us advance written notice of the date cancellation is to take effect.
2. If this Policy has been in effect for less than 60 days and this is not a renewal or continuation policy, we may cancel by mailing to the named insured shown in the Schedule or in the Declarations at the address shown in this Policy at least 10 days' notice.
3. If this Policy has been in effect for 60 days or more, or if this is a renewal or continuation policy, we may cancel by mailing to the named insured shown in the Schedule or in the Declarations at the address shown in this Policy:
 - a. At least 14 days' notice if cancellation is for nonpayment of premium; or
 - b. At least 20 days' notice in all other cases.

B. Nonrenewal

If we decide not to renew or continue this Policy, we will mail notice to the named insured shown in the Schedule or in the Declarations at the address shown in this Policy. Notice will be mailed at least 20 days before the end of the policy period. Subject to this notice requirement, if the policy period is:

1. Less than six months, we will have the right not to renew or continue this Policy every six months, beginning six months after its original effective date.

2. Six months or longer, but less than one year, we will have the right not to renew or continue this Policy at the end of the policy period.
3. One year or longer, we will have the right not to renew or continue this Policy at each anniversary of its original effective date.

C. Automatic Termination

If we offer to renew or continue and you or your representative does not accept, this Policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.

If you obtain other insurance, any similar insurance provided by this Policy will terminate on the effective date of the other insurance.

D. Other Termination Provisions

1. We may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.
2. If this Policy is canceled, you may be entitled to a premium refund. If so, we will send you the refund. The premium refund, if any, will be computed according to our manuals. However, making or offering to make the refund is not a condition of cancellation.

3. The effective date of cancellation stated in the notice shall become the end of the policy period.

TRANSFER OF YOUR INTEREST IN THIS POLICY

- A. Your rights and duties under this Policy may not be assigned without our written consent. However, if a named insured shown in the Schedule or in the Declarations dies, coverage will be provided for the surviving spouse if resident in the same household at the time of death. Coverage applies to the spouse as if a named insured shown in the Schedule or in the Declarations.
- B. Coverage will only be provided until the end of the policy period.

TWO OR MORE AUTO POLICIES

If this Policy and any other auto insurance policy issued to you by us apply to the same accident, the maximum limit of our liability under all the policies shall not exceed the highest applicable limit of liability under any one policy.

This provision does not apply to Uninsured Motorists Coverage. No one will be entitled to receive duplicate payments for the same elements of loss under Uninsured Motorists Coverage.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PERSONAL INJURY PROTECTION COVERAGE—
KENTUCKY**

With respect to coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

SCHEDULE

Benefits	Limit Of Liability						
Medical Expenses	No Specific Dollar Amount						
Funeral Expenses	\$1,000						
Work Loss	No Specific Dollar Amount						
Replacement Services Loss	No Specific Dollar Amount						
Survivor's Economic Loss	No Specific Dollar Amount						
Survivor's Replacement Services Loss	No Specific Dollar Amount						
Maximum Limit Of Liability For The Total Of Work Loss, Replacement Services Loss, Survivor's Economic Loss And Survivor's Replacement Services Loss	\$200 Per Week						
Maximum Limit Of Liability For The Total Of All Personal Injury Protection Benefits	\$10,000						
Personal Injury Protection Coverage Deductible <input type="checkbox"/> If Indicated To The Left Or In The Declarations, Personal Injury Protection Benefits Are Subject To A Deductible Of \$ Applicable To The "Named Insured" Or Any "Family Member"							
Motorcycle Personal Injury Protection Coverage If A Premium Is Indicated Below Or In The Declarations For Motorcycle Personal Injury Protection Coverage, Exclusion A.8 Does Not Apply. <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center;">Description Of Motorcycle</td> <td style="width: 50%; text-align: center;">Premium For Motorcycle Personal Injury Protection Coverage</td> </tr> <tr> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td></td> <td style="text-align: center;">\$</td> </tr> </table>		Description Of Motorcycle	Premium For Motorcycle Personal Injury Protection Coverage		\$		\$
Description Of Motorcycle	Premium For Motorcycle Personal Injury Protection Coverage						
	\$						
	\$						
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.							

I. Definitions

The **Definitions** section is amended as follows:

A. The following definitions are replaced:

1. "Family member" means the spouse and any person related to the "named insured" by blood, marriage or adoption, including a minor in the custody of:
 - a. The "named insured";
 - b. The "named insured's" spouse; or
 - c. Any related person;

who is a resident of the "named insured's" household or who is temporarily residing elsewhere.

However, "family member" does not include any such person who is the

named insured under any other policy providing the security required by the Kentucky Motor Vehicle Reparations Act.

2. "Occupying" means in or upon, entering into or alighting from.
3. "Your covered auto" means a "motor vehicle":
 - a. To which the bodily injury liability coverage of this Policy applies and for which a specific premium is charged; and
 - b. For which the "named insured" is required by the Kentucky Motor Vehicle Reparations Act to maintain security.

B. The following definitions are added:

1. "Motor vehicle" means a vehicle as defined in the Kentucky Motor Vehicle Repairs Act.
2. "Named insured" means the person named in the Declarations.
3. "Pedestrian" means a person who is not "occupying" a "motor vehicle" at the time injury occurs.
4. "Survivor" means a person identified in the Kentucky Revised Statutes as one entitled to receive benefits due to the death of another person.

C. "Insured" as used in this endorsement means:

1. The "named insured" or any "family member" while:
 - a. "Occupying"; or
 - b. A "pedestrian" struck by; any "motor vehicle".
2. Any other person while:
 - a. "Occupying"; or
 - b. A "pedestrian" struck by; "your covered auto".

However, "insured" does not include:

1. The "named insured" or any "family member" who has rejected the limitation upon his tort rights pursuant to the Kentucky Motor Vehicle Repairs Act, unless personal injury protection benefits have subsequently been purchased under this Policy for that person.
2. Any other person who has rejected the limitation upon his tort rights pursuant to the Kentucky Motor Vehicle Repairs Act.

Any rejection of tort limitations applicable only to motorcycles shall not affect the status of any person as an "insured" with respect to any "motor vehicle" other than a motorcycle.

II. Personal Injury Protection Coverage

INSURING AGREEMENT

We will pay, in accordance with the Kentucky Motor Vehicle Repairs Act, personal injury protection benefits to or for an "insured" who sustains "bodily injury". The "bodily injury" must be caused by an accident arising out of the operation, maintenance or use of a "motor vehicle" as a vehicle.

Subject to the limits shown in the Schedule or Declarations, personal injury protection benefits consist of the following:

A. Medical expenses. Reasonable charges incurred for reasonably needed products, services and accommodations, including those for:

1. Medical care, physical rehabilitation, rehabilitative occupational training, licensed ambulance services and other remedial treatment and care;
2. Any non-medical remedial treatment rendered in accordance with a recognized religious method of healing; and
3. Any healing arts profession of a type licensed by Kentucky.

Medical expenses do not include that portion of a charge for a room in a:

1. Hospital, clinic, convalescent or nursing home; or
2. Any other institution engaged in providing nursing care and related services;

in excess of a reasonable and customary charge for semi-private accommodations, unless intensive care is medically required.

B. Funeral expenses. Reasonable charges incurred for expenses which are in any way related to a funeral, cremation or burial.

C. Work loss.

1. Loss of income from work an "insured" would probably have performed had he not sustained "bodily injury".
2. Expenses reasonably incurred by an "insured" in obtaining services instead of those he would have performed for income.

Work loss shall be reduced by any income from substitute work actually performed by the "insured".

D. Replacement services loss. Expenses reasonably incurred in obtaining ordinary and necessary services instead of those an "insured" would have performed, not for income, but for his or his family's benefit had he not sustained "bodily injury".

E. Survivor's economic loss. Loss after an "insured's" death of contributions of things of economic value to his "survivors". Survivor's economic loss:

1. Shall be reduced by any expenses of the "survivors" which are avoided due to the "insured's" death.

2. Does not include services the “survivors” would have received from the “insured” had he not died.

F. Survivor's replacement services loss. Expenses reasonably incurred by “survivors” after an “insured's” death in obtaining ordinary and necessary services instead of those the “insured” would have performed for their benefit had he not died. Such expenses shall be reduced by any expenses of the “survivors” which are avoided due to the “insured's” death which were not subtracted in calculating survivor's economic loss.

EXCLUSIONS

A. We do not provide Personal Injury Protection Coverage for “bodily injury” sustained by:

1. Any “insured” if such injury arises from that “insured's” conduct within the course of a business of:
 - a. Repairing;
 - b. Servicing; or
 - c. Otherwise maintaining; “motor vehicles”. This exclusion **(A.1)** does not apply if such conduct occurs off the business premises.
2. Any “insured” arising from conduct in the course of loading or unloading any “motor vehicle”. This exclusion **(A.2)** does not apply if such conduct occurs while “occupying” that “motor vehicle”.
3. Any “insured”:
 - a. Intentionally causing; or
 - b. Attempting to cause; “bodily injury”. If that “insured” dies as a result of such “bodily injury”, his “survivors” are not entitled to survivor's economic loss or survivor's replacement services loss.
4. Any “pedestrian”, other than the “named insured” or any “family member”, outside of Kentucky.
5. Any “insured”, other than the “named insured” or any “family member”, while “occupying” a “motor vehicle” which is:
 - a. Regularly used in the course of the business of transporting persons or property; and
 - b. One of five or more “motor vehicles” under common ownership; if the accident occurs outside of Kentucky.

However, this exclusion **(A.5)** does not apply if:

- a. The “insured” is a Kentucky resident;
 - b. The “motor vehicle” the “insured” is “occupying” at the time of the accident is a bus which:
 - (1) Is secured as required by the Kentucky Motor Vehicle Repairs Act; and
 - (2) Is registered in Kentucky; and
 - c. The “insured” boarded the bus in Kentucky.
- 6.** Any “insured”, other than the “named insured” or any “family member”, while “occupying” a “motor vehicle” owned by a government, other than the Kentucky state government or its:
- a. Political subdivisions;
 - b. Municipal corporations; or
 - c. Public agencies;
- if the accident occurs outside of Kentucky.
- 7.** Any “insured” arising out of the use of any “motor vehicle” while located as a residence or premises.
- 8.** Any “insured” while “occupying” a “motorcycle”.
- B.** We do not provide Personal Injury Protection Coverage for “bodily injury”:
1. Due to:
 - a. War (declared or undeclared);
 - b. Civil war;
 - c. Insurrection;
 - d. Rebellion or revolution; or
 - e. Any act or condition incident to any of the above.
 2. Resulting from the:
 - a. Radioactive;
 - b. Toxic;
 - c. Explosive; or
 - d. Other hazardous; properties of nuclear material.
- C.** We do not provide personal injury protection benefits for “bodily injury” sustained by:
1. The “named insured” or any “family member”, who has not rejected his or her tort limitation pursuant to the Kentucky Motor Vehicle Repairs Act, while:

- a. "Occupying"; or
 - b. A "pedestrian" struck by; any "motor vehicle", other than "your covered auto", for which the security required by the Kentucky Motor Vehicle Reparations Act is in effect. This exclusion (C.1) does not apply if the provider of such security fails to make payment for loss within 30 days of reasonable proof of the fact and the amount of loss sustained.
2. Any "insured", other than the "named insured" or any "family member", which arises from the maintenance or use of a "motor vehicle" without a good faith belief that he is legally entitled to do so.
- D. We do not provide personal injury protection benefits for "bodily injury" sustained by any "insured":
- 1. While "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" is being used by any "insured" who is logged into a:
 - a. "Transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.
 - b. "Transportation network platform" or a "delivery network platform" as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

This exclusion (D.1) does not apply to a share-the-expense car pool.
 - 2. Any "insured" while "occupying", or when struck by, "your covered auto" while:
 - a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than you or any "family member".

LIMITS OF LIABILITY

- A. The Limits Of Liability shown in the Schedule or Declarations are the most we will pay to or for each "insured" injured in any one "motor vehicle" accident, regardless of the number of:
- 1. "Insureds";
 - 2. Policies or approved self-insurance plans applicable;
 - 3. Claims made; or
 - 4. "Your covered autos".
- B. Any amounts payable under this coverage shall be reduced by any applicable deductible shown in the Schedule or Declarations. Such deductible shall be applicable only to the "named insured" or any "family member".
- If the deductible is applicable to two or more persons who sustain "bodily injury" in the same "motor vehicle" accident, the amount of the deductible shall be prorated equally among them.
- The "named insured" or any "family member" is entitled to receive under this coverage the difference between the deductible shown in the Declarations and a larger personal injury protection coverage deductible applicable under another policy.
- C. The maximum Limit Of Liability shown in the Schedule or Declarations for the total of work loss, replacement services loss, survivor's economic loss and survivor's replacement services loss shall be prorated for any period less than one week. If an "insured's" earnings or work is seasonal or irregular, the maximum limit of liability shall be equitably adjusted on an annual basis.
- D. In calculating the loss or expenses for which personal injury protection benefits are payable under this coverage, we will reduce such loss or expenses by:
- 1. All benefits or advantages a person receives or is entitled to receive under workers' compensation, unless these benefits or advantages have not been received before personal injury protection benefits are overdue or the claim is paid.
 - 2. Any income tax saving resulting from benefits or advantages received for loss of income under:
 - a. This coverage; or
 - b. Workers' compensation;

which are not considered taxable income. The maximum reduction shall not exceed 15% of loss of income and shall be less if the person making a claim provides us with reasonable proof of a lower value of the income tax advantage.

OTHER INSURANCE

- A. No one will be entitled to receive duplicate payments for the same elements of loss under this or any similar insurance, including approved self-insurance plans.
- B. If there is other applicable insurance, including approved self-insurance plans, the maximum recovery under all such insurance shall not exceed the amount which would have been payable under the insurance with the highest limit of liability.
- C. We will pay only the proportion of the loss that our limit of liability bears to the sum of all applicable limits.

III. Part E—Duties After An Accident Or Loss

Duties **A** and **B** are replaced by the following:

- A. In the event of an accident, prompt written notice must be given to us or our authorized agent. Such notice shall include:
 - 1. Sufficient details to identify the “insured”; and
 - 2. Reasonably obtainable information regarding how, when and where the accident happened.
- B. A person seeking Personal Injury Protection Coverage must:
 - 1. Promptly give us written proof of claim, under oath if required. Such proof shall include:
 - a. Full details of the nature and extent of the “bodily injury” and treatment and rehabilitation received and contemplated; and
 - b. Any other information which may assist us in determining the amount due and payable.
 - 2. Submit, when required by order of a court, to a physical or mental exam by a physician specified in the court order.

IV. Part F—General Provisions

- A. The **Our Right To Recover Payment** Provision is replaced by the following:

Our Right To Recover Payment

If we make a payment under this coverage and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right, to the extent of our payment. That person shall:

- 1. Execute and deliver the instruments and papers and do whatever else is necessary to secure such rights; and

- 2. Do nothing after loss to prejudice these rights.

Our rights in this provision are subject to the provisions of the Kentucky Motor Vehicle Repairs Act.

- B. Paragraph **B** of the **Policy Period And Territory** Provision is replaced by the following:

- B. The policy territory is:

- 1. The United States of America, its territories or possessions; or
- 2. Canada.

- C. The following provisions are added:

Coordination Of Coverage

In consideration of the coverage provided under this endorsement and the adjustment of applicable premiums, any amounts payable under Part **B** or Part **C** of this Policy shall be excess over any personal injury protection benefits paid or payable, but for the application of a deductible, under this or any other automobile insurance policy.

Constitutionality Clause

The premium for and the coverages of this Policy have been established in reliance upon the Kentucky Motor Vehicle Repairs Act. If a court of competent jurisdiction:

- 1. Declares; or
- 2. Enters a judgment which renders;

the provisions of these statutes invalid or unenforceable, in whole or in part, we shall have the right to:

- 1. Recompute the premium payable for this Policy; and
- 2. At our option, void or amend the provisions of this endorsement.

Notice To Policyholders

Acceptance of the coverage described in the Kentucky Motor Vehicle Repairs Act places some limitations on your right to bring suit for bodily injury. The Kentucky Motor Vehicle Repairs Act (Kentucky Revised Statutes Chapter 304, Subtitle 39) reads in part:

- (1) “Any person who registers, operates, maintains or uses a motor vehicle on the public roadways of this Commonwealth shall, as a condition of such registration, operation, maintenance or use of such motor vehicle and use of the public roadways, be deemed to have accepted the provisions of this subtitle, and in

particular those provisions which are contained in this section.

- (2)(a)** Tort liability with respect to accidents occurring in this Commonwealth and arising from the ownership, maintenance or use of a motor vehicle is abolished for damages because of bodily injury, sickness or disease to the extent the basic reparation benefits provided in this subtitle are payable therefor, or that would be payable but for any deductible authorized by this subtitle, under any insurance policy or other method of security complying with the requirements of this subtitle, except to the extent non-economic detriment qualifies under paragraph **(b)** of this subsection.
- (b)** In any action of tort brought against the owner, registrant, operator or occupant of a motor vehicle with respect to which security has been provided as required in this subtitle, or against any person or organization legally responsible for his or her acts or omissions, a plaintiff may recover damages in tort for pain, suffering, mental anguish and inconvenience because of bodily injury, sickness or disease arising out of the ownership, maintenance, operation or use of such motor vehicle only in the event that the benefits which are payable for such injury as medical expense or which would be payable but for any exclusion or deductible authorized by this subtitle exceed one thousand dollars (\$1,000), or the injury or disease consists in whole or in part of

permanent disfigurement, a fracture to a bone, a compound, comminuted, displaced or compressed fracture, loss of a body member, permanent injury within reasonable medical probability, permanent loss of bodily function or death. Any person who is entitled to receive free medical and surgical benefits shall be deemed in compliance with the requirements of this subsection upon a showing that the medical treatment received has an equivalent value of at least one thousand dollars (\$1,000).

- (c)** Tort liability is not so limited for injury to a person who is not an owner, operator, maintainer, or user of a motor vehicle within subsection **(1)** of this section, nor for injury to the passenger of a motorcycle arising out of the maintenance or use of such motorcycle.”
- (3)** “Any person may refuse to consent to the limitations of his or her tort rights and liabilities as contained in this section. Such rejection must be completed in writing or electronically in a form to be prescribed by the Department of Insurance and must have been executed and filed with the department at a time prior to any motor vehicle accident for which such rejection is to apply.”

These are some of the exceptions to the limitations on your right to sue and are not intended to comprise a complete enumeration of all circumstances under which suit may be brought for bodily injury.

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Instructions

The provisions of this endorsement must be attached to, incorporated in, or overprinted upon every Personal Auto Policy affording Personal Injury Protection Coverage in accordance with the provisions of the Kentucky Automobile Insurance Plan.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**UNINSURED MOTORISTS COVERAGE—KENTUCKY****PART C—UNINSURED MOTORISTS COVERAGE**

Part C is replaced by the following:

Insuring Agreement

A. We will pay compensatory damages which an “insured” is legally entitled to recover from the owner or operator of an “uninsured motor vehicle” because of “bodily injury”:

1. Sustained by an “insured”; and
2. Caused by an accident.

The owner’s or operator’s liability for these damages must arise out of the ownership, maintenance or use of the “uninsured motor vehicle”.

Any judgment for damages arising out of a suit brought without our written consent is not binding on us.

B. “Insured” as used in this Part means:

1. You or any “family member”;
2. Any other person “occupying” “your covered auto”; or
3. Any person for damages that person is entitled to recover because of “bodily injury” to which this coverage applies sustained by a person described in 1 or 2 above.

If information which has been provided to us about the insureds is incorrect, incomplete or changes during the policy period, we may, based upon such information, decrease or increase the premium during the policy period.

C. “Uninsured motor vehicle” means a land motor vehicle or trailer of any type:

1. To which no bodily injury liability bond or policy applies at the time of the accident.
2. To which a bodily injury liability bond or policy applies at the time of the accident. In this case its limit for bodily injury liability must be less than the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which “your covered auto” is principally garaged.
3. Which is a hit-and-run vehicle whose operator or owner cannot be identified and which hits:
 - a. You or any “family member”;

b. A vehicle which you or any “family member” are “occupying”;

c. “Your covered auto”; or

d. Another vehicle which, in turn, hits:

(1) You or any “family member”;

(2) A vehicle which you or any “family member” are “occupying”; or

(3) “Your covered auto”.

4. To which a bodily injury liability bond or policy applies at the time of the accident but the bonding or insuring company:

a. Denies coverage; or

b. Is or becomes insolvent within one year of the date of the accident.

However, “uninsured motor vehicle” does not include any vehicle or equipment:

(1) Owned by or furnished or available for the regular use of you or any “family member”.

(2) Owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer which is or becomes insolvent.

(3) Owned by any governmental unit or agency.

(4) Operated on rails or crawler treads.

(5) Designed mainly for use off public roads while not on public roads.

(6) While located for use as a residence or premises.

Exclusions

A. We do not provide Uninsured Motorists Coverage for “bodily injury” sustained by any “insured”:

1. If that “insured” or the legal representative settles the “bodily injury” claim and such settlement prejudices our right to recover payment.

2. While “occupying” “your covered auto” when it is being used as a public or livery conveyance. This includes but is not limited to any period of time “your covered auto” is being used by any “insured” who is logged into a:

a. “Transportation network platform” as a driver, whether or not a passenger is “occupying” the vehicle.

b. “Transportation network platform” or “delivery network platform” as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

This exclusion (A.2) does not apply to a share-the-expense car pool.

3. Using a vehicle without a reasonable belief that that “insured” is entitled to do so. This exclusion (A.3) does not apply to a “family member” using “your covered auto” which is owned by you.
 4. While “occupying”, or when struck by, “your covered auto” while:
 - a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than you or any “family member”.
 5. While “occupying”, or when struck by, any vehicle which is designed or can be used for flight.
- B.** This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:
1. Workers’ compensation law; or
 2. Disability benefits law.
- C.** We do not provide Uninsured Motorists Coverage for punitive or exemplary damages.

Limit Of Liability

- A.** The Limit Of Liability shown in the Declarations for each person for Uninsured Motorists Coverage is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of “bodily injury” sustained by any one person in any one accident. Subject to this limit for each person, the Limit Of Liability shown in the Declarations for each accident for Uninsured Motorists Coverage is our maximum limit of liability for all damages for “bodily injury” resulting from any one accident.

This is the most we will pay regardless of the number of:

1. “Insureds”;
2. Claims made;
3. Vehicles shown in the Declarations; or
4. Vehicles involved in the accident.

- B.** No one will be entitled to receive duplicate payments for the same elements of loss under this coverage and:

1. Part **A** or Part **B** of this Policy; or
 2. Any Underinsured Motorists Coverage provided by this Policy.
- C.** We will not make a duplicate payment under this coverage for any element of loss for which payment has been made by or on behalf of persons or organizations who may be legally responsible.
- D.** We will not pay for any element of loss if a person is entitled to receive payment for the same element of loss under any of the following or similar law:
1. Workers’ compensation law; or
 2. Disability benefits law.

Other Insurance

If there is other applicable insurance similar to the insurance provided by this endorsement, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a vehicle:

1. You do not own, including any vehicle while used as a temporary substitute for “your covered auto”; or
2. Owned by you or any “family member” which is not insured for this coverage under this Policy;

shall be excess over any other collectible insurance similar to the insurance provided by this endorsement.

Arbitration

Subject to KRS 417.050(2) and all other applicable law, you may request to submit a disputed claim under this Policy to arbitration as an alternative to a court of law. Such request will be considered at the time of any disputed claim and form a separate agreement from this Policy.

PART F—GENERAL PROVISIONS

The following is added to the **Two Or More Auto Policies** Provision:

1. This provision does not apply to Uninsured Motorists Coverage.
2. No one will be entitled to receive duplicate payments for the same elements of loss under Uninsured Motorists Coverage.

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Instructions

This endorsement must be attached to, incorporated in, or overprinted upon every Personal Auto Policy affording Uninsured Motorists Coverage issued in accordance with the provisions of the Kentucky Automobile Insurance Plan.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF POLICY PROVISIONS—KENTUCKY

I. Definitions

A. The following definition is added:

"Delivery network platform" means an online-enabled application or digital network used to connect customers with:

1. Drivers; or
2. Local vendors using drivers;

for the purpose of providing prearranged delivery services, including courier services, for compensation. A "delivery network platform" does not include a "transportation network platform".

AB. Paragraph K, "newly acquired auto" of the **Definitions** Section is replaced by the following:

K. "Newly acquired auto":

1. "Newly acquired auto" means any of the following types of vehicles you become the owner of during the policy period:
 - a. A private passenger auto; or
 - b. A pickup or van, not used in any "business" other than farming or ranching.

2. Coverage for a "newly acquired auto" is provided as follows:

For any coverage provided in this Policy, a "newly acquired auto" will have the broadest coverage we now provide for any vehicle shown in the Declarations.

However, for this coverage to apply, you must ask us to insure it within 14 days after you become the owner.

3. For all coverages addressed in Paragraph 2, if you first ask us to insure the "newly acquired auto" after the applicable time period has elapsed, coverage will begin on the day you first ask us to insure the "newly acquired auto".

II. Part A—Liability Coverage

A. The following is added to paragraph B of the **Insuring Agreement** Provision:

If information which has been provided to us about the insureds is incorrect,

incomplete or changes during the policy period, we may, based upon such information, decrease or increase the premium during the policy period.

B. The **Exclusions** Section is replaced by the following:

Exclusions

A. To the extent that the limits of liability for this coverage exceed the minimum limits of liability required by the Kentucky Motor Vehicle Reparations Act, we do not provide Liability Coverage for any "insured":

1. Who intentionally causes "bodily injury" or "property damage".
2. For "property damage" to property:
 - a. Rented to;
 - b. Used by; or
 - c. In the care of;
 that "insured".

This exclusion (A.2) does not apply to "property damage" to a residence or private garage.

3. For "bodily injury" to an employee of that "insured" during the course of employment. This exclusion (A.3) does not apply to "bodily injury" to a domestic employee unless workers' compensation benefits are required or available for that domestic employee.

4. For that "insured's" liability arising out of the ownership or operation of a vehicle while it is being used as a public or livery conveyance. This includes but is not limited to any period of time a vehicle is being used by any "insured" who is logged into a "transportation network platform" or a "delivery network platform" as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

This exclusion (A.4) does not apply to:

- a. A share-the-expense car pool; or
 - b. ~~Any period of time an "insured" is logged into a "transportation network platform" as a driver.~~ The ownership or operation of a vehicle while it is being used in a manner described in Exclusion C.3.
5. While employed or otherwise engaged in the "business" of:
- a. Selling;
 - b. Repairing;
 - c. Servicing;
 - d. Storing; or
 - e. Parking;

vehicles designed for use mainly on public highways. This includes road testing and delivery.

This exclusion ~~(A.5 4)~~ 4 does not apply to the ownership, maintenance or use of "your covered auto" by:

- (1) You;
 - (2) Any "family member"; or
 - (3) Any partner, agent or employee of you or any "family member".
6. Maintaining or using any vehicle while that "insured" is employed or otherwise engaged in any "business" (other than farming or ranching) not described in Exclusion ~~A.5 4~~ 4.

This exclusion ~~(A.6 5)~~ 5 does not apply to the maintenance or use of a:

- a. Private passenger auto;
 - b. Pickup or van that you own; or
 - c. "Trailer" used with a vehicle described in **a** or **b** above.
7. For "bodily injury" or "property damage" for which that "insured":
- a. Is an insured under a nuclear energy liability policy; or
 - b. Would be an insured under a nuclear energy liability policy but for its termination upon exhaustion of its limit of liability.

A nuclear energy liability policy is a policy issued by any of the following or their successors:

- (1) Nuclear Energy Liability Insurance Association;
- (2) Mutual Atomic Energy Liability Underwriters; or
- (3) Nuclear Insurance Association of Canada.

B. We do not provide Liability Coverage for the ownership, maintenance or use of:

- 1. Any vehicle which:
 - a. Has fewer than four wheels; or
 - b. Is designed mainly for use off public roads.

This exclusion **(B.1)** does not apply:

- (1) While such vehicle is being used by an "insured" in a medical emergency;
- (2) To any "trailer";
- (3) To any motorized vehicle having fewer than four wheels if:
 - (a) Such vehicle is loaned by a person, firm or corporation engaged in the "business" of selling, repairing and servicing motor vehicles; and
 - (b) Such vehicle is used as a temporary substitute for "your covered auto" which is out of normal use because of its breakdown, repair or servicing; and
 - (c) The "bodily injury" or "property damage" results from an auto accident caused by the negligence of you or any "family member"; or

(4) To any non-owned golf cart.

- 2. Any vehicle, other than "your covered auto" which is:
 - a. Owned by you; or
 - b. Furnished for your regular use.
- 3. Any vehicle, other than "your covered auto", which is:

- a. Owned by any “family member”; or
- b. Furnished for the regular use of any “family member”.

~~However, t~~ This exclusion (B.3) does not apply to you while you are maintaining or “occupying” any vehicle which is:

- (1) Owned by any “family member”; or
 - (2) Furnished for the regular use of any “family member”.
4. Any vehicle, located inside a facility designed for racing, for the purpose of:
- a. Participating or competing in; or
 - b. Practicing or preparing for; any prearranged or organized:
 - (1) Racing or speed contest; or
 - (2) Driver skill training or driver skill event.
5. “Your covered auto” while:
- 1. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - 2. Being used in connection with such personal vehicle sharing program by anyone other than you or any “family member”.

~~However, this exclusion applies only to the extent that the limits of liability for this coverage exceed the minimum limits of liability required by the Kentucky Motor Vehicle Repairs Act.~~

6. Any vehicle which is designed or can be used for flight.
- C. We do not provide Liability Coverage for any “insured”:
- 1. For “property damage” to property owned by that “insured”.
 - 2. Using a vehicle without a reasonable belief that that “insured” is entitled to do so. This exclusion (C.2) does not apply to a “family member” using “your covered auto” which is owned by you.

- 3. For that “insured’s” liability arising out of the ownership or operation of a vehicle while it is being used during any period of time by an “insured” who is logged into a “transportation network platform” as a driver, whether or not a passenger is “occupying” the vehicle.

D. The following paragraph is added to the **Financial Responsibility** Provision:

You agree to reimburse us for any payment made by us which we would not have been obligated to make under the terms of this Policy except for the agreement contained in this provision.

- C. The **Other Insurance** Provision is replaced by the following:

Other Insurance

If there is other applicable liability insurance we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits.

Any insurance we provide for a vehicle you do not own, including any vehicle while used as a temporary substitute for “your covered auto”, shall be excess over any other collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this Policy. However, any insurance we provide for a vehicle you do not own shall be primary if:

- 1. Such vehicle is loaned by a person, firm or corporation engaged in the “business” of selling, repairing and servicing motor vehicles;
- 2. Such vehicle is used as a temporary substitute for “your covered auto” which is out of normal use because of its breakdown, repair or servicing; and
- 3. The “bodily injury” or “property damage” results from an auto accident caused by the negligence of you or any “family member”.

III. Part B—Medical Payments Coverage

- A. The following is added to paragraph B of the **Insuring Agreement** Provision:

If information which has been provided to us about the insureds is incorrect, incomplete or changes during the policy

period, we may, based upon such information, decrease or increase the premium during the policy period.

B. Exclusions are amended as follows:

Exclusions **2** and **8** are replaced by the following:

We do not provide Medical Payments Coverage for any "insured" for "bodily injury":

2. Sustained while "occupying" "your covered auto" when it is being used as a public or livery conveyance. This includes but is not limited to any period of time "your covered auto" is being used by any "insured" who is logged into a:

- a. ~~"Transportation network platform"~~ as a driver, whether or not a passenger is "occupying" the vehicle.

- b. "Transportation network platform" or "delivery network platform" as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

This exclusion (**2**) does not apply to a share-the-expense car pool.

8. Sustained while "occupying" a vehicle when it is being used in the "business" of an "insured".

This exclusion (**8**) does not apply to "bodily injury" sustained while "occupying" a:

- a. Private passenger auto;
 - b. Pickup or van that you own; or
 - c. "Trailer" used with a vehicle described in **a** or **b** above.

IV. Part D—Coverage For Damage To Your Auto does not apply.

V. Part F—General Provisions

- A. The **Changes** Provision is replaced by the following:

Changes

A. Premium Changes

The premium for this Policy is based on information we have received from you or other sources. You agree:

1. That if any of this information material to the development of the policy premium is incorrect, incomplete or changed, we may

adjust the premium accordingly during the policy period.

2. To cooperate with us in determining if this information is correct and complete, and to advise us of changes in this information.

Any adjustment of your premium will be made using the rules in effect at the time of the change.

Premium adjustment may be made as the result of a change in:

1. Autos insured by the policy, including changes in use.
2. Drivers, driver's age or driver's marital status.
3. Coverages or coverage limits.
4. Rating territory.
5. Eligibility for discounts or other premium credits.

B. Coverage Changes

We may revise your policy coverages to provide more protection without additional premium charge. If we do this and you have the coverage which is changed, your Policy will automatically provide the additional coverage as of the date the revision is effective in your state. Otherwise, this Policy contains all of the coverage agreements between you and us. Its term may not be changed or waived except by an endorsement issued by us.

B. The following is added to the **Our Right To Recover Payment Provision:**

With respect to Uninsured Motorists Coverage or Underinsured Motorists Coverage, we shall be entitled to a recovery under Paragraph **A** or **B** only after the person has been fully compensated for damages.

C. Paragraph **A of the **Termination** Provision is replaced by the following:**

Termination

A. Cancellation

This Policy may be cancelled during the policy period as follows:

1. The named insured shown in the Declarations may cancel by:

- a. Returning this Policy to us; or
 - b. Giving us advance written notice of the date cancellation is to take effect.
2. If this Policy has been in effect for less than 60 days and this is not a renewal or continuation policy, we may cancel by mailing to the named insured shown in the Declarations at the address shown in this Policy at least 10 days' notice.
 3. If this Policy has been in effect for 60 days or more, or if this is a renewal or continuation policy, we may cancel by mailing to the named insured shown in the

Declarations at the address shown in this Policy:

- a. At least 14 days' notice if cancellation is for nonpayment of premium; or
- b. At least 20 days' notice in all other cases.

VI. Kentucky Motor Vehicle Reparatons Act

If any endorsement attached to this Policy amends Liability Coverage Exclusions **A.1** through **A.7**, such amended exclusion(s) applies only to the extent that the limits of liability for Liability Coverage exceed the minimum limits of liability required by the Kentucky Motor Vehicle Reparatons Act.

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Instructions

The provisions of this endorsement must be attached to, incorporated in, or overprinted upon every Personal Auto Policy issued in accordance with the provisions of the Kentucky Automobile Insurance Plan.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
UNDERINSURED MOTORISTS COVERAGE—KENTUCKY
SCHEDULE

1. Description Of Your Covered Auto:			
2. Description Of Your Covered Auto:			
3. Description Of Your Covered Auto:			
Auto	Limit Of Liability		Premium
1.	\$ \$	Each Person Each Accident	\$
2.	\$ \$	Each Person Each Accident	\$
3.	\$ \$	Each Person Each Accident	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

INSURING AGREEMENT

A. We will pay compensatory damages which an “insured” is legally entitled to recover from the owner or operator of an “underinsured motor vehicle” because of “bodily injury”:

1. Sustained by an “insured”; and
2. Caused by an accident.

The owner’s or operator’s liability for these damages must arise out of the ownership, maintenance, or use of the “underinsured motor vehicle”.

B. “Insured” as used in this endorsement means:

1. You or any “family member”;
2. Any other person “occupying” “your covered auto”; or
3. Any person for damages that person is entitled to recover because of “bodily injury” to which this coverage applies sustained by a person described in **1** or **2** above.

If information which has been provided to us about the insureds is incorrect, incomplete, or changes during the policy period, we may, based upon such information, decrease or

increase the premium during the policy period.

C. “Underinsured motor vehicle” means a land motor vehicle or trailer of any type to which a bodily injury liability bond or policy applies at the time of the accident but the amount paid for “bodily injury” under that bond or policy to an “insured” is not enough to pay the full amount the “insured” is legally entitled to recover as damages.

However, “underinsured motor vehicle” does not include any vehicle or equipment:

1. To which a bodily injury liability bond or policy applies at the time of the accident but its limits for bodily injury liability is less than the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which “your covered auto” is principally garaged.
2. Owned by or furnished or available for the regular use of you or any “family member”.
3. Operated on rails or crawler treads.
4. Designed mainly for use off public roads while not upon public roads.
5. While located for use as a residence or premises.

6. Owned or operated by a person qualifying as a self-insurer under any applicable motor vehicle law.
7. To which a bodily injury liability bond or policy applies at the time of the accident but the bonding or insuring company:
 - a. Denies coverage; or
 - b. Is or becomes insolvent within one year of the date of the accident.

EXCLUSIONS

- A.** We do not provide Underinsured Motorists Coverage for “bodily injury” sustained by any “insured”:
1. While “occupying” “your covered auto” when it is being used as a public or livery conveyance. This includes but is not limited to any period of time “your covered auto” is being used by any “insured” who is logged into a:
 - a. “~~Transportation network platform~~” as a driver, whether or not a passenger is “occupying” the vehicle.
 - b. “Transportation network platform” or “delivery network platform” as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

This exclusion **(A.1)** does not apply to a share-the-expense car pool.
 2. Using a vehicle without a reasonable belief that that “insured” is entitled to do so. This exclusion **(A.2)** does not apply to a “family member” using “your covered auto” which is owned by you.
 3. While “occupying”, or when struck by, “your covered auto” while:
 - a. Enrolled in a personal vehicle sharing program under the terms of a written agreement; and
 - b. Being used in connection with such personal vehicle sharing program by anyone other than you or any “family member”.
 4. While “occupying”, or when struck by, any vehicle which is designed or can be used for flight.
- B.** This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:

1. Workers’ compensation law; or
2. Disability benefits law.

- C.** We do not provide Underinsured Motorists Coverage for punitive or exemplary damages.

LIMIT OF LIABILITY

- A.** The Limit Of Liability shown in the Schedule or in the Declarations for each person for Underinsured Motorists Coverage is our maximum limit of liability for all damages, including damages for care, loss of services, or death, arising out of “bodily injury” sustained by any one person in any one accident. Subject to this limit for each person, the Limit Of Liability shown in the Schedule or in the Declarations for each accident for Underinsured Motorists Coverage is our maximum limit of liability for all damages for “bodily injury” resulting from any one accident.

This is the most we will pay regardless of the number of:

1. “Insureds”;
 2. Claims made;
 3. Vehicles shown in the Schedule or in the Declarations; or
 4. Vehicles involved in the accident.
- B.** No one will be entitled to receive duplicate payments for the same elements of loss under Part **A**, Part **B**, or Part **C** of this Policy.
- C.** We will not make a duplicate payment under this coverage for any element of loss for which payment has been made by or on behalf of persons or organizations who may be legally responsible.
- D.** We will reduce the “insured’s” total damages by any amount available to that “insured”, under any bodily injury liability bonds or policies applicable to the “underinsured motor vehicle”, that such “insured” did not recover as a result of a settlement between that “insured” and the insurer of an “underinsured motor vehicle”. However, any reduction of the “insured’s” total damages will not reduce the limit of liability for this coverage.

This paragraph **(D)** shall not apply if we advance payment to the “insured” in an amount equal to the tentative settlement with the insurer of the “underinsured motor vehicle”.

E. We will not pay for any element of loss if a person is entitled to receive payment for the same element of loss under any of the following or similar law:

1. Workers' compensation law; or
2. Disability benefits law.

OTHER INSURANCE

If there is other applicable insurance similar to the insurance provided by this endorsement, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a vehicle:

1. You do not own, including any vehicle while used as a temporary substitute for "your covered auto"; or
2. Owned by you or any "family member" which is not insured for this coverage under this Policy;

shall be excess over any other collectible insurance similar to the insurance provided by this endorsement.

ARBITRATION

Subject to KRS 417.050(2) and all other applicable law, you may request to submit a disputed claim under this Policy to arbitration as an alternative to a court of law. Such request will be considered at the time of any disputed claim and form a separate agreement from this Policy.

ADDITIONAL DUTIES

A person seeking coverage under this endorsement must also promptly:

1. Notify us in writing by certified or registered mail and send us copies of the legal papers if a suit is brought; and
2. Notify us in writing by certified or registered mail of a tentative settlement between the "insured" and the insurer of the

"underinsured motor vehicle" and allow us a reasonable time to advance payment to that "insured" in an amount equal to the tentative settlement to preserve our rights against the insurer, owner, or operator of such "underinsured motor vehicle".

PART F—GENERAL PROVISIONS

A. The following is added to the **Our Right To Recover Payment** Provision:

Our rights do not apply under Paragraph A with respect to Underinsured Motorists Coverage if we:

1. Have been given prompt written notice by certified or registered mail of a tentative settlement between an "insured" and the insurer of an "underinsured motor vehicle"; and
2. Fail to advance payment to the "insured" in an amount equal to the tentative settlement within a reasonable time after receipt of notification.

If we advance payment to the "insured" in an amount equal to the tentative settlement within a reasonable time after receipt of notification:

1. That payment will be separate from any amount the "insured" is entitled to recover under the provisions of Underinsured Motorists Coverage; and
2. We also have a right to recover the advanced payment.

B. The following is added to the **Two Or More Auto Policies** Provision:

1. This provision does not apply to Underinsured Motorists Coverage.
2. No one will be entitled to receive duplicate payments for the same elements of loss under Underinsured Motorists Coverage.

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Instructions

The provisions of this endorsement must be attached to, incorporated in, or overprinted upon every Personal Auto Policy affording Underinsured Motorists Coverage issued in accordance with the provisions of the Kentucky Automobile Insurance Plan.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**UNDERINSURED MOTORISTS COVERAGE—KENTUCKY
NAMED NONOWNER POLICY
SCHEDULE**

Limit Of Liability		Premium
\$	Each Person	\$
\$	Each Accident	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

With respect to the coverage provided by this endorsement, the provisions of Part C Uninsured Motorists Coverage apply unless modified by the endorsement.

INSURING AGREEMENT

A. We will pay compensatory damages which an “insured” is legally entitled to recover from the owner or operator of an “underinsured motor vehicle” because of “bodily injury”:

1. Sustained by an “insured”; and
2. Caused by an accident.

The owner’s or operator’s liability for these damages must arise out of the ownership, maintenance, or use of the “underinsured motor vehicle”.

B. “Underinsured motor vehicle” means a land motor vehicle or trailer of any type to which a bodily injury liability bond or policy applies at the time of the accident but the amount paid for “bodily injury” under that bond or policy to an “insured” is not enough to pay the full amount the “insured” is legally entitled to recover as damages.

However, “underinsured motor vehicle” does not include any vehicle or equipment:

1. To which a bodily injury liability bond or policy applies at the time of the accident but its limits for bodily injury liability is less than the minimum limit for bodily injury liability specified by the financial responsibility law of the state in which you reside.
2. Owned by or furnished or available for the regular use of you.
3. Operated on rails or crawler treads.
4. Designed mainly for use off public roads while not upon public roads.
5. While located for use as a residence or premises.

6. Owned or operated by a person qualifying as a self-insurer under any applicable motor vehicle law.
7. To which a bodily injury liability bond or policy applies at the time of the accident but the bonding or insuring company:
 - a. Denies coverage; or
 - b. Is or becomes insolvent within one year of the date of the accident.

EXCLUSIONS

A. We do not provide Underinsured Motorists Coverage for “bodily injury” sustained by any “insured”:

1. While “occupying” a “motor vehicle” operated by you when it is being used as a public or livery conveyance. This includes but is not limited to any period of time a “motor vehicle” is being used by you while you are logged into a:
 - a. “~~t~~Transportation network platform” as a driver, whether or not a passenger is “occupying” the “motor vehicle”.
 - b. “Transportation network platform” or “delivery network platform” as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

This Exclusion **(A.1)** does not apply to a share-the-expense car pool.

2. Using a vehicle without a reasonable belief that that “insured” is entitled to do so.
3. While “occupying”, or when struck by, any vehicle which is designed or can be used for flight.

B. This coverage shall not apply directly or indirectly to benefit any insurer or self-insurer under any of the following or similar law:

1. Workers' compensation law; or
2. Disability benefits law.

C. We do not provide Underinsured Motorists Coverage for punitive or exemplary damages.

LIMIT OF LIABILITY

A. The Limit Of Liability shown in the Schedule or in the Declarations for each person for Underinsured Motorists Coverage is our maximum limit of liability for all damages, including damages for care, loss of services, or death, arising out of "bodily injury" sustained by any one person in any one accident. Subject to this limit for each person, the Limit Of Liability shown in the Schedule or in the Declarations for each accident for Underinsured Motorists Coverage is our maximum limit of liability for all damages for "bodily injury" resulting from any one accident.

This is the most we will pay regardless of the number of:

1. "Insureds";
2. Claims made;
3. Vehicles shown in the Schedule or in the Declarations; or
4. Vehicles involved in the accident.

B. No one will be entitled to receive duplicate payments for the same elements of loss under Part **A**, Part **B**, or Part **C** of this Policy.

C. We will not make a duplicate payment under this coverage for any element of loss for which payment has been made by or on behalf of persons or organizations who may be legally responsible.

D. We will reduce the "insured's" total damages by any amount available to that "insured", under any bodily injury liability bonds or policies applicable to the "underinsured motor vehicle", that such "insured" did not recover as a result of a settlement between that "insured" and the insurer of an "underinsured motor vehicle". However, any reduction of the "insured's" total damages will not reduce the limit of liability for this coverage.

This paragraph (**D**) shall not apply if we advance payment to the "insured" in an amount equal to the tentative settlement with

the insurer of the "underinsured motor vehicle".

E. We will not pay for any element of loss if a person is entitled to receive payment for the same element of loss under any of the following or similar law:

1. Workers' compensation law; or
2. Disability benefits law.

OTHER INSURANCE

If there is other applicable insurance similar to the insurance provided by this endorsement, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a vehicle you do not own shall be excess over any other collectible insurance similar to the insurance provided by this endorsement.

ARBITRATION

Subject to KRS 417.050(2) and all other applicable law, you may request to submit a disputed claim under this policy to arbitration as an alternative to a court of law. Such request will be considered at the time of any disputed claim and form a separate agreement from this policy.

ADDITIONAL DUTIES

A person seeking coverage under this endorsement must also promptly:

1. Notify us in writing by certified or registered mail and send us copies of the legal papers if a suit is brought; and
2. Notify us in writing by certified or registered mail of a tentative settlement between the "insured" and the insurer of the "underinsured motor vehicle" and allow us a reasonable time to advance payment to that "insured" in an amount equal to the tentative settlement to preserve our rights against the insurer, owner, or operator of such "underinsured motor vehicle".

PART F—GENERAL PROVISIONS

A. The following is added to the **Our Right To Recover Payment** Provision:

Our rights do not apply under Paragraph **A** with respect to Underinsured Motorists Coverage if we:

1. Have been given prompt written notice by certified or registered mail of a tentative settlement between an "insured" and the insurer of an "underinsured motor vehicle"; and

2. Fail to advance payment to the “insured” in an amount equal to the tentative settlement within a reasonable time after receipt of notification.

If we advance payment to the “insured” in an amount equal to the tentative settlement within a reasonable time after receipt of notification:

1. That payment will be separate from any amount the “insured” is entitled to recover under the provisions of Underinsured Motorists Coverage; and

2. We also have a right to recover the advanced payment.

B. The following is added to the **Two Or More Auto Policies Provision:**

1. This provision does not apply to Underinsured Motorists Coverage.
2. No one will be entitled to receive duplicate payments for the same elements of loss under Underinsured Motorists Coverage.

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Instructions

The provisions of this endorsement must be attached to, incorporated in, or overprinted upon every Named Nonowner Policy affording Underinsured Motorists Coverage issued in accordance with the provisions of the Kentucky Automobile Insurance Plan.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PUBLIC OR LIVERY PASSENGER CONVEYANCE AND ON-DEMAND DELIVERY SERVICES EXCLUSION

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Changes In Covered Autos Liability Coverage

The following exclusion is added:

Public Or Livery Passenger Conveyance And On-demand Delivery Services

This insurance does not apply to any covered "auto" while being used:

1. aAs a public or livery conveyance for passengers. This includes, but is not limited to, any period of time a covered "auto" is being used by an "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the covered "auto"; or
2. By an "insured" who is logged into a "transportation network platform" or "delivery network platform" as a driver to provide "delivery services", whether or not the goods, items or products to be delivered are in the covered "auto".

However, this exclusion does not apply to business activities performed by an "insured" that are directly related to the Named Insured(s) listed in the Declarations.

B. Changes In Physical Damage Coverage

The following exclusion is added:

We will not pay for "loss" to any covered "auto" while being used:

1. aAs a public or livery conveyance for passengers. This includes, but is not limited to, any period of time a covered "auto" is being used by an "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the covered "auto"; or
2. By an "insured" who is logged into a "transportation network platform" or "delivery

network platform" as a driver to provide "delivery services", whether or not the goods, items or products to be delivered are in the covered "auto".

However, this exclusion does not apply to business activities performed by an "insured" that are directly related to the Named Insured(s) listed in the Declarations.

C. Changes In Auto Medical Payments

If Auto Medical Payments Coverage is attached, then the following exclusion is added:

Public Or Livery Passenger Conveyance And On-demand Delivery Services

This insurance does not apply to:

"Bodily injury" sustained by an "insured" "occupying" a covered "auto" while it is being used:

1. aAs a public or livery conveyance for passengers. This includes, but is not limited to, any period of time a covered "auto" is being used by an "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the covered "auto"; or
2. By an "insured" who is logged into a "transportation network platform" or "delivery network platform" as a driver to provide "delivery services", whether or not the goods, items or products to be delivered are in the covered "auto".

However, this exclusion does not apply to business activities performed by an "insured" that are directly related to the Named Insured(s) listed in the Declarations.

D. Changes In Uninsured And/Or Underinsured Motorists Coverage

1. If Uninsured and/or Underinsured Motorists Coverage is attached, and:
 - a. Contains, in whole or in part, a public or livery exclusion, then the following exclusion in Paragraph 2. does not apply.
 - b. Does not contain a public or livery exclusion, then the following exclusion in Paragraph 2. is added.

2. Public Or Livery Passenger Conveyance And On-demand Delivery Services

This insurance does not apply to any covered "auto" while being used:

- a. As a public or livery conveyance for passengers. This includes, but is not limited to, any period of time a covered "auto" is being used by an "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the covered "auto"; or
- b. By an "insured" who is logged into a "transportation network platform" or "delivery network platform" as a driver to provide "delivery services", whether or not the goods, items or products to be delivered are in the covered "auto".

However, this exclusion does not apply to business activities performed by an "insured" that are directly related to the Named Insured(s) listed in the Declarations.

E. Changes In Personal Injury Protection Coverage

1. If Personal Injury Protection, no-fault or other similar coverage is attached, and:
 - a. Contains, in whole or in part, a public or livery exclusion, then the following exclusion in Paragraph 2. does not apply.
 - b. Does not contain a public or livery exclusion, then the following exclusion in Paragraph 2. is added.

2. Public Or Livery Passenger Conveyance And On-demand Delivery Services

This insurance does not apply to any covered "auto" while being used:

- a. As a public or livery conveyance for passengers. This includes, but is not limited to, any period of time a covered "auto" is being used by an "insured" who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the covered "auto"; or
- b. By an "insured" who is logged into a "transportation network platform" or "delivery network platform" as a driver to provide "delivery services", whether or not the goods, items or products to be delivered are in the covered "auto".

However, this exclusion does not apply to business activities performed by an "insured" that are directly related to the Named Insured(s) listed in the Declarations.

F. Additional Definitions

As used in this endorsement:

1. "Delivery network platform" means an online-enabled application or digital network, used to connect customers:
 - a. With drivers; or
 - b. With local vendors using drivers;

For the purpose of providing prearranged "delivery services" for compensation. A "delivery network platform" does not include a "transportation network platform".
2. "Delivery services" includes courier services.
13. "Occupying" means in, upon, getting in, on, out or off.
24. "Transportation network platform" means an online-enabled application or digital network used to connect passengers with drivers using vehicles for the purpose of providing prearranged transportation services for compensation.

Instructions

The provisions of this endorsement must be attached to, incorporated in, or overprinted upon every policy, except policies covering public transportation risks, issued in accordance with the provisions of an Automobile Insurance Plan or JUA.

Refer to Index for state(s) in which this form is applicable.