

CHECKING SLIP—IMPORTANT

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

KY 2024 Revision 003

NEW PAGES ENCLOSED	(1)–(3), C-3–C-6, C-9–C-51, (a)–(c)
SUPERSEDED—REMOVE	All previous Checking Slips Pages (1)–(3), C-3–C-6, C-9– <u>C-55</u> , (a)–(c)
NEW CHANGES	Manual of Rules and Rates
Filing No. KY 24-09	Rule 51 is amended to remove the reference to gross receipts. Rule 55. Gross Receipts, the Gross Receipts Rating Example, and the Gross Receipts Rating Worksheet are deleted in their entirety . These amendments are effective February 1, 2025 . <ul style="list-style-type: none">• Rule 51 Page C-3• Deletion of Rule 55, Gross Receipts Rating Example, and Gross Receipts Rating Worksheet Page C-9
	Table of Contents pages (2) and (3) are revised.
ELECTRONIC MANUAL	The Kentucky Automobile Insurance Plan Manual is available in electronic format at https://www.aipso.com/Manuals/KentuckyManuals . Register at https://www.aipso.com/EmailAlerts to receive email alerts when the manual is updated.
ABOUT THIS MANUAL	Stars (★) indicate the beginning of an amendment and end symbols (❖) indicate the ending of an amendment. The latest effective dates of the Plan of Operation and Manual of Rules and Rates are listed on pages (a)–(c) located at the end of the Manual.

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**On behalf of the
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AUTOMOBILE INSURANCE PLAN

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KENTUCKY AUTOMOBILE INSURANCE PLAN INTRODUCTION

PREAMBLE

UNLESS SPECIFICALLY IDENTIFIED OTHERWISE THE SECTIONS OF THIS PLAN APPLY TO ALL COVERAGES AVAILABLE.

SECTIONS 1 THROUGH 16 AND 34 THROUGH 52 ARE APPLICABLE TO THE ASSIGNMENT OF PRIVATE PASSENGER NONFLEET AUTOMOBILES, MISCELLANEOUS NONFLEET VEHICLES (AS DEFINED IN SECTION 40), AND NAMED NONOWNER APPLICANTS NOT SUBJECT TO THE MOTOR CARRIER ACT OF 1980 OR ANY LAW OR REGULATION REQUIRING HIGHER LIMITS THAN THE MAXIMUM PROVIDED IN SECTION 5 OF THE PLAN.

SECTIONS 17 THROUGH 33 AND 34 THROUGH 52 ARE APPLICABLE TO ALL APPLICANTS OTHER THAN THOSE MENTIONED ABOVE AND ARE PROVIDED COVERAGE UNDER THE COMMERCIAL AUTOMOBILE INSURANCE PROCEDURE (CAIP).

INTRODUCTION

The Kentucky Automobile Insurance Plan was created to provide automobile insurance coverage to eligible risks who seek coverage and are unable to obtain such coverage through the voluntary market (For complete eligibility requirements, see [Sections 2 and 18](#)). This Plan became effective on August 20, 1948.

The Plan of Operation is divided into three parts and a Supplement as follows:

- Part I Personal Automobile
 - Eligibility
 - Coverages
 - Other applicable provisions
- Part II Commercial Automobile
 - Availability and scope of the Commercial Automobile Insurance Procedure (CAIP)
 - Eligibility
 - Coverages
 - Other applicable provisions
- Part III Appendix—Administrative Rules of Plan
- Supplement Provisions Applicable to Private Passenger Risks Prior to January 1, 2019

Before submitting an application for coverage, it is strongly recommended that users of this Manual read “How to Submit an Application to the Kentucky Automobile Insurance Plan”. However, it is required that users of this Manual read the Personal and Commercial Plan Manual contained in Parts I and II, the Appendix, the Supplement, and review the General Rules. To the extent to which “How to Submit an Application to the Plan” conflicts with the Personal or Commercial Automobile Parts or Appendix of this Plan, the provisions of the respective Personal or Commercial Automobile Part, Appendix, or Supplement shall apply.

HOW TO SUBMIT AN APPLICATION TO THE KENTUCKY AUTOMOBILE INSURANCE PLAN

HOW, WHEN, AND WHERE

As a producer of record, you can assist the service provider or servicing carrier in providing better service to your insureds by making every effort to facilitate the handling of Kentucky Automobile Insurance Plan applications. Producers licensed to transact automobile insurance in the state must register with the Plan to access the Electronic Application Submission Interface (EASi) to submit applications electronically.

Application to the Plan may be made by the following methods:

- **Electronic Application Submission Interface (EASi)**

The producer must electronically transmit applications to the Plan using EASi. EASi offers online completion of the application form.

The following types of applications may be completed online:

- Private passenger applications

- Commercial application

The completed, signed application, deposit, and supporting documentation must be forwarded to the Plan in accordance with Plan rules. For further details refer to [Section 7.A](#) or [Section 23.B](#).

- **Alternate Application Submission Procedures**

When EASi is not available for any reason, the producer must download and print an application from the Plan website.

The following additional application submission methods are available for producer use:

- United States Postal Service Mail
- Hand Delivery to the Plan

For further details refer to [Section 52](#).

An original signed application must be submitted to the Plan for the following types of applications:

- Electronically transmitted private passenger and commercial applications

KENTUCKY AUTOMOBILE INSURANCE PLAN INTRODUCTION

- All private passenger and commercial applications subject to the Alternate Application Submission Procedures

Incomplete applications, application supplements, or requests for changes in the policy that are not readily identifiable to the service provider or servicing carrier only delays the processing of Kentucky Plan applications and policy change requests. The Electronic Application Submission Interface (EASi) must be used to apply to the Plan. Copies and facsimiles are not acceptable. Before electronically transmitting the online application or forwarding a completed application subject to the Alternate Application Submission Procedures to the Kentucky Automobile Insurance Plan, please review the application to ensure that you have provided the service provider, servicing carrier, or Plan with all the information necessary for issuance of the policy or completion of the transaction.

HOW TO APPLY TO THE PLAN

Producers should not telephone the Kentucky Automobile Insurance Plan for premium quotations, but should refer to the Rules and Rates in the Manual.

The producer should advise the applicant that the policy is being issued as part of the Kentucky Automobile Insurance Plan.

In completing the application, the producer must be certain that

- the application is completed in the name of the individual or entity requesting coverage;
- the application is signed by the applicant and the producer of record;
- all applicable questions are answered fully. Blank or incomplete answers may necessitate that the Plan return the application to you before it can be processed. For specific minimum application requirements, refer to [Section 7](#) for private passenger applicants or [Section 23](#) for commercial applicants;
- any and all attachments pertinent to the application are attached;
- the deposit accompanying the application must be correctly drafted and be correct for the method of payment chosen in accordance with the payment option selected from [Sections 6](#) or [22](#) of this Plan. If the applicant is a commercial risk, the deposit must be in the form of a certified check, bank check, or money order;
- the applicant has read the application and concurs that all answers are correct and complete;
- the original application generated by EASi is forwarded to the Kentucky Automobile Insurance Plan. For private passenger applicants and CAIP applicants not subject to the 15-day delay in effective date, only the postmark date of the United States Postal Service is recognized by the Plan for the purpose of effecting coverage. A metered mail postmark, electronic stamp, or other postage service or stamp is not considered a postmark of the United States Postal Service. For CAIP applicants requiring filings or limits in excess of \$350,000 combined single limit who are subject to the 15-day delay in effective date, coverage is effective on a date specified by the applicant, which may not be earlier than 15 calendar days following receipt of the completed application by the Plan accompanied by the prescribed deposit. For private passenger and commercial

applications not subject to the 15-day delay in the effective date of coverage, the effective date of coverage shall be determined in accordance with Plan provisions shown in [Section 7](#) or [23](#);

- the name, address, and tax identification number of the producer of record are included.

All applications and specific questions on the Kentucky Automobile Insurance Plan Manual, or any portion thereof, should be directed to the Kentucky Automobile Insurance Plan, PO Box 6530 Providence, RI 02940-6530, telephone (800) 555-0513, or by email at KYAIP@aipso.com.

WHAT TO SEND TO THE PLAN

Producers must submit applications to the Plan in accordance with the following procedures:

Electronic Application Submission Interface (EASi)

The application generated by EASi bearing the original signatures of the applicant and producer must be forwarded to the Plan no later than the first working date after the application is completed.

• Private Passenger Applications

Private passenger applications should be accompanied by the following documents:

- Deposit check
- Declarations page if requesting assignment under the household rule
- Copy of Premium Finance Agreement if premium is financed

• Commercial Applications

Commercial applications should be accompanied by the following documents:

- Deposit check
- Supplemental Commercial Vehicle Schedule, if applicable
- A CAIP Inspected Units Form must be completed and submitted with the application if the applicant requires federal filings or endorsements.
- Copy of Premium Finance Agreement if premium is financed

Alternate Application Submission Procedures for Private Passenger and Commercial Applications

In the event EASi is not available and the producer must submit a paper private passenger application in accordance with the Alternate Application Submission Procedures, the original paper application bearing the signatures of the applicant and producer and the deposit must be mailed or delivered to the Plan within two working days after completion of the application as evidenced by the postmark on the envelope accompanying the application or hand-delivery (including delivery by means of overnight mail, courier, or other delivery service). The effective date of coverage will be determined in accordance with [Section 52](#).

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Private passenger applications should be accompanied by the following documents:

- Deposit check
- Declarations page if requesting assignment under the household rule
- Copy of Premium Finance Agreement if premium is financed

Commercial applications should be accompanied by the following documents:

- Deposit check
- Supplemental Commercial Vehicle Schedule, if applicable
- A CAIP Inspected Units Form must be completed and submitted with the application if the applicant requires federal filings or endorsements.
- Copy of Premium Finance Agreement if premium is financed

HOW TO APPLY FOR ADDITIONAL COVERAGES OR CHANGES IN THE POLICY

★All requests for changes to a policy must be submitted in writing on an approved Policy Change Request form. If the applicant or insured and producer have been notified of the service provider or servicing carrier, the Policy Change Request form should be forwarded directly to the service provider or servicing carrier no later than the first working day after completion, NOT to the Kentucky Automobile Insurance Plan. The insured's policy number and other identification numbers must be included on the approved Policy Change Request form. If a reduction or elimination of coverage is requested, the completed approved Policy Change Request form must be signed by the applicant. All Policy Change Request forms must be submitted to the service provider or the servicing carrier in accordance with [Sections 7](#) and [23](#).

For commercial risks requiring federal filings or endorsements, a completed CAIP Inspected Units Form must accompany the policy change request.

Only those coverages shown in [Sections 5](#) and [21](#) of the Plan are available.

PRODUCER RESPONSIBILITY

The actions of a producer under this and all other sections of this Plan are deemed to be the actions of the applicant and are not the actions of the Plan. Insofar as the producer is acting as an agent of any party in connection with actions under this or any other section of the Plan, the producer shall be deemed to be the agent of the applicant and not the agent of the Plan and/or service provider or servicing carrier.

AVAILABILITY OF FORMS, MANUALS, ETC.

The following Plan materials are available in electronic format and may be printed after logging into www.aipso.com and accessing the Plan Sites link:

- The Manual containing the Plan Manual and the Manual of Rules and Rates

- ISO Symbol and Identification Manual
- Plan Commercial and Personal Policy Forms and Endorsements
- EASi Brochure
- Electronic Application Submission Interface (EASi) Retraction Request Form
- Plan Applications and Forms
- Commercial Automobile Insurance Procedure (CAIP) Inspected Units Form

In the event a producer does not have access to the Plan website for any reason or is unable to print from the website, Plan applications and forms are available at no charge in plain paper format by contacting the Kentucky Automobile Insurance Plan by email at KYAIP@aipso.com or by calling (800) 555-0513.

DEFINITIONS

For purposes of the Plan of Operation, the following definitions shall apply:

“Commercial Automobile Insurance Procedure (CAIP)” means a pooling arrangement for Plan commercial risks.

“Personal Automobile Insurance Procedure (PAIP)” means a pooling arrangement for Plan private passenger risks where companies licensed to write automobile insurance in the state are subject to a basic fee and share in the operating results of the pool.

“Plan” means the Kentucky Automobile Insurance Plan (KAIP).

“Service provider” means the entity appointed by the Plan to write and service personal auto policies through the Personal Automobile Insurance Procedure (PAIP) on behalf of the Kentucky Automobile Insurance Plan.

“Servicing carrier” means an insurer that processes commercial Plan business for the Commercial Automobile Insurance Procedure (CAIP) on behalf of member companies who share the premiums, expenses, and losses.

“Forward” means the methods by which a producer may send to the Plan (1) a completed, signed, paper application, deposit, and supporting documentation or (2) a completed paper Electronic Application Submission Retraction Request Form. Such methods may include USPS mail or hand delivery, such as overnight mail, courier, or other delivery service.

“Postmark” means the postmark applied by the United States Postal Service (USPS) and does not include a metered mail stamp (without USPS postmark), electronic stamp, or other postage service or stamp.

“Signatures” means the handwritten signatures of the applicant and producer affixed to the original completed paper application that is forwarded to the Plan for all other methods of application submission.

“Working day” means a day on which business is conducted Monday through Friday, except for legal holidays when the United States Post Office is closed.

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PERSONAL AUTOMOBILE PART

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PERSONAL AUTOMOBILE PART

Sec. 1. PURPOSES OF PLAN

The purposes of the Plan are

- A. to make basic automobile bodily injury and property damage liability insurance and no-fault coverage, as required by Kentucky Law, available subject to the conditions hereinafter stated, and
- B. to make medical payments insurance available, subject to the conditions hereinafter stated, to four wheel vehicles classified and rated as private passenger automobiles, and
- C. to establish a procedure for the sharing of expenses and operating results generated by the Personal Automobile Insurance Procedure among all subscriber companies licensed and/or writing Voluntary Private Passenger Nonfleet (PPNF) policies in the state of Kentucky, and
- D. to preserve to the public the benefits of price competition by encouraging maximum use of the normal private insurance system.

Sec. 2. ELIGIBILITY

A. Applicant Eligible for Plan

To be eligible for bodily injury, property damage, medical payments, uninsured and underinsured motorists, and personal injury protection coverage, the applicant must meet the following criteria:

- 1. As a prerequisite to consideration for coverage through the Plan, an applicant must certify, in the prescribed application form, that he has attempted within 60 days prior to the date of application, to obtain automobile insurance in the state and that he has been unable to obtain such insurance.
- 2. An applicant so certifying shall be considered for coverage through the Plan upon making application in good faith to the Plan. An applicant shall be considered in good faith if he reports all information of a material nature and does not willfully make incorrect or misleading statements in the prescribed application form, or does not come within any of the prohibitions or exclusions shown in Section 2.C.
- 3. The Plan shall be available to residents and nonresidents of the state only with respect to automobiles that are registered or will be registered in the state within 15 days, except that nonresidents who are members of the United States military forces shall be eligible with respect to automobiles registered in other states provided such military nonresidents are stationed in this state at the time application is made and are otherwise eligible for insurance under the Plan.
- 4. In the event the operator's license of the applicant, any operator resident in the same household, or an individual who customarily operates the motor vehicle(s) has been suspended or revoked, including operator licenses requiring SR-22 filings, the applicant is entitled to automobile insurance coverage through the Plan for the operation of properly registered vehicle(s) provided
 - a. another duly licensed operator is shown on the application, or

- b. the application is returned with an additional duly licensed operator, or
- c. current valid operator's license information is submitted, or
- d. a notice of restoration of license is received from the state of Kentucky, or
- e. an SR-22 filing is requested at the time of application.

B. Risks Eligible for Coverage

The following types of risks shall be eligible for coverage:

- 1. Private passenger nonfleet
- 2. Miscellaneous nonfleet personal vehicles including the following types that are registered:
 - a. Motor homes, auto homes (self-propelled)
 - b. Campers and travel trailers
 - c. Dune buggies
 - d. All-terrain vehicles
 - e. Antique autos
 - f. Amphibious autos
 - g. Golf carts
 - h. ★Motorcycles, motorscooters, motorbikes, trail bikes, mopeds, and autocycles❖
- 3. Named nonowner applicants

For the purpose of this Plan, the following definitions shall apply:

"Nonfleet" is defined as four or less motor vehicles of any type.

"Fleet" is defined as five or more motor vehicles of any type.

C. Applicant Not Eligible for Plan

An applicant shall not be entitled to automobile insurance nor shall the Plan be required to afford or continue insurance under the following circumstances:

- 1. if any person who usually drives the motor vehicle does not hold or is not eligible to obtain an operator's license or fails to obtain such license as required by law;
- 2. if any person who usually drives the automobile is a new resident to the state and fails to obtain a Kentucky operator's license as required by law;
- 3. if the applicant or anyone who usually drives the motor vehicle fails to meet all obligations to pay a Plan service provider any automobile insurance premiums due;
- 4. if the applicant is one of two or more entities, in each of which the same person or group of persons or corporations owns a majority interest, none of such entities shall be eligible for insurance under the Plan if any of such entities has failed to meet its premium obligations as outlined above. If an entity owns the majority interest in another entity which in turn owns the majority interest in another entity, all entities so

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related shall be considered as under the same majority ownership for purposes of this Part.

- D. Medical payments insurance shall be available to an applicant, but only in conjunction with the same policy written in accordance with this Plan affording bodily injury and property damage coverage for a four-wheel vehicle classified and rated as a private passenger automobile.

Sec. 3. REELIGIBILITY

Applicants eligible for coverage in accordance with [Section 2](#) are subject to the following reeligibility provisions:

A. New Application

Any applicant denied insurance under [Section 2](#) or cancelled under [Section 12.B](#) of the Plan may reapply to the Plan as soon as the cause of ineligibility is removed.

1. An applicant cancelled under [Section 12.B.1.a](#) for not being in good faith shall not be eligible to reapply to the Plan until 12 months after the effective date of cancellation.
2. Applicants cancelled under [Section 12.B.1.e](#) of the Plan may reapply to the Plan at any time providing no earned premium is owed the service provider.
3. If an applicant cancelled under [Section 12.B.1.e](#) re-applies, provided such applicant is otherwise eligible, the application shall be accompanied by the deposit prescribed in [Section 6](#).
4. Such application shall be considered a new application and coverage shall be determined in accordance with the provisions of Appendix [Section 40](#).

B. Renewals

An applicant who fails to pay the renewal premium quoted by the service provider, in accordance with the provisions of [Section 14.B](#) of this Plan, may reapply to the Plan at any time. If an applicant reappplies, provided such applicant is otherwise eligible, the application shall be accompanied by the deposit prescribed in [Section 6](#). Such application shall be considered a new application and coverage will be determined in accordance with the provisions of [Section 7](#).

Sec. 4. RESERVED FOR FUTURE USE

Sec. 5. EXTENT OF COVERAGE

A. Coverages and Limits

1. Bodily Injury, Property Damage, Medical Payments, and Personal Injury Protection Coverages
 - a. The Plan shall be required to write a policy or binder for basic limits of \$25,000/50,000 bodily injury and \$25,000 property damage.
 - b. An insured may, at his option, also purchase additional coverage to be written in the same policy as the liability coverages for
 - (1) Liability limits adequate to comply with the provisions of the financial responsibility law of any state in which the motor vehicle will be operated, but applicable only while the

motor vehicle is being operated in that state/province;

- (2) The Plan shall be obligated to write limits in excess of the basic limits, as set forth in Section 5.A.1, only when the said basic limits are written through the Plan;
- (3) Liability limits at the following optional limits:

BI Limits

\$50,000/100,000

- (4) Uninsured and underinsured motorists coverage at the standard limits of liability specified in the applicable rules and rates; and
- (5) With respect only to four-wheel private passenger vehicles, not for hire, the assigned company shall upon request of the applicant or insured provide medical payments coverage in the amount of \$1,000.

2. Personal Injury Protection

- a. Personal injury protection coverage shall be afforded on policies or binders providing bodily injury and property damage liability coverages subject to the provisions of Subtitle 39 of the Kentucky Revised Statutes, Chapter 304. Such coverage shall be for an aggregate limit of \$10,000 per insured injured person.

b. Optional Personal Injury Protection Coverage

- (1) For personal injury protection afforded in accordance with 2.a above, the Plan shall upon request of the applicant or insured provide aggregate deductibles per accident for the personal injury protection coverage of \$250, \$500, or \$1,000 applicable to the named insured and family members. (Except corporate or voluntary association insured.)
- (2) With respect to private passenger nonfleet risks for which personal injury protection is afforded in accordance with 2.a above, the Plan, upon request of the applicant or insured, shall afford added reparations benefits in units of \$10,000 up to limits of \$30,000 subject to a total maximum of \$40,000 for basic and additional personal injury protection, if such risk has purchased bodily injury limits in accordance with A.1.b.(3) above.

B. Standard Policy Coverage

1. Personal Auto Policy

- a. The following risks shall be provided uniform coverage, equivalent to the coverage of the Edition of the Insurance Services Office, Inc. (ISO) Personal Auto Policy and the ISO and Automobile Insurance Plan endorsements which have been approved by the Kentucky Office of Insurance for use with Automobile Insurance Plan business.
 - (1) Private passenger automobiles, as defined in the Automobile Insurance Plan Manual

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of Rules and Rates, which have four wheels and are owned or hired under a long-term contract by an individual or by a married couple who are residents in the same household or jointly by relatives other than a married couple or jointly by resident individuals

- (2) Motorcycles or similar type motor vehicles, or motor homes used for private passenger purposes which are owned or hired under a long-term contract by an individual or a married couple who are residents in the same household, and written on a specified car basis
 - b. For motorcycles or similar type motor vehicles or motor homes, referred to above, coverage shall be amended by an approved Automobile Insurance Plan Miscellaneous Type Vehicle Endorsement.
 - c. For private passenger automobiles owned or hired under a long-term contract by individuals, other than spouses, residing in the same household or nonresident relatives, coverage shall be amended by an approved Automobile Insurance Plan Joint Ownership Coverage Endorsement.
 - d. Personal injury protection coverage shall be afforded by approved Kentucky No-Fault endorsements.
2. Named Nonowner Policy
 - a. Named nonowner risks shall be afforded coverage through the Automobile Insurance Plan Named Nonowner Policy and Automobile Insurance Plan endorsements which have been approved by the Kentucky Office of Insurance for use with Automobile Insurance Plan business.
 - b. Personal injury protection coverage shall be afforded by approved Kentucky No-Fault endorsements.
3. Filing of Policy and Endorsement Forms

Any required filing of policy or endorsement forms shall be made on behalf of the Plan by AIPSO.

**Sec. 6. PREMIUM DEPOSIT
REQUIREMENTS AND PAYMENT
OPTIONS**

The application for insurance under the Plan must be submitted to the Plan on a prescribed form accompanied by the full gross annual premium or a deposit on a gross basis as indicated below. If the premium is financed with a premium finance company, a copy of the Premium Finance Agreement must be submitted with the application.

A. Full Annual Premium Payment Option

The full annual premium as determined by the Plan Manual of Rules and Rates shall be submitted as the deposit. There is no installment charge required with the deposit. If the premium deposit is inadequate, the outstanding balance shall be billed immediately and due within 30 calendar days of the date of the premium notice.

B. Advance Premium Payment Option

30% of the total annual premium shall accompany the application. There is no installment charge required with the deposit. The balance will be billed immediately and due within 30 calendar days from the date of the premium notice.

C. Installment Premium Payment Option

Note: The installment premium payment option is not available if any portion of the annual premium is financed by a premium finance company. If any portion of the annual premium is financed after the installment premium payment option is elected, the service provider may bill the insured immediately for the unpaid balance of the annual premium.

1. Deposit

25% of the total annual premium shall accompany the new application and as the initial payment on renewal policies. (No installment charge is required with the deposit.)

2. Installments

The first installment bill will show the current annual premium plus the total installment charge minus the deposit. Each installment bill should display the status of the account and is to be released to the insured with a copy to the producer.

Each installment will consist of one-fifth of the remainder of the premium subject to a minimum amount due of \$20 (to which any outstanding balance of less than \$20 is to be added) plus an installment charge of \$4 on each installment, due as follows:

- a. 1st installment—2 months after the effective date of the policy
- b. 2nd installment—3 months after the effective date of the policy
- c. 3rd installment—4 months after the effective date of the policy
- d. 4th installment—5 months after the effective date of the policy
- e. 5th installment—6 months after the effective date of the policy

At any point during the installment billing period should the policyholder elect to pay the outstanding balance, the service charge for the current bill would apply.

3. Additional Premium—Changes

Additional premium resulting from changes to the policy may be spread over the remaining installments, if any, or may be billed immediately as a separate transaction. Full compensation on the additional premium is payable by the company after the endorsement is issued.

4. Return Premium—Changes

Return premium resulting from changes to the policy may be used to reduce the outstanding balance. If the outstanding balance is eliminated, any amount remaining from the return premium will be returned

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immediately. If an outstanding balance remains, the number and amounts of the remaining installments will be adjusted accordingly. If the return amount is less than \$20, it may be treated as a separate transaction.

5. If the installment is past due and the next installment is due to be billed, a notice of cancellation may be issued to be effective no earlier than the due date of the current installment. The total of the past due installment and the current installment shall become the minimum amount required to avoid cancellation of the policy. If the minimum payment is received by the effective date of cancellation, the policy shall be continued and subsequent installments shall be processed on schedule.

D. Deposit, Installment, or Additional Premium Payments Applicable to Either A, B, or C

All deposit, installments, and additional premium payments shall be submitted gross. Compensation will be paid in accordance with [Section 13](#).

The deposit shall be by producer's check, applicant's check, certified check, bank check, or money order payable to the Kentucky Automobile Insurance Plan. If the risk is ineligible for coverage, the deposit shall be returned.

Additional premium payments shall be by producer's check, applicant's check, certified check, bank check, or money order payable to the service provider.

If the deposit premium is 20% or more inadequate, the service provider may bill for the deficiency immediately. If there are additional premium charges during the policy period, the service provider may collect the additional premium as a separate amount or may add it to the remaining amount due and adjust the remaining installments accordingly. Refunds may be handled in the same manner as additional charges, i.e., credit applied to the remaining balance due or refunded immediately if the outstanding balance is eliminated.

E. Dishonored Producer Checks

Producers who have submitted dishonored checks issued by the agency or by an agent individually, on one or more occasions during a one-year period to the Plan or a service provider, must submit future payments by certified check, bank check, or money order. This shall not negate any rights of the Plan to pursue action against a producer.

F. Premium Owed for Prior Insurance

Upon receipt of the deposit accompanying an application for insurance, the service provider may deduct from such deposit any unpaid balance of earned premium owed to the service provider by the applicant and apply such amount deducted to the unpaid balance of the deposit or installment required. If the resulting balance is not paid within the time permitted by Plan rules, the service provider shall be entitled to cancel such insurance pursuant to [Section 12.B](#) of this Plan.

G. Minimum Billing

Any amount due which is less than \$5 will not be billed.

Sec. 7. APPLICATION FOR ASSIGNMENT, DESIGNATION OF COMPANY, EVIDENCE OF INSURANCE, AND EFFECTIVE DATE OF COVERAGE

A. Original Application

1. Upon receipt of an original prescribed properly completed EASi application and the deposit specified in [Section 6](#), and if the application form shows that the applicant is eligible for coverage, the Plan shall process the application and shall so advise the producer of record and shall state in such notice the date when the coverage shall become effective.

In no event shall coverage be effective unless

- a. the application includes the signatures of the applicant and the producer;
- b. the required deposit premium is submitted with the application.

2. Electronic Application Submission Interface (EASi)

The producer of record must use EASi to transmit the application electronically to the Plan.

Coverage will be effective only when the electronic submission is transmitted under the procedures established and authorized by the Plan.

Prior to accessing EASi, each producer must be registered with the Plan in accordance with the procedure outlined in [Section 51](#).

The completed EASi application must be printed, signed and submitted to the Plan in accordance with the following procedures:

- a. Immediate Coverage

If the application requires that the coverage applied for become effective at the time of application, the producer shall indicate the date and time when the coverage is required. The coverages and limits applied for shall become effective at the time the application is completed and executed, provided all of the following requirements are met:

- (1) The producer of record and the applicant shall certify on the application prescribed by the Plan, the date (day, month, and year) and time (hour, A.M. or P.M.) that the application information was completed.
- (2) The application generated by EASi and deposit premium must be mailed to the Plan no later than one working day following the date of transmittal of the application, as evidenced by the postmark on the mailed envelope, or must be hand delivered to the Plan (including delivery by means of overnight mail, courier, or other delivery services) no later than one working day following the date of transmittal of the application. If the original application produced by EASi and deposit premium are not mailed or delivered to the Plan in accordance with this section, coverage shall be effective at 12:01 A.M. on the day following receipt of the application and the deposit premium by

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- the Plan. The Plan will consider this a producer violation of performance standards.
- b. Future Effective Date of Coverage
- In the event a future effective date of coverage has been requested by the producer of record, coverage shall become effective as of 12:01 A.M. on the future date, provided all of the following requirements are met:
- (1) The requested effective date of coverage does not exceed 30 days from the date of transmittal of the application.
 - (2) The producer of record and the applicant shall certify on the application prescribed by the Plan the date (day, month, and year) and time (hour, A.M. or P.M.) of the future date of coverage.
 - (3) The application generated by EASi and deposit premium must be mailed to the Plan no later than one working day following the date the application is transmitted, as evidenced by the postmark on the mailed envelope, or must be hand delivered to the Plan (including delivery by means of overnight mail, courier, or other delivery services) no later than one working day following the date of transmittal of the application. If the application produced by EASi and deposit premium are not mailed or delivered to the Plan in accordance with this section, coverage shall be effective at 12:01 A.M. on the day following receipt of the application and the deposit premium by the Plan or the future effective date of coverage, whichever is later. The Plan will consider this a producer violation of performance standards.
- c. The producer of record completing and signing the application may not transmit the application using EASi until the deposit premium has been received by the producer and the application for coverage has been completed.
- d. Appropriate records for all risks submitted using EASi must be maintained. The producer agrees to permit the inspection or photocopying of such office records by the Plan or by a company representative.
- e. Private Passenger Application Retraction Procedure
- (1) When to Retract an EASi Application
Following issuance of a reference number and prior to mailing or delivery of a completed, signed application to the Plan, the producer of record may retract a private passenger application for the reasons stated in Section 7.A.2.e.(2).
 - (2) Reasons for Retraction of an EASi Application
An EASi private passenger application may be retracted for any of the following reasons:
 - (a) The applicant has notified the producer of record that coverage through the Plan is no longer required.
 - (b) The producer of record has made an error in the information provided.
 - (c) The producer of record has, in error, requested more than one reference number for the same application.
- (3) Electronic Retraction Process
The producer of record shall access EASi and use the on-line electronic process to retract an EASi application. The retraction must be transmitted to the Plan no later than one working day after the date the application is submitted using EASi. The producer is not required to submit a copy of the retracted paper application to the Plan. If the retraction is not electronically transmitted within 15 calendar days after the date of issuance of the EASi reference number, the producer to whom the EASi reference number is assigned will be considered in violation of performance standards.
- (4) Alternate Procedure for Submission of an EASi Retraction Request Form
If, for any reason, EASi is not available, a producer may request retraction of an EASi reference number by completing and submitting a paper EASi Retraction Request Form in accordance with the following procedure:
The producer of record shall complete a paper Electronic Application Submission Interface Retraction Request Form and forward it to the Plan no later than two working days after the date the application is submitted using EASi.
If the reason for retraction is (1) the applicant's coverage has been placed in the voluntary market or (2) the applicant has elected not to pursue assignment for coverage through the Plan, the producer may mail, deliver, or electronically transmit the EASi Retraction Request form to the Plan. The producer is not required to submit a copy of the retracted paper EASi application to the Plan.
When retraction is requested because the producer has made an error in the application information and a corrected application has been electronically transmitted using EASi, the producer must mail or deliver the corrected EASi application, deposit check, and any supporting documentation accompanied by a copy of the completed EASi Retraction Request Form to the Plan.
If the Plan does not receive the paper Electronic Application Submission Interface Retraction Request Form within 15 calendar days after the date of issuance of the EASi reference number, the producer to whom the reference number is assigned

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will be considered in violation of performance standards.

(5) Plan Retraction of EASi Application

If the producer fails to retract the EASi application in accordance with Section 7.A.2.e.(3) or (4), the Plan shall retract the application 20 calendar days following the date of transmittal of the EASi application. The Plan shall notify the applicant and producer that the application has been retracted. The application shall be considered null and void and no coverage is in effect.

- f. If EASi is not available, the producer of record must submit an original application form in accordance with the Alternate Application Submission Procedure in Appendix, [Section 52](#). The effective date of coverage will be determined in accordance with Appendix, [Section 52](#).
- g. The Plan shall maintain a record of producer violations of EASi. Violation of procedures of EASi outlined in this section may result in referral to the Governing Committee for limitation, suspension, or termination of access to EASi.
- h. Access to EASi shall not be construed as constituting the producer as an agent of the Plan or any service provider to which an applicant is assigned. In all transactions between the applicant and the Plan, the producer shall be deemed to be the agent of the applicant and not the agent of the Plan.

3. Plan Submission to Service Provider

The Plan shall forward to the service provider the application form, the notice of the effective date of coverage, and the deposit, same to be credited by the service provider against the policy premium.

4. Filings of Policies and Certificates

The service provider shall make such filings of policies and certificates for the applicant, or for the spouse if eligible under the Plan, as may be required by law.

5. Applicant Refusal to Accept Policy

If for any reason the applicant refuses to accept the policy, the service provider shall retain whichever of the following is greater, and return the balance to the applicant:

- a. the earned premium for the period of coverage and .10 of the pro rata unearned policy premium, or
- b. the minimum policy premium as contained in the Automobile Insurance Plan Manual of Rules and Rates.

B. Additional Vehicles or Coverages

- 1. ★If additional coverages as described in [Section 5](#) of this Plan are desired during the policy period or coverage for an additional or replacement vehicle is desired, a completed approved Policy Change Request form shall be submitted to the service provider no later than the first working day after completion.✦
- 2. Premium requirements for additional vehicles or coverages include the following:
 - a. The Policy Change Request form shall be accompanied by a check or money order payable to the service provider for an amount equal to 30% of the annual premium or the pro rata premium for the remainder of the policy period, whichever is less.

★If the Policy Change Request form is submitted electronically, any additional premium must be forwarded to the servicing carrier no later than the first working day after electronic transmittal of the Policy Change Request form. If additional payment is not received by the service provider within 10 working days, the producer will be charged with a complaint pursuant to [Section 15](#).✦
 - b. The balance of the additional premium shall be payable in accordance with the provisions of [Section 6](#).
 - c. The producer shall not deduct their commission from any premium payment for additional vehicles or coverages submitted to the service provider.
- 3. Except as otherwise provided in the policy contract, coverage will be effective at the date and hour specified in the Policy Change Request form provided:
 - a. ★The producer of record forwards the completed Policy Change Request form to the service provider in accordance with Section 7.B.1;✦
 - b. The United States Postal Service postmark date on the transmittal envelope complies with the mailing requirements shown in Section 7.B.1.
- 4. If the provisions of Sections 7.B.3.a and b above are not met, the effective date of coverage shall be determined as follows:
 - a. The coverage shall be made effective at 12:01 A.M. on the day following the date the Policy Change Request form is mailed to the service provider as shown by the postmark if the transmittal envelope bears a legible postmark affixed by the United States Postal Service.
 - b. If the transmittal envelope does not bear a legible postmark affixed by the United States Postal Service, or if the envelope is stamped by a metered mail postmark, electronic stamp, or other postage service or stamp, coverage shall be made effective at 12:01 A.M. on the day the Policy Change Request form is received by the service provider.
 - c. If the Policy Change Request form is delivered to the service provider by means other than the

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United States Postal Service (including delivery by means of overnight mail, courier, or other delivery service), coverage shall be made effective at 12:01 A.M. on the day following receipt by the service provider.

★

5. If the Policy Change Request form is transmitted to the service provider via facsimile ("fax") or e-mail, coverage will be effective at the date and hour specified in the Policy Change Request form, provided all the following requirements are met:

- a. The producer of record and applicant certify the date and hour of completion of the Policy Change Request form.
- b. The producer of record electronically transmits the completed Policy Change Request form to the service provider no later than the first working day after the Policy Change Request form is completed.
- c. The producer of record forwards additional premium payment, if required, to the service provider in accordance with Section 7.B.2.a above.

If the provisions of Sections 7.B.5.a and b are not met, coverage shall be made effective at 12:01 A.M. on the day following the receipt of electronic transmission of the policy change request by the service provider.

6. Except when there is a reduction or elimination of coverage, the producer may provide the service provider with policy change requests by telephone if the option is available by the service provider. Coverage will be effective at the date and hour specified by telephone, provided all the following requirements are met:

- a. The producer must forward the completed approved Policy Change Request form to the service provider no later than the first working day after the policy change request information is transmitted by telephone.
- b. The producer of record and applicant certify the date and hour of completion of the Policy Change Request form.
- c. The producer of record forwards additional premium payment, if required, to the service provider in accordance with Section 7.B.2.a above.

7. If the provisions of Sections 7.B.6.a and b are not met, the effective date of coverage shall be determined as follows:

- a. The coverage shall be made effective at 12:01 A.M. on the day following the date the Policy Change Request form is mailed to the service provider as shown by the postmark if the transmittal envelope bears a legible postmark affixed by the United States Postal Service.
- b. If the transmittal envelope does not bear a legible postmark affixed by the United States Postal Service, or if the envelope is stamped by a postage meter, electronic stamp, or other postage service or stamp, coverage shall be

made effective at 12:01 A.M. on the day the Policy Change Request form is received by the service provider.

- c. If the Policy Change Request form is delivered to the service provider by any means other than the United States Postal Service (including delivery by means of overnight mail, courier, or other delivery service), coverage shall be made effective at 12:01 A.M. on the day following receipt by the service provider.
- d. If the Policy Change Request form is transmitted to the service provider via facsimile ("fax") or e-mail, coverage shall be made effective at 12:01 A.M. on the day following the receipt of electronic transmission of the policy change request by the service provider.

8. In no event shall any change in coverage be effective prior to the date and hour of completion of the Policy Change Request form except as provided for by the provisions of the policy contract.

9. If the application has been submitted to the Plan and the producer has not yet been notified of the service provider, the Policy Change Request form and premium payment must be forwarded to the Plan no later than the first working day after completion.

10. The producer of record shall maintain appropriate records of all risks for which they have designated the date and hour of coverage and agrees to permit inspection or photocopying of such office records by the Plan or by a service provider representative. This inspection or photocopying will be limited to situations where the date and hour of coverage is in question due to the occurrence of an accident or claim arising under the Policy Change Request form completed in accordance with this Section. ❖

C. Reduction or Elimination of Coverage

In the event a reduction or elimination of coverage is desired during the policy period, a completed approved Policy Change Request form must be signed by the applicant or insured and submitted to the service provider.

D. Incomplete Applications

Applications shall be accepted by the Plan and processed by the service provider, if the requirements shown in [Sections 6](#) and [7](#) are reasonably complied with, and it shall be the responsibility of the Plan and the service provider to communicate clearly to the applicant and to the producer of record in what respect an application requires correction.

1. Applications Returned by the Plan

For EASi applications and plain paper applications subject to the Alternate Application Submission Procedure in [Section 52](#), the Plan shall give at least 15 calendar days to the applicant and producer to remedy any defects in the application. Written notice of the return of the application shall be provided to the producer and applicant. If the corrected application and deposit premium are returned to the Plan within 15 calendar days from the date on the Plan's initial return letter, the application and deposit premium will be processed and coverage will be effective as if the original application were complete, provided the applicant is otherwise eligible. If the application requires further correction, the Plan shall return the

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application to the producer to remedy any deficiencies.

If the completed application and deposit are not received by the Plan within 20 calendar days from the date of return of the application, the Plan shall notify the producer and applicant in writing that the completed application and deposit have not been received. The application shall be considered null and void and no coverage is in effect. The Plan shall retract an EASi application. The producer shall receive a complaint.

2. Applications Received by the Service Provider

The service provider shall give at least 15 calendar days to the applicant and to the producer of record for remedying any defects in the application, and no part of the deposit premium shall be returned to the applicant or to the producer of record except upon proper cancellation in accordance with the provisions of [Section 12](#) of this Plan, as applicable.

Sec. 8. RESERVED FOR FUTURE USE

Sec. 9. ASSIGNMENT PERIOD

An applicant shall be assigned to a service provider for a period of three consecutive years. The service provider shall be required to renew the policy for two consecutive years following the initial policy term, provided the insured continues to be eligible for coverage through the Plan.

If an insured is unable to obtain insurance at the end of the three-year period, reapplication for insurance may be made to the Plan. Such reapplication shall be considered as a new application.

In the case of nonresident military personnel, as described under [Section 2](#) of the Plan, the service provider shall not be required to renew if, at the time of renewal, the insured is stationed in another state and his automobile is not registered in Kentucky.

Secs. 10–11. RESERVED FOR FUTURE USE

Sec. 12. CANCELLATIONS

A. Cancellation at Request of Insured

If for any reason the insured requests a cancellation, other than placement of coverage through the voluntary market, the service provider shall retain the earned premium for the period of coverage and .10 of the pro rata unearned policy premium, or the minimum policy premium as contained in the Automobile Insurance Plan Manual of Rules and Rates, whichever is greater, and return the balance to the insured.

In the event the insured requests cancellation of a policy because coverage has been replaced in the voluntary market with an admitted carrier, and the service provider receives proof documenting same, the cancellation shall be on a pro rata basis, or the minimum policy premium as contained in the Automobile Insurance Plan Manual of Rules and Rates, whichever is greater.

B. Cancellation by the Plan

1. A service provider acting on behalf of the Plan, which has issued a policy or binder under this Plan, shall have the right to cancel the insurance by giving notice as required in the policy or binder if the insured
 - a. is not, or ceases to be, eligible or in good faith entitled to insurance, or
 - b. has failed to comply with reasonable safety requirements, or
 - c. has violated any of the terms or conditions upon the basis of which the insurance was issued, or
 - d. has obtained the insurance through fraud or misrepresentations, or
 - e. has failed to pay any premiums due under the policy, or
 - f. has failed to remedy defects in the application as outlined in [Section 7.D](#), or
 - g. cannot be located by the service provider for purposes of its underwriting review, or fails to respond to at least two written requests for pertinent underwriting information which would have a direct bearing on the rating of a policy.

2. Each such cancellation shall be on a pro rata basis, subject to the minimum policy premium prescribed in the Automobile Insurance Plan Manual of Rules and Rates, whichever is greater, and a copy of each such cancellation notice shall be furnished to the producer of record. A statement of facts in support of each such cancellation shall be furnished to the producer of record and to the insured 10 days prior to the effective date of cancellation.

Cancellation shall be effective on the date specified and coverage shall cease on such date.

At the option of the service provider, the nonpayment cancellation date may be the equity date computed on the pro rata basis. (Equity date is the date at which all collected premium is earned as computed on the pro rata basis.)

No coverage will be effective if the insured's premium remittance which accompanies the application is justifiably dishonored by the financial institution.

If the service provider issues a cancellation notice for nonpayment of premium to a private passenger nonfleet insured and the insured's remittance received by the service provider subsequent to the issuance of such cancellation notice is justifiably dishonored by the financial institution, the Plan policy will terminate on the date and time shown on the cancellation notice issued for nonpayment of premium.

Nothing herein shall be deemed to affect the service provider's right to rescind a policy for fraud, misrepresentation, or if the insured's premium remittance which accompanies the application is justifiably dishonored by the financial institution, or to invoke other remedies provided by law.

C. Cancellation at the Request of the Producer

A service provider shall, at the request of a producer, cancel a policy in conformity with law where producer

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presents proof that a check, tendered by the insured to be used for the payment of premium and which has been deposited in the producer's premium account, has been refused payment by the bank upon which it has been drawn. Such cancellation shall be on a pro rata basis, and the unearned portion of the paid premium, if any, shall be returned to the producer to the extent of the amount of the dishonored check.

D. Minimum Refund

Any unearned premium amounts under \$5 will be refunded only upon the insured's request.

Sec. 13. COMPENSATION TO PRODUCER OF RECORD

A. Unless other arrangements have been made with the Executive Director of the Office of Insurance, the compensation under the Plan shall be as follows:

5% of the policy premium for compensation to a licensed producer designated by the insured

B. Compensation may be paid by the service provider either (1) on the full annual premium, or (2) on the basis of the premium received by the service provider.

C. A producer accounting system may be utilized by a service provider in its payment of producer compensation.

D. Compensation will not be paid on installment charges.

E. On any risk rated and domiciled outside of this state, the licensed producer may be paid only that portion of the producer's compensation specified above which is permissible under the laws of the state in which the risk is rated and domiciled.

F. Producer compensation under [Section 6.C](#). Installment Premium Payment Option may be paid as installment payment is received by the service provider.

G. In the event of cancellation, policy change, or a termination resulting in a reduction of premium, compensation will be payable on the earned premium received by the service provider.

H. Final compensation adjustment will be in accordance with this Section.

I. Should the producer fail to provide their tax identification number, the service provider may defer the payment of compensation until the proper tax identification is provided.

Sec. 14. PERFORMANCE STANDARDS FOR SERVICE PROVIDERS WRITING KENTUCKY AUTOMOBILE INSURANCE PLAN PRIVATE PASSENGER NONFLEET RISKS

The performance standards listed below set forth the specific time during which service providers must perform in accordance with the rules of this Plan.

A. Issuance of Original Policy

Upon receipt of the Notice of Designation and the premium or deposit from the Plan, the service provider shall

1. within two working days following the effective date of coverage or receipt of the Notice of Designation, whichever occurs last, make filings of policies and certificates, as may be required, provided all information necessary is contained in the application form and such application is accompanied by the deposit prescribed in [Section 6](#). Such filings will indicate the effective date specified by the Plan in the Notice of Designation,
2. within 30 calendar days issue a policy if all information necessary for the service provider to fix the proper rate is contained in the application form, such policy to become effective in accordance with the provisions of [Section 7](#), or
3. within 30 calendar days issue a binder if all information necessary for the service provider to fix the proper rate is not contained in the application form or if the Plan Manual does not contain rates applicable to an applicant. In the event the Plan Manual does not contain applicable rates, the service provider must request that AIPSO make the necessary rate filing with the Executive Director of the Office of Insurance. Upon receipt of information necessary for the service provider to fix the proper rate or notification of approval of the rate filing, the service provider shall issue a policy to become effective in accordance with the provisions of [Section 7](#).

Unless the service provider finds the applicant ineligible for insurance under the rules of the Plan, the service provider will notify the insured and the producer of record of the collection procedure to be followed. The service provider will be guided by the following:

- Full Annual Premium Payment Option
See [Section 6.A](#).
- Advance Premium Payment Option
See [Section 6.B](#).
- Installment Premium Payment Option
See [Section 6.C](#).

The day the Notice of Designation and premium or deposit are received from the Plan shall be deemed the first working day, whatever may be the time of such receipt. No Saturday, Sunday, or legal holiday in the place of receipt shall be deemed a working day.

The producer of record shall be notified as to the disposition of the assignment in accordance with Section 14.A.

B. Renewal Policies or Certificates

At least 30 calendar days prior to the inception date of renewals, the service provider shall notify the applicant that

1. a renewal will be issued provided the premium stipulated by the service provider is received at the service provider's address identified by the premium bill before the expiration date of the current policy, or
2. if the renewal is to be written on the installment premium payment option, such renewal will be written provided the deposit premium stipulated by the service provider is received at the service provider's address identified on the premium bill before the expiration date of the current policy, or

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3. a renewal will not be issued for the reason that the applicant is not entitled to insurance under the Plan.

Renewal premium quotations will be made as stipulated in the present Plan rules. A copy of such notice shall be filed with the producer of record. In the event the service provider will not issue a renewal, the reason supporting such action together with a copy of said notice shall be filed with the Executive Director of the Office of Insurance of the state and the Plan.

Renewal policies or certificates will be issued and mailed within 30 days of the service provider's receipt of the renewal premium specified under Section 14.B.2 above.

C. End of Assignment Period

At least 45 calendar days prior to the expiration date of the final renewal of the assignment period, the service provider shall notify the applicant that the period of assignment under the Plan will terminate on said expiration date. A copy of such notice shall be sent to the producer of record.

D. Endorsements

Any endorsement requested of the service provider shall be issued and mailed within 30 days.

E. Return Premiums

Within 30 days of the receipt of a request for either cancellation or an endorsement resulting in a return premium, the service provider must mail the return premium check.

F. Collection of Premium

Service providers are to follow present Plan rules—see [Section 6](#) of this Plan.

G. Compensation

Compensation shall be paid no less frequently than monthly and shall be paid within 15 days after the close of the month in which the commission was credited to the producer's account. The service provider must issue a statement and, if applicable, the proper compensation check unless the producer fails to provide his or her proper tax identification number. Final compensation adjustment will be in accordance with [Section 13](#).

H. Claim Handling

1. Service providers shall provide policyholders and producers with information on how and where to report claims.
2. Each service provider is responsible for handling all claims properly and promptly in accordance with the terms of the contracts of insurance subject to the limits of coverage provided. Claim adjustment practices and procedures shall correspond with those followed for voluntary business, if applicable. Where unfair claim practices, regulations, or legislation exist, service providers must comply with such regulations or legislation.
3. Service providers must have the ability to service insurance claims in every state, the District of Columbia, and Canada.
4. Contact (First and Third-Party Claimants)
Initial contact with insureds and claimants must comply with claim handling compliance procedures.

The service provider will provide first party claimants with the necessary forms and instructions to permit compliance with all policy conditions.

5. Appraisal

Within the applicable state regulations or unfair claims practices, an appraisal must be completed for the purpose of determining the cost of repair. If the state has not established time guidelines, an appraisal, or documented attempts, must be completed within 10 working days from the date of receipt of a specific claim, including damages and location of vehicle, by the service provider. If a second inspection is required, the service provider will document attempts for scheduling a second appraisal within two working days of notice for the need of the second appraisal.

6. Coverage

The service provider must verify that the proper coverage was in effect at the time of loss which covers the damages claimed by the first or third party claimant.

7. Investigation

The service provider must begin an investigation of any claim within 15 working days of receipt of notification of the claim.

The service provider must substantially complete an investigation of each claim 30 working days after notification of the claim.

If after 30 working days from notification of the claim the completed investigation is insufficient to properly adjust the claim or the parties cannot agree to settlement, the service provider must notify the policyholder, claimant, or authorized representative in accordance with the state's applicable regulations or unfair claims practices, until the claim is settled, or until both parties agree updates are no longer needed. If the state has not established any guidelines on this topic, the service provider will advise the claimant within 30 working days from receipt of proof of loss or settlement material, what outstanding information is required to adjust the claim.

8. Reserving

Reserving practices must comply with the requirements outlined in the Claims Guidelines Manual.

9. Documentation/File Reporting

A file for each claim must be compiled by the service provider's claims staff, and should address coverage, liability, damage investigation, reserves, subrogation potential, and recommendations for future handling.

As claims handling continues, the file should be updated to address reserve adequacy, strategies, plans for future handling, and resolution.

10. Payment

Payment on all claims must be made within the applicable state regulations and/or unfair claims practices. All payments not defined within state regulations or unfair claims practices will be paid within 30 days after receipt of proof of loss, agreed appraisal amount or written settlement agreement (unless the

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service provider has not completed the investigation necessary to make a decision or the parties cannot agree on settlement). Receipt of these documents does not waive the carrier's right to conduct an investigation prior to settlement and/or offer a reasonable settlement based upon the facts.

11. Expenses

All reported allocated loss adjustment expenses must comply with the eligibility requirements outlined in the PAIP Accounting and Statistical Requirements Manual.

12. Fraud Prevention/Detection

Claims personnel shall receive training in fraud prevention and detection which complies with claim handling compliance procedures.

The service provider must ensure that its special investigative handling complies with applicable statutes, regulations, and directives.

13. Noncompliance with claim handling performance standards will be reported to the Governing Committee for appropriate corrective action which cannot include monetary penalties. The matter may also be reported to the Executive Director of the Office of Insurance for such action as is deemed necessary.

I. Surcharges

At the time of the initial application of a surcharge based on a driving record obtained from a state motor vehicle record, the service provider will furnish to the insured a listing of the accidents/convictions which determined the surcharge.

Sec. 15. PERFORMANCE STANDARDS FOR PRODUCERS WRITING KENTUCKY AUTOMOBILE INSURANCE PLAN PRIVATE PASSENGER NONFLEET RISKS

A. Original Applications

1. Applications shall be fully completed and must include
 - a. necessary information to rate and write the policy, prepare a bill, and make any required financial responsibility filings;
 - b. name, address, and tax identification number of the producer;
 - c. signatures of the applicant and the producer;
 - d. the producer of record and applicant shall certify on the application the date (day, month, and year) and time (hour, A.M. or P.M.) that the application was completed.
2. Deposit premiums shall be submitted with the application in accordance with [Section 6](#).
3. If violations pertaining to the use of EASi have occurred, the Governing Committee may limit, suspend or terminate producer access to EASi.

If the Plan determines that immediate action is required to protect the public interest prior to a hearing before the Governing Committee in accordance with usual Plan procedures, the Plan may immediately suspend a producer's privilege to use EASi. The Plan shall notify the producer, in writing, of the suspension and provide the written statement of the alleged violations against the producer which clearly evidence that delay until a Governing Committee hearing can be held will pose harm to the public interest. A hearing on the merits before the Governing Committee will take place within 10 days of the notice of suspension. Within 7 days of the hearing, the Plan shall notify the producer, in writing, of the Governing Committee's decision. Any final decision of the Governing Committee under this Section shall be subject to the right of appeal of the Executive Director of the Office of Insurance of the state.

B. Return Compensation

Return compensation shall be paid within 45 days from the date of notice to the producer.

C. Cancellation of Plan Policy

No producer shall cancel and rewrite a Plan policy for the purpose of avoiding a rate increase, a rate decrease, or additional charges.

D. Policy Change Request

★Producers must use the Policy Change Request form authorized for Plan use or the one provided by the service provider when making a policy change request. ❖

E. Claims

When an insured reports an accident or claim to the producer, the producer shall report it to the service provider within one working day in accordance with the instructions of the service provider.

F. Payments

1. Additional premium payments shall be submitted gross in accordance with [Section 6.C.3](#).
2. Producers shall immediately remit all payments received from insureds by the due date.
3. Dishonored producer checks shall be reported to the Plan.

G. License

Producers must be properly licensed and conform to the requirements of the Plan.

H. Fraud or Misrepresentation

No producer shall engage either in fraud or misrepresentation with regard to the contents of an application, the necessary information to rate and write a policy, a claim, or any other information material to underwriting a risk.

Sec. 16. RESERVED FOR FUTURE USE

KENTUCKY AUTOMOBILE INSURANCE PLAN
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NOTES

KENTUCKY AUTOMOBILE INSURANCE PLAN
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Sec. 17. PURPOSES OF PLAN

The purposes of the Plan are

- A. to make basic automobile bodily injury and property damage liability insurance, including auto dealer liability insurance, and no-fault coverage, as required by Kentucky law, available subject to the conditions hereinafter stated, and
- B. to make medical payments insurance available, subject to the conditions hereinafter stated, to four-wheel vehicles classified and rated as private passenger automobiles, and
- C. to establish a procedure for the sharing of premiums, losses, and expenses generated by the Commercial Automobile Insurance Procedure (CAIP) among all subscriber companies writing Voluntary Other than Private Passenger (OTPP) policies in the state of Kentucky, and
- D. to preserve to the public the benefits of price competition by encouraging maximum use of the normal private insurance system.

Note: For purposes of this Part of the Plan of Operation, the Commercial Automobile Insurance Procedure (CAIP) servicing carrier shall include a service provider appointed with a fronting company, unless otherwise specified.

Sec. 18. ELIGIBILITY

A. Applicant Eligible for Plan

To be eligible for bodily injury, property damage, medical payments, uninsured and underinsured motorists, and personal injury protection coverage, the applicant must meet the following criteria:

- 1. As a prerequisite to consideration for coverage through the Plan, an applicant must certify, in the prescribed application form, that he or she has attempted, within 60 days prior to the date of application, to obtain automobile insurance in the state and that he or she has been unable to obtain such insurance.
- 2. An applicant so certifying shall be considered for coverage through the Plan upon making application in good faith to the Plan. An applicant shall be considered in good faith if he or she reports all information of a material nature and does not willfully make incorrect or misleading statements in the prescribed application form, or does not come within any of the prohibitions or exclusions shown in Section 18.C.
- 3. Except as provided in Section 18.E, the Plan shall be available to residents and nonresidents of the state only with respect to automobiles that are registered or will be registered in the state within 15 days, except that nonresidents who are members of the United States military forces shall be eligible with respect to automobiles registered in other states provided such military nonresidents are stationed in this state at the time application is made and are otherwise eligible for insurance under the Plan.
- 4. In the event the operator's license of the applicant, any operator resident in the same household, or an

individual who customarily operates the motor vehicle(s) has been suspended or revoked, including operator licenses requiring SR-22 filings, the applicant is entitled to automobile insurance coverage through the Plan for the operation of properly registered vehicle(s) provided

- a. another duly licensed operator is shown on the application, or
- b. the application is returned with an additional duly licensed operator, or
- c. current valid operator's license information is submitted, or
- d. a notice of restoration of license is received from the state of Kentucky, or
- e. an SR-22 filing is requested at the time of application.

B. Risks Eligible for Coverage

- 1. All applicants shall be eligible for coverage and pooled in CAIP **EXCEPT** for the following types of risks:
 - a. Private passenger nonfleet
 - b. Miscellaneous nonfleet personal vehicles including the following types that are registered:
 - (1) Motor homes, auto homes (self-propelled)
 - (2) Campers and travel trailers
 - (3) Dune buggies
 - (4) All-terrain vehicles
 - (5) Antique autos
 - (6) Amphibious autos
 - (7) Snowmobiles
 - (8) Golf carts
 - (9) ★Motorcycles, motorscooters, motorbikes, trail bikes, mopeds, and autocycles✦
 - c. Named nonowner applicants

For the purpose of this Plan, the following definitions shall apply:

"Nonfleet" is defined as four or less motor vehicles of any type.

"Fleet" is defined as five or more motor vehicles of any type.

- 2. The foregoing exception shall not apply to those vehicles of any applicant subject to the Federal Motor Carrier Act of 1980 or any law or regulation requiring higher limits than those otherwise available under the Plan, and further, the exception shall not apply to any vehicle that is part of a risk which includes a vehicle required to be pooled.
- 3. When one or more vehicles owned or hired by a single entity are to be provided coverage under this Part, and the vehicle(s) require a filing or a limit of liability as mandated by federal law, state law, or an ordinance or regulation of a political subdivision, all vehicles owned or hired by such entity shall be written under this Part.

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C. Applicant Not Eligible for Plan

An applicant shall not be entitled to automobile insurance nor shall any servicing carrier be required to afford or continue insurance under the following circumstances:

1. if any person who usually drives the motor vehicle does not hold or is not eligible to obtain an operator's license or fails to obtain such license as required by law;
2. if any person who usually drives the automobile is a new resident to the state and fails to obtain a Kentucky operator's license as required by law;
3. if the applicant or anyone who usually drives the motor vehicle fails to meet all obligations to pay any insurance company any automobile insurance premiums due;
4. if the applicant is one of two or more entities, in each of which the same person or group of persons or corporations owns a majority interest, none of such entities shall be eligible for insurance under the Plan if any of such entities has failed to meet its premium obligations as outlined above. If an entity owns the majority interest in another entity which in turn owns the majority interest in another entity, all entities so related shall be considered as under the same majority ownership for purposes of this Part;
5. an applicant is considered ineligible if the applicant has been cancelled for failure to respond to a request to schedule an audit or for failure to comply with a request to conduct an audit and has not submitted to and permitted the completion of an audit, unless the cause of ineligibility has been removed in accordance with Section 19.

D. Medical payments insurance shall be available to an applicant, but only in conjunction with the same policy written in accordance with this Plan affording bodily injury and property damage coverage for a four-wheel vehicle classified and rated as a private passenger automobile.

E. Applicant with Multistate Operations

1. For multistate operations, the state Plan in which the operating headquarters of the risk is located shall provide the insurance. For prepared food delivery services, only risks with a store providing retail sales located in Kentucky paying Kentucky sales tax with delivery in Kentucky are eligible for coverage under this Section.

For the purpose of this Part, operating headquarters is defined as the chief or usual place of business. It is the head office, the place where the principal officers generally transact business and the place to which reports are made and from which orders emanate. It is also the place where the corporate functions are performed. It is where executive offices are located and corporate decisions are made.

The burden of proof with regard to the location of the operating headquarters, consistent with the definition as stated above, lies with the applicant and producer who seeks to be insured through a particular state Plan.

A vehicle principally garaged in another state shall be subject to the rates, additional charges, and rating rules applicable under the Plan of the state of principal garaging.

2. Liability Insurance

The servicing carrier shall provide, upon the request of the applicant, limits of bodily injury and property damage liability insurance equal to the maximum limits of liability insurance afforded in any state Plan in which the applicant's vehicles are garaged.

3. Physical Damage Insurance

Physical damage insurance is available for vehicles garaged outside of the headquarters state. Such coverage shall be provided by the servicing carrier upon request of the applicant for vehicles garaged outside of the headquarters state but only to the extent that physical damage coverage is afforded under the Plan of the state(s) in which such vehicles are principally garaged.

Sec. 19. REELIGIBILITY

Applicants eligible for coverage in accordance with [Section 18](#) are subject to the following reeligibility provisions:

A. New Application

Any applicant denied insurance under [Section 18](#) or cancelled under [Section 28.B](#) of the Plan may reapply to the Plan as soon as the cause of ineligibility is removed.

1. An applicant cancelled under [Section 28.B.1.a](#) for not being in good faith shall not be eligible to reapply to the Plan until 12 months after the effective date of cancellation.
2. Applicants cancelled under [Section 28.B.1.e](#) of the Plan may reapply to the Plan at any time providing no earned premium is owed the previous servicing carrier.
3. If an applicant cancelled under [Section 28.B.1.e](#) re-applies, provided such applicant is otherwise eligible, the application shall be accompanied by the deposit prescribed in [Section 22](#).
4. Such application shall be considered a new application and coverage shall be determined in accordance with the provisions of [Section 23.G](#). If such re-application is made, a new application shall be forwarded directly to the Plan.
5. Risks cancelled for failing to respond to a request to schedule an audit or failing to comply with a request to conduct an audit must first submit to and permit the completion of an audit of the cancelled policy. The servicing carrier that issued the policy that was subsequently cancelled will conduct the audit to remove the cause of ineligibility.

If such reapplication is made, a new application shall be forwarded directly to the Plan.

B. Renewals

An applicant who fails to pay the renewal premium quoted by the servicing carrier, in accordance with the provisions of [Section 31.A.2](#) of this Plan, may reapply to the Plan at any time. If an applicant reapplies, provided such applicant is otherwise eligible, the application shall be accompanied by the deposit prescribed in [Section 22](#). Such application shall be considered a new application and coverage will be determined in accordance with the provisions of [Section 23](#).

KENTUCKY AUTOMOBILE INSURANCE PLAN
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Sec. 20. RESERVED FOR FUTURE USE

Sec. 21. EXTENT OF COVERAGE

A. Coverages and Limits

1. Bodily Injury, Property Damage, Medical Payments, and Personal Injury Protection Coverages

a. Each servicing carrier shall be required to write a policy or binder for basic combined single limit of \$60,000.

b. An insured eligible for coverage may, at his option, also purchase additional coverage to be written in the same policy as the liability coverages for the following:

(1) Limits in excess of the basic limits, as stated in Section 21.A.1, which are required of the applicant by a financial responsibility law enacted by the U.S. Congress or by the state legislature, or which are required by the express provisions of any regulation of a federal or state agency authorized by such a law to prescribe specific limits of financial responsibility;

(2) The Plan shall be obligated to write limits in excess of the basic limits, as set forth in Section 21.A.1, only when the said basic limits are written through the Plan;

(3) Liability limits adequate to comply with the provisions of the financial responsibility law of any state in which the motor vehicle will be operated, but applicable only while the motor vehicle is being operated in that state/province;

(4) In no event however, shall the Plan be required to write limits in excess of the basic limits as set forth in Section 21.A.1 that exceed \$5,000,000;

(5) Liability limits at the following optional limits:

\$125,000	\$325,000
\$150,000	\$350,000

(6) Uninsured and underinsured motorists coverage at the standard limits of liability specified in the applicable rules and rates; and

(7) With respect only to four-wheel private passenger vehicles, not for hire, the servicing carrier shall upon request of the applicant or insured provide medical payments coverage in the amount of \$1,000.

2. Personal Injury Protection

a. Personal injury protection coverage shall be afforded on policies or binders providing bodily injury and property damage liability coverages for owned motor vehicles registered in the Commonwealth of Kentucky and subject to the provisions of Subtitle 39 of the Kentucky Revised Statutes, Chapter 304. Such coverage shall be for an aggregate limit of \$10,000 per insured injured person.

b. Optional Personal Injury Protection Coverage

(1) For personal injury protection afforded in accordance with 2.a above, the servicing carrier shall upon request of the applicant or insured provide aggregate deductibles per accident for the personal injury protection coverage of \$250, \$500, or \$1,000 applicable to the named insured and family members (except corporate or voluntary association insured).

(2) With respect to private passenger nonfleet risks for which personal injury protection is afforded in accordance with 2.a above, the servicing carrier, upon request of the applicant or insured, shall afford added reparations benefits in units of \$10,000 up to limits of \$30,000 subject to a total maximum of \$40,000 for basic and additional personal injury protection, if such risk has purchased bodily injury limits in accordance with A.1.b.(5) above.

3. Hired Auto and Nonowned Auto Liability Coverages

When a Federal Motor Carrier Safety Administration (FMCSA), Public Utilities Commission (PUC), or Public Service Commission (PSC) filing, or any other similar state or federal regulated filing, or an MCS 90 or MCS 90B endorsement is requested, the servicing carrier shall be required to include hired auto and nonowned auto liability coverages.

4. Excess Coverage for Nonowned Automobiles on Commercial Policies

Excess liability coverage for nonowned automobiles is a supplementary coverage on commercial policies. This coverage should be written on the same policy that provides coverage for the applicant's/insured's owned or long-term leased automobiles. When such automobiles are insured in the voluntary market (i.e., other than through the Plan) excess coverage for nonowned automobiles is NOT available through the Plan. When there are no owned or long-term leased automobiles, excess coverage for nonowned automobiles is available through the Plan.

B. Standard Policy Coverage

1. Commercial Auto Coverage Part Program

Commercial risks shall be provided uniform coverage, equivalent to the coverage of the Edition of the ISO Commercial Auto Coverage Part Program and the ISO and Automobile Insurance Plan endorsements which have been approved by the Kentucky Office of Insurance for use with Automobile Insurance Plan business. Personal injury protection coverage shall be afforded by approved Kentucky No-Fault Endorsements.

Policies issued under the provisions of the Commercial Automobile Part shall indicate that they have been issued on behalf of the Kentucky Automobile Insurance Plan.

2. Filing of Policy and Endorsement Forms

Any required filing of policy or endorsement forms shall be made on behalf of all companies subscribing to this Plan by AIPSO. For the purposes of such

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filings, each company subscribing to this Plan is a subscriber to AIPSO.

3rd installment—4 months after the effective date of the policy

4th installment—5 months after the effective date of the policy

5th installment—6 months after the effective date of the policy.

**Sec. 22. PREMIUM DEPOSIT
REQUIREMENTS AND PAYMENT
OPTIONS**

The application for insurance under the Plan must be submitted to the Plan on a prescribed form in duplicate accompanied by the full gross annual premium or a deposit on a gross basis as indicated below. If the premium is financed by a premium finance company, a copy of the Premium Finance Agreement must be submitted with the application.

A. Advance Premium Payment Option

The premium payment requirements for this option are as follows:

1. The full estimated annual premium, or
2. A deposit of 40% of the estimated annual premium, or a minimum of \$250 as a deposit, whichever is greater

The balance of the annual premium due as stipulated by the servicing carrier must be paid within 30 calendar days of the date of the premium notice. This payment option is available for new and renewal policies.

B. Installment Premium Payment Option—The insured may elect to pay his premium as follows:

Note: The installment premium payment option is not available if any portion of the annual premium is financed by a premium finance company. If any portion of the annual premium is financed after the installment premium payment option is elected, the servicing carrier may bill the insured immediately for the unpaid balance of the annual premium.

1. Deposit

A deposit of 40% of the total annual premium, or a minimum of \$250 as a deposit, whichever is greater, must accompany a new application or be submitted to the servicing carrier as the initial payment on renewal policies. There is no installment charge on the deposit premium for either new applications or renewal policies.

2. Installments

The first installment bill will show the current annual premium plus the installment charge minus the deposit. Each installment bill should display the status of the account and is to be released to the insured with a copy to the producer.

Each installment will consist of one-fifth of the remainder of the premium, subject to a minimum amount due of \$20, (to which any outstanding balance of less than \$20 is to be added) plus an installment charge of \$4 on each installment, due as follows:

1st installment—2 months after the effective date of the policy

2nd installment—3 months after the effective date of the policy

At any point during the installment billing period, should the policyholder elect to pay the outstanding balance, the installment charge for the current bill would apply.

3. Additional Premium—Changes

Additional premium developed as a result of an inadequate deposit submitted with the application or policy change request, or shortage in premium resulting from a policy change request, preliminary premium audit, or other determination of a premium shortage, the total additional premium must be billed within 30 days from determination of the additional premium due, or the next premium installment billing date, whichever occurs first. The premium payment due date must not exceed 30 days from the premium billing date.

Note: The determination date is the processing or typing date of the policy or endorsement.

4. Return Premium—Changes

Return premium resulting from changes to the policy may be used to reduce the outstanding balance. If the outstanding balance is eliminated, any amount remaining from the return premium will be returned immediately. If an outstanding balance remains, the number and amounts of the remaining installments will be adjusted accordingly. If the return amount is less than \$20, it may be treated as a separate transaction.

C. Deposit, Installment, or Additional Premium Payments Applicable to Either A or B Above

All deposit, installment, and additional premium payments shall be submitted gross. Compensation will be paid in accordance with [Section 30](#).

The deposit shall be in the form of a certified check, bank check, or money order payable to the Kentucky Automobile Insurance Plan. If the risk is ineligible, the deposit shall be returned.

Additional premium payments shall be in the form of a certified check, bank check, or money order payable to the servicing carrier.

Additional premium developed as a result of an inadequate deposit submitted with the application or policy change request, or shortage in premium resulting from a policy change request, preliminary premium audit, or other determination of a premium shortage, the total additional premium must be billed within 30 days from determination of the additional premium due, or the next premium installment billing date, whichever occurs first. The premium payment due date must not exceed 30 days from the premium billing date.

D. Dishonored Producer Checks

Producers who have submitted dishonored checks issued by the agency or by an agent individually, on one or more occasions during a one-year period to the Plan or a servicing carrier, must submit future payments by

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COMMERCIAL AUTOMOBILE PART

certified check, bank check, or money order. This shall not negate any rights of the Plan to pursue action against a producer.

E. Premium Owed for Prior Insurance

If an applicant is assigned or reassigned to a servicing carrier and the applicant owes a servicing carrier earned premium for prior Plan coverage, the servicing carrier shall have the right to proceed as follows:

1. If the deposit premium is sufficient to resolve the outstanding earned premium due for prior coverage, the servicing carrier shall apply the deposit to the outstanding earned premium due and bill the applicant as if the remaining deposit premium was insufficient. The servicing carrier shall allow the applicant at least 15 days to pay the remainder of the deposit premium due.
2. If the deposit premium is insufficient to resolve the outstanding earned premium due for prior coverage, and the applicant was properly notified of such outstanding premium, the servicing carrier shall apply the entire deposit premium to the outstanding balance for prior coverage and the application will be returned as ineligible.

EXCEPTIONS: If the application premium is financed, the application and payment will be returned as ineligible due to the outstanding premium balance. All other forms of deposit shall be applied to any outstanding balance in accordance with the procedures outlined above.

If the applicant can furnish documentation that the outstanding earned premium in question (a) is the result of a premium audit, and the applicant is disputing the findings of that premium audit or (b) is the subject of a formal complaint to the Commissioner of Insurance or an open appeal pursuant to [Section 49](#), the servicing carrier shall not apply the applicant's deposit premium to resolve the outstanding premium balance from prior coverage. Documentation must be provided at the time of application. The applicant shall be provided coverage in accordance with Plan [Section 23](#). The premium dispute shall be resolved in accordance with the provisions of Plan [Section 49](#).

Sec. 23. APPLICATION FOR ASSIGNMENT, DESIGNATION OF SERVICING CARRIER, EVIDENCE OF INSURANCE, AND EFFECTIVE DATE OF COVERAGE

A. Distribution of Applications

The Plan shall distribute the applications to the servicing carrier for servicing of eligible all other risks.

B. Original Application

1. Upon receipt of the current and correct application for insurance properly completed and the deposit specified in [Section 22](#), and if the application form shows that the applicant is eligible for coverage, the Plan shall process the application and notify the producer of record and shall state in such notice when the coverage shall become effective, only if the application includes the following:
 - a. Producer's name, complete address, telephone number
 - b. Producer's IRS or social security number and license number
 - c. Applicant's name, complete address, home and business telephone numbers
 - d. Applicant's social security and tax identification numbers
 - e. Headquarters of applicant's operation
 - f. Legal status
 - g. Description of applicant's business operation
 - h. Motor carrier number or other filing number
 - i. Complete operator information
 - j. Complete vehicle description and VIN, including use
 - k. Coverage section properly completed in accordance with limits, coverage, and deductibles provided by the Plan
 - l. Latest carrier, policy number, termination date and reason, and if the coverage was through the Plan
 - m. Effective date and time of coverage
 - n. Applicant's and producer's signatures
 - o. Answer to the following question as it appears on the application: "Are any other vehicles owned by the applicant?"

Any application information not listed as a minimum requirement, but subsequently requested by the CAIP servicing carrier, is specifically defined as pertinent underwriting information as applied in [Section 28](#). Cancellations.

2. In no event shall coverage be effective
 - a. prior to the time shown on the Evidence of Insurance section of the application;
 - b. unless the application includes the minimum application requirements contained in section B.1;
 - c. unless the required deposit premium is submitted with the application.
3. Electronic Application Submission Interface (EASi)

The producer of record must transmit the application electronically to the Plan. Coverage will be effective only when the electronic submission is transmitted under the procedures established and authorized by the Plan.

**KENTUCKY AUTOMOBILE INSURANCE PLAN
COMMERCIAL AUTOMOBILE PART**

Prior to accessing EASi, each producer must be registered with the Plan in accordance with the procedure outlined in [Section 51](#).

a. Applications Not Requiring Filings or Limits in Excess of \$350,000 Combined Single Limit Coverage.

The completed application must be printed, signed, and submitted to the Plan in accordance with the following procedures:

(1) Immediate Coverage

If the applicant requires that coverage applied for becomes effective at the time of application, the producer shall indicate the date and time when coverage is required. The coverages and limits applied for shall be effective at the time the application is completed and executed, provided all of the following requirements are met:

- (a) The producer of record and the applicant shall certify on the application prescribed by the Plan the date (day, month, and year) and time (hour, A.M. or P.M.) that the application information was transmitted. The date of receipt of the electronic application by the Plan shall be established by the date and time the application is electronically transmitted by the producer.
- (b) The application generated by electronic application submission, deposit premium, and supporting documentation must be mailed to the Plan no later than two working days following the date the application was electronically transmitted, as evidenced by the postmark on the transmittal envelope, or must be hand delivered to the Plan (including delivery by means of overnight mail, courier, or other delivery service) no later than two working days following the date of electronic transmittal of the application.
- (c) If the application, deposit premium, and supporting documentation are not mailed to the Plan in accordance with this section, coverage will be effective at 12:01 A.M. on the day following the postmark. If the postmark is not legible, is a metered mail stamp, electronic stamp, or any other postage service or stamp, the coverage will be effective at 12:01 A.M. on the day of receipt of the application by the Plan. The Plan will consider this a producer violation of performance standards.

(2) Future Effective Date of Coverage

In the event a future effective date of coverage has been requested by the producer of record, coverage shall become effective as of 12:01 A.M. on the future date, provided all of the following requirements are met:

- (a) The requested effective date of coverage does not exceed 30 days from the date of completion of the application.
- (b) The producer of record and applicant certify in the application the date (day, month, and year) and time (hour, A.M. or P.M.) of the future effective date of coverage.
- (c) The producer and applicant certify the date and time the application was transmitted on the application generated by electronic application submission. The date of receipt of the electronic application by the Plan shall be established by the date and time the application is electronically transmitted by the producer.
- (d) The application generated by electronic application submission, deposit premium, and supporting documentation must be mailed to the Plan no later than two working days following the date the application was electronically transmitted, as evidenced by the postmark on the transmittal envelope, or must be hand delivered to the Plan (including delivery by means of overnight mail, courier, or other delivery service) no later than two working days following the date of electronic transmittal of the application.
- (e) If the application, deposit premium, and supporting documentation are not mailed to the Plan in accordance with this section, coverage shall be effective in accordance with the following provisions and the Plan will consider this a producer violation of performance standards.

If the applicant does not desire coverage until a later date, not to exceed 30 days from the date of application, the applicant shall indicate such date in the application and the Plan shall fix the date when coverage becomes effective at 12:01 A.M. on the desired date of coverage or at 12:01 A.M. on the day following receipt of the application by the Plan, whichever is later.

If there is an in-force policy terminating at a date later than the date which would be fixed per this Section, the applicant shall indicate such date in the application and the Plan shall fix the date when coverage becomes effective at 12:01 A.M. on the termination date of coverage of such policy or at 12:01 A.M. on the day following receipt of the application by the Plan, whichever is later.

b. Applications Requiring Filings or Limits in Excess of \$350,000 Combined Single Limit Coverage

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Upon receipt of the properly completed application for insurance, the supporting documentation described in Section 23.B.1, and the deposit specified in [Section 22](#), and if the application form shows that the applicant is eligible for coverage, the Plan shall process the application and notify the producer of record and shall state in such notice when the coverage shall be effective.

The completed electronic application must be printed, signed, and submitted to the Plan in accordance with the following procedures:

- (1) The producer and applicant shall certify the date and time the application was transmitted on the application generated by electronic application submission.
- (2) The producer must forward the original application generated by electronic application submission bearing the signatures of the applicant and producer, the deposit premium and supporting documentation to the Plan in accordance with Plan rules after transmission of the electronic application.

Coverage is effective on a date specified by the applicant or 15 calendar days following the Plan assignment date shown on the notice of assignment, whichever is later, unless the applicant provides both a Declarations page from the insurer showing coverage through the date of the application, and either nonrenewal or termination notice for a reason other than nonpayment of premium, fraud, or material misrepresentation, in which case the effective date of coverage shall be in accordance with Section 23.B.3.

- (3) If an applicant is found ineligible for coverage through the Plan prior to the assigned effective date as shown on the Notice of Designation, the servicing carrier shall attempt to notify the applicant of ineligibility and forward a written notice prior to the date upon which coverage was to become effective. Such notice shall state the reason(s) for ineligibility and shall be forwarded by certified mail.
 - (4) If an applicant is found ineligible for coverage through the Plan after the policy effective date, as shown on the Notice of Designation, cancellation shall be in accordance with [Section 28](#).
 - (5) For CAIP risks which were eligible under Section 23.B.3. but following the assignment date request either limits in excess of \$350,000 combined single limit or filings (FMCSA, PUC, PSC, etc.), the requested endorsement may take effect no earlier than 15 calendar days following the receipt of the request for higher limits and/or filings.
- c. The producer of record and the applicant shall certify on the application prescribed by the Plan the date (day, month, and year) and time (hour, A.M. or P.M.) that the application information was completed.

- d. The producer uses electronic application submission described above.

The application produced by electronic application submission and deposit premium must be mailed to the Plan in accordance with [Section 33.A](#). If the application produced by electronic application submission and deposit premium are not mailed or delivered to the Plan in accordance with [Section 33.A](#), the Plan will consider this a producer violation of performance standards.

- e. The producer of record completing and signing the application may not transmit the application using EASi until the deposit premium has been received by the producer and the application for coverage has been completed.
- f. Appropriate records for all risks submitted using EASi must be maintained. The producer agrees to permit the inspection or photocopying of such office records by the Plan or by a company representative.
- g. Commercial Application Retraction Procedure

(1) When to Retract an EASi Application

Following assignment of an EASi reference number and prior to mailing or delivery of a completed, signed application to the Plan, the producer of record may retract an EASi commercial application for the reasons stated in Section 23.B.3.g.(2).

(2) Reasons for Retraction of an EASi Application

An EASi commercial application may be retracted for any of the following reasons:

- (a) The applicant has notified the producer of record that coverage through the Plan is no longer required.
- (b) The producer of record has made an error in the information provided.
- (c) The producer of record has, in error, requested more than one reference number for the same application.

(3) Electronic Retraction Process

The producer of record shall access EASi and use the online electronic retraction process to retract an EASi application. The retraction must be transmitted to the Plan no later than one working day after the application is submitted using EASi. The producer is not required to submit a copy of the retracted paper application to the Plan. If the retraction is not electronically transmitted within 15 calendar days after the date of issuance of the EASi reference number, the producer to whom the EASi reference number is assigned will be considered in violation.

(4) Alternate Procedure for Submission of an EASi Retraction Request Form

If, for any reason, EASi is not available, a producer may request retraction of an EASi

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reference number by completing and submitting a paper EASi Retraction Request Form in accordance with the following procedure:

The producer of record shall complete a paper Electronic Application Submission Interface Retraction Request Form and forward it to the Plan no later than two working days after the date the application is submitted using EASi.

If the reason for retraction is (1) the applicant's coverage has been placed in the voluntary market or (2) the applicant has elected not to pursue coverage through the Plan, the producer may mail, deliver, or electronically transmit the EASi Retraction Request form to the Plan. The producer is not required to submit a copy of the retracted paper EASi application to the Plan.

When retraction is requested because the producer has made an error in the application information and a corrected application has been electronically transmitted using EASi, the producer must mail or deliver the corrected EASi application, deposit check, and any supporting documentation accompanied by a copy of the completed EASi Retraction Request Form to the Plan.

If the Plan does not receive the paper Electronic Application Submission Interface Retraction Request Form within 15 calendar days after the date of assignment of the EASi reference number, the producer to whom the reference number is assigned will be considered in violation of performance standards.

(5) Plan Retraction of EASi Application

If the producer fails to retract the EASi application in accordance with Sections 23.B.3.g.(3) or (4), the Plan shall retract the application 20 calendar days following the date of transmittal of the EASi application. The Plan shall notify the applicant and producer that the application has been retracted. The application shall be considered null and void and no coverage is in effect.

- h. If EASi is not available due to the failure of transmission or receiving equipment as a result of a disaster or emergency, the producer of record must submit an original application form and the effective date shall be determined in accordance with Section 23.B.3.
- i. The Plan shall maintain a record of producer violations of EASi. Violation of procedures of EASi outlined in this section may result in referral to the Governing Committee for limitation, suspension, or termination of access to EASi.
- j. Access to EASi shall not be construed as constituting the producer as an agent of the Plan or the servicing carrier. In all transactions between the applicant and the Plan, the producer shall be deemed to be the agent of the applicant and not the agent of the Plan.

4. A completed, signed CAIP Inspected Units Form must accompany all commercial applications submitted for applicants who require Federal Highway Administration (FHWA) or Federal Motor Carrier Safety Administration (Motor Carrier Act of 1980 or Bus Regulatory Act of 1982—Motor Carrier Endorsement—MCS 90 or 90B) filings or endorsements.

5. Plan Submission to Servicing Carrier

The Plan shall forward to the servicing carrier a copy of the application form, the notice of the effective date of coverage, and deposit with the deposit to be credited by the servicing carrier against the policy premium.

6. Filings of Policies and Certificates

The servicing carrier shall make such filings of policies and certificates for the applicant, or for the spouse if eligible under the Plan, as may be required by law.

7. Applicant Refusal to Accept Policy

If for any reason the applicant refuses to accept the policy, the servicing carrier shall retain whichever of the following is greater, and return the balance to the applicant:

- a. the earned premium for the period of coverage and .10 of the pro rata unearned policy premium, or
- b. the minimum policy premium as contained in the Automobile Insurance Plan Manual of Rules and Rates.

C. Additional Vehicles or Coverages

1. ★If additional coverages as described in [Section 21](#) of this Plan are desired during the policy period or coverage for an additional or replacement vehicle is desired, a completed approved Policy Change Request form shall be submitted to the servicing carrier no later than the first working day after completion. ❖

2. Premium requirements for additional vehicles or coverages include the following:

a. A Policy Change Request form submitted for a CAIP risk shall be accompanied by additional payment, if required, in the form of a certified check, bank check, or money order payable to the servicing carrier for an amount equal to 30% of the annual premium or pro rata premium for the remainder of the policy period, whichever is less.

★If the Policy Change Request form is submitted electronically, any additional premium must be forwarded to the servicing carrier no later than the first working day after electronic transmittal of the Policy Change Request form. If additional payment is not received by the servicing carrier within 10 working days, the producer will be charged with a complaint pursuant to [Section 33](#). ❖

b. The balance of the additional premium shall be payable in accordance with the provisions of [Section 22](#).

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- c. The producer shall not deduct their commission from any premium payment for additional vehicles or coverages sent to the service provider.
 - 3. For CAIP risks requesting either limits in excess of \$350,000 or filings, (FMCSA, PUC, PSC, etc.) or as otherwise provided in the policy contract, coverage will be effective at the date and hour specified in the Policy Change Request form provided:
 - a. ★The producer of record forwards the completed Policy Change Request form to the servicing carrier in accordance with Section 23.C.1.❖
 - b. The United States Postal Service postmark date on the transmittal envelope complies with the mailing requirement shown in Section 23.C.1.
 - 4. If the provisions of Sections 23.C.3.a and b above are not met, the effective date of coverage shall be determined as follows:
 - a. The coverage shall be made effective at 12:01 A.M. on the day following the date the Policy Change Request form is mailed to the servicing carrier as shown by the postmark if the transmittal envelope bears a legible postmark affixed by the United States Postal Service.
 - b. If the transmittal envelope does not bear a legible postmark affixed by the United States Postal Service, or if the envelope is stamped by a metered mail postmark, electronic stamp, or other postage service or stamp, coverage shall be made effective at 12:01 A.M. on the day the Policy Change Request form is received by the servicing carrier.
 - c. If the Policy Change Request form is delivered to the servicing carrier by means other than the United States Postal Service (including delivery by means of overnight mail, courier, or other delivery service), coverage shall be made effective at 12:01 A.M. on the day following receipt by the servicing carrier.
 - ★ ❖
 - 5. For CAIP risks requesting either limits in excess of \$350,000 or filings (FMCSA, PUC, PSC, etc.), the requested endorsement may take effect no earlier than 15 calendar days following the receipt of the request.
 - 6. ★If a Policy Change Request form is submitted for a CAIP risk that requires federal filings or endorsements, a CAIP Inspected Units Form must be completed. The completed, signed form must accompany the policy change request submitted to the servicing carrier.
 - 7. If a Policy Change Request form is transmitted to the servicing carrier via facsimile ("fax") or e-mail, coverage will be effective at the date and hour specified in the Policy Change Request form, provided all the following requirements are met:
 - a. The producer of record and applicant certify the date and hour of completion of the Policy Change Request form.
 - b. The producer of record electronically transmits the completed Policy Change Request form to the servicing carrier no later than the first working day after the Policy Change Request form is completed.
 - c. The producer of record forwards additional premium payment, if required, to the servicing carrier in accordance with Section 23.C.2.a above.
- If the provisions of Sections 23.C.7.a and b are not met, coverage shall be made effective at 12:01 A.M. on the day following receipt of electronic transmission of the policy change request by the servicing carrier.
- 8. In no event shall any change in coverage be effective prior to the date and hour of completion of the Policy Change Request form except as provided for by the provisions of the policy contract.
 - 9. If the application has been submitted to the Plan and the producer has not yet been notified of the servicing carrier, the Policy Change Request form and premium payment must be forwarded to the Plan no later than the first working day after completion.
 - 10. The producer of record shall maintain appropriate records of all risks for which they have designated the date and hour of coverage and agrees to permit inspection or photocopying of such office records by the Plan or by a servicing carrier representative. This inspection or photocopying will be limited to situations where the date and hour of coverage is in question due to the occurrence of an accident or claim arising under the Policy Change Request form completed in accordance with this Section.❖
- D. Reduction or Elimination of Coverage**
- In the event a reduction or elimination of coverage is desired during the policy period, a completed approved Policy Change Request form must be signed by the applicant or insured and submitted to the servicing carrier.
- E. Incomplete Applications**
- Applications shall be accepted and processed by the Plan if the requirements shown in [Sections 22](#) and [23](#) are reasonably complied with, and it shall be the responsibility of the Plan and the servicing carrier to communicate clearly to the applicant and producer of record in what respect an application requires correction.
- 1. Applications Returned by the Plan
- For electronically transmitted commercial applications and commercial applications subject to the Alternate Application Submission Procedure in [Section 52](#), the Plan shall give at least 15 calendar days to the applicant and producer to remedy any defects in the application. Written notice of the return of the application shall be provided to the producer and applicant. If the corrected application and deposit premium are returned to the Plan within 15 calendar days from the date on the Plan's initial return letter, the application and deposit premium will be processed and coverage will be effective as if the original application were complete, provided the applicant is otherwise eligible. If the application requires further correction, the Plan shall return the application to the producer to remedy any deficiencies.

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If the completed application and deposit are not received by the Plan within 20 calendar days from the date of return of the application, the Plan shall notify the producer and applicant in writing that the completed application and deposit have not been received. The application shall be considered null and void and no coverage is in effect. The Plan shall retract an EASi application. The Plan will consider this a producer violation of performance standards.

2. Applications Received by the Servicing Carrier

The servicing carrier shall give at least 15 calendar days to the applicant and to the producer of record for remedying any defects in the application, and no part of the deposit premium shall be returned to the applicant or to the producer of record except upon proper cancellation in accordance with the provisions of [Section 28](#) of this Plan, as applicable.

Sec. 24. RESERVED FOR FUTURE USE

Sec. 25. ASSIGNMENT PERIOD

An applicant shall be assigned to a servicing carrier for a period of three consecutive years.

If an insured is unable to obtain insurance at the end of the three-year period, reapplication for insurance may be made to the Plan. Such reapplication shall be considered as a new application.

In the case of nonresident military personnel, as described under [Section 18](#) of the Plan, the servicing carrier shall not be required to renew if, at the time of renewal, the insured is stationed in another state and his automobile is not registered in Kentucky.

Sec. 26. CHANGE OF OWNERSHIP/ TRANSFER OF LOSS EXPERIENCE

All exposures of commonly owned entities (as determined in paragraph B of this Section) and insured in the Plan should be written on the same policy and combined for rating purposes. All entities of a risk will be combined when determining eligibility for experience rating. All previous experience of a risk will continue in the experience rating subject to the provisions of paragraphs A, B, and C below:

A. Ownership

The experience for any entity undergoing a change in ownership shall be excluded from future experience ratings only if **both** of the following conditions are met:

1. The change must be a material change such that the entire ownership interest after the change had no ownership interest before the change. A transfer of ownership to a family member (whether natural or by law), a household resident, or a previous owner is not considered a change in ownership.
2. The change in ownership is accompanied by a change in company management. A change in company management is defined as including all of the following, but not limited to, the chairman of the board, president, partners, and other executive officers.

B. Combination of Entities

Entities with a majority (more than 50%) common ownership interest will be combined for rating.

1. Determination of majority ownership is based on the following:
 - a. majority of issued voting stock;
 - b. majority of the members if no voting stock is issued;
 - c. majority of the board of directors or comparable governing body if a or b above is not applicable;
 - d. participation of each general partner in the profits of a partnership. Limited partners are not considered in determining majority interest.
2. If the rules above provide for more than one possible combination of entities, the combination involving the most entities shall be made. However, the experience of any entity may be used in only one combination.

C. Any change in ownership, including legal status and re-incorporation, necessitates that a new application, with the appropriate deposit, be submitted to the Plan.

The insured must report any change to the servicing carrier, in writing, within 30 days of such change. The type, nature, and details of the change must be provided to the servicing carrier for purposes of determining eligibility for such change as stated in paragraphs A, B, and C of this Section. The appropriate information must be provided on the Name and/or Ownership Change form, approved for use in the Plan, fully completed and signed by the insured. The Name and/or Ownership Change form is available from the Plan or servicing carrier upon request. Failure of the insured or producer to provide complete information on the approved form may delay a return premium due the insured pending receipt of the completed form. Upon the request of the servicing carrier, a Name and/or Ownership Change form must be fully completed and signed by the insured within 10 days of the date of the request. Failure of the insured or producer to return the fully completed and signed form, following two written requests by the servicing carrier, could result in loss of coverage as stated in [Section 28](#) of this Plan.

Sec. 27. RESERVED FOR FUTURE USE

Sec. 28. CANCELLATIONS

A. Cancellation at Request of Insured

If for any reason the insured requests cancellation, other than placement of coverage through the voluntary market, the servicing carrier shall retain the earned premium for the period of coverage and .10 of the pro rata unearned policy premium, or the minimum policy premium prescribed in the Automobile Insurance Plan Manual of Rules and Rates, whichever is greater, and return the balance to the insured.

In the event the insured requests cancellation of a policy because coverage has been replaced in the voluntary market with an admitted carrier, and the servicing carrier receives proof documenting same, the cancellation shall be on a pro rata basis, or the minimum policy premium

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prescribed in the Automobile Insurance Plan Manual of Rules and Rates, whichever is greater.

B. Cancellation by Servicing Carrier

1. A servicing carrier which has issued a policy or binder under this Plan shall have the right to cancel the insurance by giving notice as required in the policy or binder if the insured
 - a. is not, or ceases to be, eligible or in good faith entitled to insurance, or
 - b. has failed to comply with reasonable safety requirements, or
 - c. has violated any of the terms or conditions upon the basis of which the insurance was issued, or
 - d. has obtained the insurance through fraud or misrepresentations, or
 - e. has failed to pay any premiums due under the policy, or
 - f. has failed to remedy defects in the application as outlined in [Section 23.E](#), or
 - g. cannot be located by the servicing carrier for purposes of its underwriting review, or fails to respond to at least two written requests for pertinent underwriting information which would have a direct bearing on the rating of a policy, or
 - h. failed to respond to at least two written requests for pertinent safety inspection information which would have a direct bearing on the rating of a policy, or
 - i. fails to respond to two documented requests to schedule an audit, or does not permit the auditor to complete an audit.

If the insured is found to be ineligible for insurance under the rules of the Plan by the servicing carrier for failure to respond to a request to schedule an audit or failure to comply with a request to conduct an audit, the servicing carrier has the right to cancel.

2. Each such cancellation shall be on a pro rata basis, subject to the minimum policy premium prescribed in the Automobile Insurance Plan Manual of Rules and Rates, whichever is greater, and a copy of each such cancellation notice shall be furnished to the producer of record. A statement of facts in support of each such cancellation shall be furnished to the producer of record and to the insured 10 days prior to the effective date of cancellation.

Cancellation shall be effective on the date specified and coverage shall cease on such date.

At the option of the servicing carrier, the nonpayment cancellation date may be the equity date computed on the pro rata basis. (Equity date is the date at which all collected premium is earned as computed on the pro rata basis.)

No coverage will be effective if the insured's premium remittance which accompanies the application is justifiably dishonored by the financial institution.

Nothing herein shall be deemed to affect the servicing carrier's right to rescind a policy for fraud, misrepresentation, or if the insured's premium remittance which accompanies the application is justifiably dishonored by the financial institution, or to invoke other remedies provided by law.

C. Cancellation at the Request of the Producer

A servicing carrier shall, at the request of a producer, cancel a policy in conformity with Law where producer presents proof that a check, tendered by the insured to be used for the payment of premium and which has been deposited in the producer's premium account, has been refused payment by the bank upon which it has been drawn. Such cancellation shall be on a pro rata basis, and the unearned portion of the paid premium, if any, shall be returned to the producer to the extent of the amount of the dishonored check.

Sec. 29. MIDTERM PRODUCER CHANGE

For CAIP applicants and insureds, a substitute producer may be designated by the CAIP applicant or insured at any time and, upon designation, shall be the producer of record subject to the following provisions:

- A. All commissions will go to the original producer for the remainder of the policy period.
- B. All requests for a substitute producer must be accompanied by a broker of record letter on the named insured's letterhead including the following signed statements:

1. By the New Producer of Record

"I hereby certify that I am a licensed agent/broker of the state of Kentucky and have read the Automobile Insurance Plan and have explained the provisions to the applicant/insured. I acknowledge that I am acting on behalf of the applicant/insured and have no authority to establish or reverse the terms or conditions of coverage. I agree to return any unearned premium to the insured (net of any minimum premium due the carrier)."

In addition to the above signed statement, the producer's license, IRS, and social security numbers must be submitted.

2. By the Applicant or Insured

"I understand that any designated producer cannot act as an agent of the Automobile Insurance Plan and any carrier for the purpose of this insurance and that the producer has no authority to establish, alter, or amend terms or conditions of coverage."

Sec. 30. COMPENSATION TO PRODUCER OF RECORD

- A. Unless other arrangements have been made with the Executive Director of the Office of Insurance, the compensation under the Plan shall be as follows:

5% of the policy premium for compensation to a licensed producer designated by the insured

- B. Compensation may be paid by the servicing carrier either (1) on the full annual premium, or (2) on the basis of the premium received by the servicing carrier.

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- C. A producer accounting system may be utilized by a servicing carrier in its payment of producer compensation.
- D. Compensation will not be paid on installment charges.
- E. On any risk rated and domiciled outside of this state, the licensed producer may be paid only that portion of the producer's compensation specified above which is permissible under the laws of the state in which the risk is rated and domiciled.
- F. Producer compensation under [Section 22.B](#). Installment Premium Payment Option may be paid as installment payment is received by the servicing carrier.
- G. In the event of cancellation, policy change, a final audit, or a termination resulting in a reduction of premium, compensation will be payable on the earned premium received by the servicing carrier.
- H. Final compensation adjustment will be in accordance with this Section.
- I. Should the producer fail to provide their tax identification number, the servicing carrier may defer the payment of compensation until the proper tax identification is provided.

**Sec. 31. PERFORMANCE STANDARDS FOR
SERVICING CARRIERS WRITING
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RISKS**

The performance standards listed below set forth the specific time during which a servicing carrier must perform in accordance with the rules of this Plan.

A. Issuance of Original Policy

Upon receipt of the Notice of Designation or as of the effective date for those CAIP applicants requiring filings or a limit in excess of \$350,000 combined single limit and the premium or deposit from the Plan, the servicing carrier shall

- 1. within two working days following the effective date of coverage or receipt of the Notice of Designation, whichever occurs last, make filings of the policy and certificates, including motor carrier and Financial Responsibility Certificates, as may be required, provided all information necessary is contained in the application form and such application is accompanied by the deposit prescribed in [Section 22](#). Such filings will indicate the effective date specified by the Plan in the Notice of Designation,
- 2. within 30 calendar days issue a policy if all information necessary for the servicing carrier to fix the proper rate is contained in the application form, such policy to become effective in accordance with the provisions of [Section 23](#), or
- 3. within 30 calendar days issue a binder if all information necessary for the servicing carrier to fix the proper rate is not contained in the application form or if the Plan Manual does not contain rates applicable to the applicant. In the event the Plan Manual does not contain applicable rates, the servicing carrier must request that AIPSO make the necessary rate filing with the Executive Director of the Office of Insurance. Upon receipt of information necessary

for the servicing carrier to fix the proper rate or notification of approval of the rate filing, the servicing carrier shall issue a policy to become effective in accordance with the provisions of [Section 23](#).

Unless the servicing carrier finds the applicant ineligible for insurance under the rules of the Plan, the servicing carrier will notify the insured and the producer of record of the collection procedure to be followed. The servicing carrier will be guided by the following:

- Advance Premium Payment Option
See [Section 22](#).
- Installment Premium Payment Option
See [Section 22](#).

The day the Notice of Designation and premium or deposit are received from the Plan shall be deemed the first working day, whatever may be the time of such receipt. No Saturday, Sunday, or legal holiday in the place of receipt shall be deemed a working day.

The producer of record shall be notified as to the disposition of the assignment in accordance with Section 31.A.

B. Renewal Policies or Certificates

At least 30 calendar days prior to the inception date of renewals, the servicing carrier shall notify the applicant that

- 1. a renewal will be issued provided the premium stipulated by such servicing carrier is received on or before the inception date of such renewal, or
- 2. if the renewal is to be written on the advance premium payment option, such renewal will be issued provided either the full annual premium or the deposit premium stipulated by the servicing carrier is received on or before the inception date of such renewal, or
- 3. if the renewal is to be written on the installment premium payment option, such renewal will be written provided the deposit premium (40% of the total annual premium subject to a minimum of \$250) stipulated by the servicing carrier is received on or before the inception date of such renewal, or
- 4. a renewal will not be issued for the reason that the applicant is not entitled to insurance under the Plan.

Renewal premium quotations will be made as stipulated in the present Plan rules. A copy of such notice shall be filed with the producer of record. In the event the servicing carrier will not issue a renewal, the reason supporting such action together with a copy of said notice shall be filed with the Executive Director of the Office of Insurance of the state and the Plan.

Renewal policies or certificates will be issued and mailed within 30 days of the servicing carrier's receipt of the renewal premium specified under Section 31.A above.

C. Endorsements

Any endorsement requested of the servicing carrier shall be issued and mailed within 30 days.

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D. Return Premiums

Within 30 days of the receipt of a request for either cancellation or an endorsement resulting in a return premium, the servicing carrier must mail the return premium check.

For commercial risks subject to audit, following the receipt of a request for cancellation (or policy termination) the company must mail the return premium check within 30 days following the date the typed final audit report is produced.

E. Collection of Premium

Servicing carriers are to follow present Plan rules—see [Section 22](#) of this Plan.

All billing and payment guidelines are to be consistent with the provisions outlined in the Plan and the CAIP Accounting and Statistical Requirements Manual.

F. Compensation

Compensation shall be paid no less frequently than monthly and shall be paid within 15 days after the close of the month in which the commission was credited to the producer's account. The servicing carrier must issue a statement and, if applicable, the proper compensation check except if the producer fails to provide his or her proper tax identification number. Final compensation adjustment will be in accordance with [Section 30](#).

G. Claim Handling

1. A servicing carrier shall provide policyholders and producers with information on how and where to report claims.

2. The servicing carrier is responsible for handling all claims properly and promptly in accordance with the terms of the contracts of insurance subject to the limits of coverage provided. Where unfair claim practices laws and regulations exist, the servicing carrier must comply with such laws and regulations.

3. A servicing carriers must have the ability to service insurance claims in every state, the District of Columbia, and Canada.

4. Contact (First- and Third-Party Claimants)

Upon receipt (by mail or facsimile) of notification of claim containing sufficient information to identify the insured, claimant, and policy number, the servicing carrier must acknowledge the receipt of such notice within the applicable state's regulations, including unfair claims practices laws and regulations. If the state has not established time guidelines, the servicing carrier must acknowledge receipt of such notice to first party claimants within two working days and third party claimants within 15 working days and the date of the acknowledgment documented in the carrier's claim file.

The servicing carrier will provide first party claimants with the necessary forms and instructions to permit compliance with all policy conditions.

5. Appraisal

Within the applicable state regulations, including unfair claims practices laws and regulations, an appraisal must be completed for the purpose of determining the cost of repair. If the state has not established time guidelines, an appraisal, or documented

attempts, must be completed within 10 working days from the date of receipt of a specific claim, including damages and location of vehicle, by the servicing carrier. If a second inspection is required, the servicing carrier will document attempts for scheduling a second appraisal within two working days of notice for the need of the second appraisal.

6. Coverage

The servicing carrier must verify that the proper coverage was in effect at the time of loss which cover the damages claimed by the first or third party claimant.

7. Investigation

The servicing carrier must begin an investigation of any claim within 15 working days of receipt of notification of the claim.

The servicing carrier must substantially complete an investigation of each claim 30 working days after notification of the claim.

If after 30 working days from notification of the claim the completed investigation is insufficient to properly adjust the claim or the parties cannot agree to settlement, the servicing carrier must notify the policyholder, claimant, or authorized representative in accordance with the state's applicable regulations, including unfair claims practices laws and regulations, until the claim is settled, or until both parties agree updates are no longer needed. If a state has not established any guidelines on this topic, the servicing carrier will advise the claimant within 30 working days from receipt of proof of loss or settlement material what outstanding information is required to adjust the claim. The serving carrier will continue to provide this update every 45 working days, or until both parties agree updates are no longer needed.

8. Reserving

Reserving practices must be consistent and must comply with the requirements outlined in the CAIP Accounting and Statistical Manual.

9. Documentation/File Reporting

A file for each claim must be compiled by the servicing carrier's claims staff, and should address coverage, liability, damage investigation, reserves, subrogation potential, and recommendations for future handling.

As claims handling continues, the file should be updated to address reserve adequacy, strategies, plans for future handling, and resolution.

10. Payment

Payment on all claims must be made within the applicable state regulations, including unfair claims practices laws and regulations. All payments not defined within state regulations or unfair claims practices laws and regulations will be paid within 30 days after receipt of proof of loss, agreed appraisal amount or written settlement agreement (unless the servicing carrier has not completed the investigation necessary to make a decision or the parties cannot agree on settlement). Receipt of these documents

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does not waive the servicing carrier's right to conduct an investigation prior to settlement and/or offer a reasonable settlement based upon the facts.

11. Expenses

All reported allocated loss adjustment expenses must comply with the eligibility requirements outlined in the CAIP Accounting and Statistical Requirements Manual.

12. Fraud Prevention/Detection

All claims personnel shall receive training in and be aware of potential fraud indicators. The claims professional shall refer a claim for specialized fraud investigation within two working days of a determination of potential fraud. An outline of disputed issues and activities of the investigation will be prepared.

The servicing carrier must ensure that its special investigative handling complies with applicable statutes, regulations, and directives.

H. Surcharges

At the time of the initial application of a surcharge based on a driving record obtained from a state motor vehicle record, the servicing carrier will furnish to the insured a listing of the accidents/convictions which determined the surcharge.

I. Underwriting/Rating

The servicing carrier must

1. properly price all policies in accordance with the approved rating plans contained in the Manual of Rules and Rates and establish procedures for appropriate and timely verification of policyholders' and operators' driving records and/or obtain other information as necessary to assist in the proper classification and rating of an applicant;
2. attempt to secure and verify account loss history from the previous company or companies to insure proper application of any applicable premium surcharge or rating plans;
3. perform a preliminary premium audit on every applicant assigned in the following classes:
 - All policies with Any Auto coverage symbol
 - All FMCSA, PUC, and PSC regulated carriers
 - All policies with MCS 90 or MCS 90B endorsement

At the discretion of the servicing carrier, if a policy has been cancelled or has expired, a preliminary audit is not required if a successful audit of the same risk has occurred within the past 12 months.

Within 60 days from the effective date of coverage, two documented good faith attempts to make contact with the applicant for purposes of scheduling or conducting a preliminary premium audit must be made.

It is expected the audit will be completed and distributed no later than 120 days following the effective date of coverage. Audits completed or distributed after 120 days due to circumstances beyond the control of the servicing carrier must be documented.

4. The servicing carrier shall advise the Plan that an audit of the terminated policy is required prior to writing and issuing another policy. An applicant is considered ineligible for reapplication to the Plan if a policy was cancelled by the servicing carrier for failure to respond to a request to schedule an audit or failure to comply with a request to conduct an audit.

5. conduct final premium audits following account expiration or cancellation when appropriate;

Within 60 days from the expiration or cancellation date of coverage, two documented good faith attempts to make contact with the applicant for purposes of scheduling or conducting a final premium audit must be made.

It is expected that the audit will be completed and distributed no later than 120 days following the expiration or cancellation date of coverage. Audits completed or distributed after 120 days due to circumstances beyond the control of the servicing carrier must be documented.

6. make, maintain, and cancel all certificates and filings in accordance with any municipal, state, or federal requirements.

J. Premium Billing

All billing and payment guidelines are to be consistent with the provisions outlined in [Sections 22](#) and [23](#) of the Plan.

Otherwise, policies which develop an additional premium as a result of an inadequate deposit submitted with the application or policy change request, or shortage in premium resulting from a policy change request, preliminary premium audit, or other determination of a premium shortage, the total additional premium must be billed within 30 days from determination of the additional premium due, or the next premium installment billing date, whichever occurs first. The premium payment due date must not exceed 30 days from the premium billing date.

For policies subject to a final premium audit that result in an additional earned premium due the CAIP, the premium must be billed within 30 days of the completion of the final premium audit and the premium payment due date must not exceed 30 days from the premium billing date.

If the final premium audit develops a return premium, the servicing carrier will remit gross return premium to the insured within 30 days from the completion date of the audit. The producer will be billed for the return commission in accordance with [Section 33](#). Performance Standards for Producers Writing Automobile Insurance Plan Commercial Risks.

NOTE 1: Completion date of the audit is defined as the date the typed final audit report is produced.

NOTE 2: The determination date is the processing or typing date of the policy or endorsement.

K. Premium Collection

The servicing carrier will perform all the necessary collection functions to protect the assets of CAIP.

Within seven days following the premium due date, the servicing carrier shall issue a Notice of Cancellation and

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cancel all financial responsibility filings if premium payment has not been received. Established collection practices of a servicing carrier must include the following minimum standards:

1. At least two letters requesting immediate payment of the outstanding earned premium balance issued a minimum of 15 days apart with both letters being issued within 45 days following the cancellation effective date
2. For policies subject to a final premium audit after policy expiration or cancellation, at least one letter requesting payment issued within 15 days following the premium due date of the final premium audit bill

All net collection expenses incurred by the servicing carrier will be borne by CAIP.

Each servicing carrier shall develop specific written procedures to satisfy itself that ineligible charge offs are not submitted to the Central Processor (See Section A, Chapter 1 of the CAIP Accounting and Statistical Requirements Manual). These procedures will be reviewed during the servicing carrier compliance audit.

L. Accounting/Statistical and Results Reporting

Servicing carriers must

1. have the ability to carry out all necessary accounting procedures and prepare reports as outlined in the CAIP Accounting and Statistical Requirements Manual;
2. have the ability to collect the necessary data to disburse compensation payments to producers and have the ability to store this data and report same to the Internal Revenue Service, annually as required;
3. select a qualified statistical agent with the ability to report data in accordance with the AIPSO statistical program.

Sec. 32. RESERVED FOR FUTURE USE

Sec. 33. PERFORMANCE STANDARDS FOR PRODUCERS WRITING KENTUCKY AUTOMOBILE INSURANCE PLAN COMMERCIAL RISKS

A. Original Applications

1. Only the electronic application submission may be submitted for coverage. Applications shall be fully completed and must include
 - a. necessary information to rate and write the policy, prepare a bill, and make any required financial responsibility or motor carrier filings,
 - b. name, address, and tax identification number of the producer,
 - c. signatures of the applicant and the producer;
 - d. For those applications where the Electronic Application Submission Interface (EASi) has been used to transmit the application to the Plan in accordance with [Section 23.B.3](#), the producer

of record and applicant shall certify on the application the date (day, month, and year) and time (hour, A.M. or P.M.) that the application was completed.

- e. A completed, signed CAIP Inspected Units Form must accompany all commercial applications submitted for applicants who require Federal Highway Administration (FHWA) or Federal Motor Carrier Safety Administration (Motor Carrier Act of 1980 or Bus Regulatory Act of 1982—Motor Carrier Endorsement—MCS 90 or 90B) filings or endorsements. If the completed form does not accompany the application, the Plan will consider this a producer violation of performance standards.

2. Deposit premiums shall be submitted with the application in accordance with [Section 22.C](#). CAIP applications of risks requiring state or local filings or risks subject to the Motor Carrier Act and Bus Regulatory Act shall be accompanied by additional payment, if required, in the form of a certified check, bank check, or money order.

3. If violations pertaining to the use of EASi have occurred, the Governing Committee may limit, suspend, or terminate producer access to EASi.

If the Plan determines that immediate action is required to protect the public interest prior to a hearing before the Governing Committee in accordance with usual Plan procedures, the Plan may immediately suspend a producer's privilege to use EASi. The Plan shall notify the producer in writing of the suspension and provide the written statement of the alleged violations against the producer which clearly evidence that delay until a Governing Committee hearing can be held will pose harm to the public interest. A hearing on the merits before the Governing Committee will take place within 10 days of the notice of suspension. Within 7 days of the hearing, the Plan shall notify the producer, in writing, of the Governing Committee's decision. Any final decision of the Governing Committee under this Section shall be subject to the right of appeal of the Executive Director of the Office of Insurance of the state.

B. Cancellation of Plan Policy

No producer shall cancel and rewrite a Plan policy for the purpose of avoiding a rate increase, a rate decrease, experience modification, or additional charges.

C. Return Compensation

Return compensation shall be paid within 30 days from the date of notice to the producer.

D. Policy Change Request

★Producers must use the Policy Change Request form authorized for Plan use or one provided by the servicing carrier when making a policy change request. The Policy Change Request form must be completed and forwarded to the servicing carrier in accordance with [Section 23](#).

For CAIP risks that require a Federal Highway Administration (FHWA) or Federal Motor Carrier Safety Administration (Motor Carrier Act of 1980 or Bus Regulatory Act of 1982—Motor Carrier Endorsement—MCS 90 or 90B) filing or endorsement, the producer must complete and submit a CAIP Inspected Units Form with the policy

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change request. If a completed form does not accompany a policy change request, the Plan shall consider this a producer violation of performance standards.❖

E. Claims

When an insured reports an accident or claim to the producer, the producer shall report it to the servicing carrier within one working day in accordance with the instructions of the servicing carrier.

F. Payments

1. Additional premium payments shall be submitted gross in accordance with [Section 22.B.5](#).
2. Producers shall immediately remit all payments received from insureds by the due date.
3. Dishonored producer checks shall be reported to the Plan.

G. License

Producers must be properly licensed and conform to the requirements of the Plan.

H. Fraud or Misrepresentation

No producer shall engage either in fraud or misrepresentation with regard to the contents of an application, the necessary information to rate and write a policy, a claim, or any other information material to underwriting a risk.

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Sec. 34. PLAN MEMBERSHIP

The Plan became effective on August 20, 1948 when all companies licensed to write direct automobile liability insurance in the state subscribed thereto. No company which is licensed to write only reinsurance shall be a subscriber to this Plan.

- A. Every insurer licensed to write automobile liability insurance in this state shall be a member of the Plan and shall subscribe to and be bound by the rules and regulations adopted thereto.
- B. A company may terminate membership in the Plan as of the close of a calendar year upon ceasing to be licensed to write automobile insurance within the state. However, termination of membership shall not discharge or otherwise affect liabilities incurred prior to termination for assessments and PAIP and CAIP participation as indicated in [Section 46](#).

Sec. 35. ADMINISTRATION

A. Governing Committee Composition

★The Plan shall be administered by a Governing Committee and a Manager. The Governing Committee (hereinafter referred to as “the Committee”) shall consist of five Plan subscribers, chosen from the following classes of business:

- Two subscriber companies chartered under the laws of the Commonwealth of Kentucky
- Three subscriber companies chartered outside of Kentucky

In addition, one independent insurance agent licensed in the Commonwealth of Kentucky shall be appointed to the Committee, and one member meeting any of the following:

- One additional subscriber representing either a company chartered within or outside of Kentucky; or
- A public member, meaning an individual who currently works, has worked, or has retired from work within the property and casualty insurance industry. The public member shall be a resident of the Commonwealth of Kentucky; or
- A representative of a self-insured fund operating within the Commonwealth of Kentucky❖

Each subscriber company serving on the Governing Committee shall designate a representative to act on its behalf. This representative shall be either (1) a salaried employee or officer of the named subscriber company or (2) a salaried employee or officer of another subscriber company from a group of companies under the same management as the named subscriber company. A salaried employee or officer of the holding company of the named subscriber company may also be designated as the representative. The subscriber companies and their designated representatives must be and remain in good standing with the Kentucky Department of Insurance.

Not more than one company in a group of companies under the same management or ownership shall serve on the Committee at the same time.

There shall be a chairperson and vice chairperson elected from and by the Committee. The Committee shall

elect a secretary/treasurer. Committee members, companies not serving on the Committee and Plan staff may serve as secretary/treasurer.

B. Appointment of Governing Committee Representatives

The Governing Committee representatives shall be appointed by the manager, and approved by the Commissioner of Insurance, to a term of three years. At least annually, the Plan shall provide notice to the Commissioner of Insurance in Kentucky of the composition of the Committee. At any point, should the Committee fail to fill the Governing Committee seats, the manager shall notify the Commissioner who may then seat a representative filling the committee subject to the core outlines of the committee representatives as defined in Section 35.A.

C. Annual Plan Meeting

Annually, on a date fixed by the Committee, there shall be held a meeting of representatives of all subscribers for the purpose of receiving reports by the Committee and the Manager regarding the operations of the Plan and for discussion of matters pertaining to the Plan. Thirty days’ notice of such meeting shall be given in writing to all subscribers, the Commissioner of Insurance, and members of the Committee. The notice of each annual meeting shall be accompanied by an agenda for such meeting. A majority of such subscriber companies shall constitute a quorum and voting by proxy shall be permitted. A company may not appoint more than one company in its class of companies to exercise its proxy. At the annual meeting a company must cast one vote for purposes of quorum determination.

Sec. 36. COST OF ADMINISTRATION

A. Subscriber Fee

Each company subscribing to the Plan shall pay a separate minimum annual subscriber fee of \$10.

B. Plan Assessment

1. Private Passenger Plan Assessment

Each subscriber’s ratio of Automobile Liability Written premiums (as defined in [Section 41.A](#)) to the statewide industry total Automobile Liability Written premiums shall be used as the basis of apportionment of all expenses incurred in excess of minimum fees.

If, at the time of the initial assessment for any given calendar year, data for the first prior year is not available, the assessment shall be based upon the latest available year’s data. In such event, the assessment shall be adjusted subsequently using the data for the first prior year.

2. Commercial Plan Assessment

Each subscriber’s ratio of voluntary commercial automobile liability written premiums from the first-prior year to the corresponding statewide industry total shall be used as the basis of apportionment of all Plan expenses in excess of the minimum fee.

“Voluntary Commercial Automobile Liability Written Premiums” means the automobile premiums shown on the Exhibit of Premiums and Losses (statutory Page 14 Data) of each insurers Annual Statement,

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Lines 19.3 Commercial Auto No-Fault (PIP) and 19.4 Other Commercial Auto Liability.

The first-year prior data used to determine assessment shares shall be acquired from the NAIC as of June of the given assessment year. For example, 2021 assessment ratios will be based on 2020 Annual Statement premium acquired from the NAIC as of June 2021.

If, at the time of the initial assessment for any given calendar year, data for the first prior year is not available, the assessment shall be based upon the latest available year's data. In such event, the assessment shall be adjusted subsequently using the data for the first prior year.

Sec. 37. DUTIES OF THE GOVERNING COMMITTEE AND MANAGER

The Committee shall meet as often as may be required to perform the general duties of administration of the Plan. A quorum shall consist of a majority of the members currently serving on the Committee.

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

Annually, the Manager shall prepare an operating budget in the prescribed manner for submission to the Committee. Such budget shall be approved by the Committee and furnished to the companies which are Plan subscribers on request. Any expenditure in excess of, or not included in, the annual budget shall be approved by the Committee.

The Committee shall make available to all companies which are subscribers to the Plan, a written report of operation, in such form and detail as the Committee may determine. The annual report shall be available on the Plan website. In addition, hardcopies of the report may be obtained by contacting the Plan.

Sec. 38. AMENDMENT OF PLAN

Changes in the Plan require the prior approval of the Governing Committee and the Office of Insurance of the Commonwealth of Kentucky.

Sec. 39. PRODUCER RESPONSIBILITY

The actions of a producer under this and all other sections of this Plan are deemed to be the actions of the applicant and are not the actions of the Plan. Insofar as the producer is acting as an agent of any party in connection with actions under this or any other section of the Plan, the producer shall be deemed to be the agent of the applicant and not the agent of the Plan and/or servicing carrier.

Sec. 40. PERSONAL AUTOMOBILE INSURANCE PROCEDURE (PAIP)

A. Administration

The Committee shall utilize appropriate resources to audit the records of any service provider relating to the subject matter of the Plan of Operation. They may specify what policies, records, books of account, documents, and related material it deems necessary to carry out its audit functions. Such material shall be provided by the service provider in the form and with the frequency reasonably required by the Committee.

B. Service Providers

The Kentucky Automobile Insurance Plan is authorized to write and service Kentucky Plan personal automobile insurance policies.

Acting on behalf of the Kentucky Plan, service providers will issue personal automobile insurance policies in the name of the Kentucky Automobile Insurance Plan and provide policyholder and claim handling services.

The Committee may appoint one or more service providers based on Plan need. Service provider appointment will be for a specified term not to exceed five years. When there is more than one service provider, private passenger applications shall be allocated to service providers based on percentages mutually agreed upon by the Committee and the service providers.

C. Eligibility Requirements

Service providers are appointed by the Committee and must meet and continuously maintain all of the following eligibility requirements. If at any time, the servicing provider does not meet one or more eligibility requirements, the service provider must immediately notify the Plan.

The service provider must

1. have a service facility affording policy issuance and all other policyholder services,
2. have the ability to service insurance claims in every state, the District of Columbia, and Canada,
3. be able to comply with statistical reporting requirements to the Central Processor, and
4. execute the Servicing Agreement and comply with the provisions of that agreement.

D. Service Requirement

The service provider must provide full service for all policies written, including claims and statistical reporting.

E. Administrative Requirements

The Plan and service provider will mutually agree on the reports to be provided and the level of detail required. Specific requirements shall be included in the Servicing Agreement.

F. Service Provider Fee

The service provider fee shall be negotiated annually and be subject to approval by both the Plan and the service provider.

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G. Service Standards

The following service standards will be provided in the Servicing Agreement by mutual consent between the Plan and the service provider.

1. Reporting and Processing of Applications
2. Underwriting Plan
3. Claims Handling
4. Financial and Statistical Reporting
5. Notification and Communication Standards.
6. Access to Data

H. Conflict of Provisions

If a conflict exists between the Plan of Operation and the Servicing Agreement, the provisions of this Plan shall apply.

**Sec. 41. PERSONAL AUTOMOBILE
INSURANCE PROCEDURE
PARTICIPATION PROVISIONS**

A. Participation Ratios

The operating results of the PAIP will be apportioned to member companies based on participation ratios. Each member company shall be liable for their share of the fiscal assessment based on their proportion of Automobile Liability Written premiums for the first prior calendar year to the statewide total of Private Passenger Automobile Liability Written premiums of all companies in the state.

“Private Passenger Automobile Liability Written premiums” means the automobile premiums shown on the Exhibit of Premiums and Losses (Statutory Page 14 Data) of each insurer’s Annual Statement for Private Passenger No-Fault and Other Private Passenger Auto Liability, Lines 19.1 and 19.2, excluding business written on a nonadmitted surplus lines basis.

The first prior year data used to determine assessment shares shall be acquired from the NAIC as of June of the given assessment year. For example, 2020 PAIP participation ratios will be based on 2019 Annual Statement premium acquired from the NAIC as of June 2020.

B. Distribution

The Plan shall distribute applications to service providers.

C. PAIP Assessments

1. Initial Assessment

Prior to the implementation of PAIP, an assessment will be made to fund the procedure for an amount to be determined by the Governing Committee. Each member company’s share will be based on their participation ratio calculated in accordance with Section 41.A above.

2. Annual Assessment/Distribution

The Plan may periodically, but not less than annually, assess or disburse to member companies, if necessary, to settle the operating results and fund the program. Each member company’s share will be

based on their participation ratio calculated in accordance with Section 41.A above.

3. Basic PAIP Fee

All companies licensed to write automobile insurance in the state shall be assessed a basic PAIP fee of \$100 annually to defray the cost of PAIP operation.

4. Contingency Reserve

Excess funds shall be held in a contingency reserve established to fund PAIP. The contingency fund shall be reviewed annually.

5. Data Availability

If, at the time of the initial assessment for any given calendar year, data for the first prior year is not available, the assessment shall be based upon the latest available year’s data. In this event, the assessment shall be adjusted subsequently using the data for the first prior year.

D. Responsibilities of Participating Member Companies

1. Recording of Results

All participating member companies must record their share of the Kentucky PAIP operating results on their book of business as Boards and Bureaus Expense. Participating member companies should not book their share of Kentucky PAIP operating results as direct business.

2. Overdue Payment of Assessment

The criterion for determining overdue payments of assessments will be the postmark or wire transfer date of the payment. All payments with postmark or wire transfer dates within 30 calendar days of the assessment invoice date will be considered to be on time. Participating member companies submitting payments with a postmark date or wire transfer date later than the 30th calendar day following the assessment invoice date will be subject to a late payment fee. That fee will be computed at the rate of 1.5% per month (0.5% per day) on the unpaid balance from the due date to the postmark or wire transfer date of the payment under a specific assessment, subject to a \$50 minimum. Late payment fees are payable within 30 calendar days of the late fee invoice date. If payment has not been received by the 55th calendar day from the assessment invoice date, a report may be submitted to the Kentucky Office of Insurance for appropriate action.

E. Responsibilities of Central Processor

AIPSO, as Central Processor, will balance, review, and distribute to the member companies, at least annually, an assessment invoice of the Kentucky PAIP operating results that displays each member company’s share. The assessment invoice will be issued to member companies with fiscal year results ending December 31st. An annual basic PAIP fee shall be billed to all companies licensed to write personal automobile insurance in the state. Any assessment due and payable to the Kentucky PAIP will be due within 30 calendar days of the assessment invoice date. Distribution checks shall be mailed within 30 calendar days after the date of the assessment.

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F. Transition Provision for Companies with In-Force Plan Personal Auto Policies

All companies with in-force Plan policies with effective dates of December 31, 2018 and prior shall be required to renew such policies for the remainder of the three-year assignment period, provided the insured continues to be eligible for coverage through the Plan.

Sec. 42. RESERVED FOR FUTURE USE

Sec. 43. COMMERCIAL AUTOMOBILE INSURANCE PROCEDURE ADMINISTRATION

A. Administration

The Committee shall utilize appropriate resources to audit the records of any servicing carrier relating to the subject matter of the Plan of Operation and may specify what policies, records, books of account, documents, and related material it deems necessary to carry out its audit functions. Such material shall be provided by the servicing carriers in the form and with the frequency reasonably required by the Committee.

B. CAIP Service Provider

1. Service Provider Selection

The Governing Committee will appoint a CAIP service provider when such appointment is deemed necessary for the benefit of the CAIP.

AIPSO may be approved to serve as a CAIP service provider with a licensed insurance company (fronting company) or AIPSO may be appointed as a service provider to the Plan under the authority granted by the state to issue policies with the Plan as the named insurer.

2. Appointment of AIPSO as CAIP Service Provider

AIPSO, with an agreement with a licensed national insurance company (fronting company), is appointed service provider. AIPSO will issue commercial automobile insurance policies in the name of the fronting company on behalf of the CAIP. AIPSO will also contract with a national claims service company to process claims. As the service provider, AIPSO will handle all policy processing services, such as underwriting, accounting, billing, etc. through their AIPSO Insurance Operations (AIO) unit.

As the approved CAIP service provider, then all duties and obligations of the Plan of Operation and CAIP Accounting and Statistical Requirements Manual shall apply, absent exceptions approved by the Governing Committee and made a part of the Servicing Agreement.

The service provider appointment will be for a specified term not to exceed five years.

3. Eligibility Requirements

The service provider, with an agreement with a licensed national insurance company (fronting company), must meet and continually maintain the following eligibility requirements:

- a. be a multiline automobile insurer that is a subscriber to the Plan, and
- b. have a statutory capital and surplus of not less than \$25,000,000, and
- c. be licensed to write automobile liability and physical damage insurance for all classes of all other business without restriction. Additionally, the company must have been writing all other automobile business in the United States of America for a minimum period of five years in the voluntary market and for a minimum period of three years in the voluntary market of this state, and
- d. have maintained an A.M. Best's financial rating not less than A- for a continuous three-year period from the most current publication date of an applicant's rating. An applicant not rated by A.M. Best within the period necessary to comply with this eligibility requirement may demonstrate financial strength through alternative financial rating services at the discretion and satisfaction of the Governing Committee, and
- e. be willing and able to execute a Servicing Agreement with each state Plan and comply with its provisions.

4. Service Provider Fee

The service provider is subject to the service carrier allowances shown in paragraph C.

5. Service Requirement

The service provider must provide full service for all policies written, including claims and statistical reporting in accordance with the CAIP Accounting and Statistical Requirements Manual.

6. Performance Standards

The service provider must comply with the performance standards in [Section 31](#) and the CAIP Accounting and Statistical Requirements Manual, unless otherwise specified in the Servicing Agreement.

C. Servicing Carrier Allowances

1. In addition to the direct reimbursement of all actual paid losses, a servicing carrier will be allowed

- a. a percent of liability written premium for administrative expense, other than claim expenses, producer compensation and premium taxes;
- b. a percent of earned premium for unallocated liability loss adjustment expenses for liability, personal injury protection, uninsured motorists, underinsured motorists, and medical payments coverage claims;
- c. allocated liability claim expenses as defined in the CAIP Accounting and Statistical Requirements Manual (actual);
- d. producer compensation (actual);
- e. premium taxes incurred (actual).

The Committee may approve servicing carrier reimbursement in whole or in part for specific extraordinary expenses (not reimbursed under a through e

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above) incurred in qualifying for, continuing as, or ceasing to be a servicing carrier.

2. The formula for the establishment of the servicing carrier expense allowance is as follows:

$$\begin{aligned} \text{Liability Servicing Carrier Allowance} &= \text{Administrative Expense} + \left[\text{Unallocated Liability Loss Adjustment Expense} \left(\frac{\text{Actual Loss Ratio}}{\text{Best's Loss Ratio}} \right) \right] \\ &+ \text{Allocated Liability Claims Expense} + \text{Taxes} + \text{Compensation} \end{aligned}$$

3. The administrative expense ratios to be included in the general formula will be determined as follows:

The administrative expense ratio shall equal the latest 3-year average Best's Aggregates and Averages ratio of other acquisition and general expenses to written premium increased by a general service fee of five percentage points. The administrative expense ratio shall be calculated separately for liability and physical damage and shall be subject to annual review by the Committee.

4. The loss adjustment expense ratios to be included in the general formula shall be determined as follows:

- a. The unallocated liability loss adjustment expense allowance shall be based on the latest three-year average Best's Commercial Automobile Aggregates and Averages liability loss adjustment expense (adjusted to eliminate the allocated loss expenses) applicable to the liability, personal injury protection, uninsured motorists, underinsured motorists, and medical payments coverage earned premium.
- b. The actual CAIP incurred loss ratio for the latest three years of CAIP operation, if credible, will be used for the actual loss ratio element. In the absence of credibility, accepted industry actuarial practices will be applied in determining the actual loss ratio.
- c. The loss adjustment expense is adjusted by the ratio of the actual loss ratio to the Best's loss ratio subject to a maximum actual loss ratio of 150% and a minimum actual loss ratio of 50%.

5. The servicing carrier allowances shall be subject to an annual review by the Committee.

D. Account Information

All subscribers to the Plan shall make account information for eligible applicants (including experience) available to servicing carriers.

E. Servicing Carrier Withdrawal or Termination

1. In the event that an insurer who is (or formerly was) operating as a servicing carrier exercises its option to withdraw or is terminated as a servicing carrier, in accordance with the provisions of the Servicing Agreement, the servicing carrier shall be permitted to nonrenew its CAIP policies at expiration by giving at least 60 days' notice of nonrenewal to the insured

and producer of record prior to the next annual policy expiration date, and

2. The withdrawing servicing carrier shall submit a claims handling plan, to include current claims handling methods and procedures, with its letter of resignation. A terminated servicing carrier shall submit a claims handling plan 60 days prior to the date of termination or as directed by the Governing Committee. The claims handling plan must include detailed explanations of each of the following:

- a. Any management or organizational changes planned or anticipated that will impact the handling of CAIP claims
- b. Plans for relocating claims servicing offices
- c. Planned or anticipated changes to methods and standards for handling claims
- d. Goals/objectives/timetables for reducing number of open claims
- e. Planned or anticipated change to the method of handling litigation, e.g., utilizing outside counsel versus house counsel or utilizing outside claims personnel in place of inside referral

The Plan Governing Committee must approve the claims handling plan and any subsequent changes thereto.

3. The servicing carrier must immediately advise the Governing Committee in writing and in advance of any change to its claims handling plan specifically relating to items 2.a, b, c, d, and e above and all other substantive changes to their operation and claims handling plan as submitted to the Governing Committee.

4. The servicing carrier shall provide the Plan with loss statements, by policy year, at the time of its resignation, termination, or insolvency and on a quarterly basis thereafter or until such time as the Governing Committee deems the statements are no longer necessary. Loss statements must be received at the same time as CAIP Quarterly Summary Control reports and include the following minimal loss detail:

- a. Claim number
- b. Policy number
- c. Policy year
- d. Accident year
- e. Adjusting office
- f. Insured name
- g. Date of loss
- h. Amount of loss—incurred/paid/reserved
- i. Historical company loss trend and development factors for a minimum of the most recent five years

5. The submitted data will be evaluated for trends that may require further review. A final report containing the findings of the evaluation will be presented to the Governing Committee on a frequency agreed to by both parties. If questionable or adverse trends are found in the outstanding loss detail provided, the

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Governing Committee may consider the following options:

- a. Request a full claims audit.
- b. Request reimbursement of improper claims payments, if the servicing carrier has written policies with effective dates of August 31, 2022 and prior.
- c. Require servicing carrier to pay for subsequent special audits.
- d. Reassign open claims at the servicing carrier's expense, but not to exceed the loss adjustment expense (LAE) allowance paid for all open policy years combined.

6. Claim Reassignment Procedure

The servicing carrier has received a claim service fee which contemplated its bringing the claims to proper conclusion, therefore

- a. if the servicing carrier is meeting and is expected to continue to meet reasonable claim handling standards, it should continue the handling of its files to a conclusion;
- b. if the servicing carrier has not met reasonable claim standards, or refuses or is unable to further handle the claims, the Plan Governing Committee should consider the following:
 - (1) Allow the servicing carrier to handle to a conclusion all outstanding claims reported to the servicing carrier prior to its withdrawal or termination. All subsequently reported claims will be reassigned by the Plan Governing Committee.
 - (2) Allow the servicing carrier to retain only suit files where competent counsel is handling and the servicing carrier is meeting reasonable standards. All other claims will be reassigned by the Plan Governing Committee.
 - (3) Place settlement authority limitations on all claims until reassignment by the Plan Governing Committee. Final settlement authority, until reassignment, is to be vested with the Plan Governing Committee.
 - (4) Unless contrary to or prohibited by law, return all the claim files and notices to the Plan Governing Committee for reassignment as the Plan Governing Committee directs.

Unless otherwise directed, the servicing carrier shall service to a conclusion all claims (including pending, late reported, and reopened) that occurred prior to the renewal, transfer, or termination of the particular policy involved, subsequent to the effective date of the withdrawal or termination.

The servicing carrier will be subject to all Plan provisions, contractual obligations, and Plan directives until

- all claims are closed by payment, closed without payment, or otherwise; or
- a date to discontinue service is determined.

Reassignment of claims should be made to one entity, if practical, or to as limited a number of entities as possible.

If more than one entity is required, the distribution will be under the direction of the Plan Governing Committee or its designate.

7. Statistical and Accounting Consideration

The records of all reassigned claims indemnity payments and expenses incurred must, among other required information, be kept statistically separated. The statistical and any other agency must be notified of the withdrawals and reassignments.

F. Servicing Carrier Insolvency

1. Upon receipt of notice of insolvency, or if the Plan Governing Committee finds it necessary to terminate a servicing carrier for financial reasons, the Plan Governing Committee may request a claim review of open claims files.

The claim review will enable the Plan Governing Committee to

- a. select the appropriate option for further handling of claims,
 - b. determine the level of work completed on the files,
 - c. estimate future adjustment expense needed for completion of claim file work.
2. The files will be subject to periodic review by the Plan Governing Committee or its designate. If a review indicates the servicing carrier fails to meet reasonable claim handling standards, the Plan Governing Committee may then consider other options included but not limited to those in Section 43.E. Servicing Carrier Withdrawal or Termination.

**Sec. 44. COMMERCIAL AUTOMOBILE
INSURANCE PROCEDURE
PARTICIPATION PROVISIONS**

A. All Other Liability Writers

For the purpose of participation in the premiums, losses, and expenses of the Commercial Automobile Insurance Procedure as outlined in Section 44.B, Voluntary All Other Automobile Liability Net Direct Written premiums, shall be defined as follows:

"Voluntary All Other Automobile Liability Net Direct Written premiums" written by the company in the state shall be the automobile liability and personal injury protection premiums included on the Exhibit of Premiums and Losses of the company's Annual Statement for the calendar year ending December 31 of the second prior year minus premium for the following classes:

1. Total private passenger nonfleet automobile bodily injury and property damage liability, medical payments, uninsured motorists, and personal injury protection voluntary premium
2. Miscellaneous nonfleet personal vehicle and named nonowner applicant liability premiums

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3. Total Automobile Insurance Plan premiums (including CAIP direct written premiums of a servicing carrier or a fronting company who is acting on behalf of a service provider) written
4. Premiums for death and disability coverage

Such premium shall be gross direct premiums, including policy and membership fees less return premium and premiums on policies not taken, without including reinsurance assumed and without deducting reinsurance ceded, but including premiums for other than private passenger excess of loss policies except in the case of a company which writes no basic limits automobile liability insurance.

B. Member Company Participation

1. For the purpose of participation in the premiums, losses, and expenses there shall be one class of business:

All other automobile liability

At the end of each fiscal period, profit or loss for such class of business shall be determined separately for each policy year. A policy year shall include all policies written to be effective during a calendar year. Profit shall be credited or distributed to each subscriber and loss shall be charged against each subscriber in the proportion of the subscriber's Voluntary All Other Automobile Liability Net Direct Written premiums to the comparable direct written statewide totals for all subscribers for the calendar year ending December 31 of the second prior year.

Any CAIP all other physical damage experience will be combined with CAIP all other automobile liability experience for the purpose of participation.

In the event automobile personal injury protection coverage is not offered by the Plan in a state where CAIP is in effect, any CAIP all other automobile personal injury protection experience for out-of-state garaged risks will be combined with CAIP all other automobile bodily injury experience for the purpose of participation.

2. Each subscriber shall be liable for all other costs or expenses not chargeable to the allocated experience of any class of business in the same proportion as described in B.1 above.
3. Voluntary all other data necessary to comply with the foregoing participation procedures shall be reported to AIPSO in the same manner as described under [Section 46.A](#).
4. For the purpose of such participation as described above, Voluntary All Other Automobile Liability Net Direct Written premiums required to calculate participation ratios shall be as defined in Section 44.A above.

C. Responsibilities of the Central Processor

AIPSO, as Central Processor, will receive all accounting data from the servicing carrier, balance, review, and distribute this data to all member companies in accordance with their participation.

The details of this system are in the CAIP Accounting and Statistical Requirements Manual.

Sec. 45. RESERVED FOR FUTURE USE

Sec. 46. GENERAL PROVISIONS

A. Reporting of Statistical Data

1. Distribution Data

All of the data necessary to comply with the foregoing distribution procedures shall be reported to AIPSO by each company subscribing to this Plan or by the statistical agencies designated by such companies and each company agrees to permit its statistical agent to release such data to AIPSO and agrees that its statistical agent shall be permitted to furnish AIPSO with statements of its Automobile Insurance Plan experience and voluntary private passenger nonfleet and other than private passenger net direct automobile data in accordance with the annual AIPSO statistical program. Each company agrees to allow AIPSO to use its NAIC Annual Statement Automobile Written premium to estimate unreported or inaccurate voluntary data in accordance with Section 46.A.1.c.

It is the responsibility of each member company to ensure that the above statistical reporting requirements are met if they furnish the data directly to AIPSO or if they utilize a designated statistical agency and to provide AIPSO and/or their statistical agent with corrected or appropriate data within the timeframes specified in Section 46.A.2 below.

If a member company fails to report its data in accordance with the annual AIPSO statistical program requirements, or if in the reasonable judgment of the statistical agent and AIPSO, the data the member company reports is inaccurate, the following procedures shall apply:

- a. If the member company is affiliated with a statistical agent, the statistical agent shall estimate the data. In such instances, the statistical agent is authorized to estimate the data and release it to AIPSO. It is the responsibility of the member company to provide the statistical agent with corrected or appropriate data. Upon receipt of the corrected or appropriate data from the subscriber company, the statistical agent will re-submit the data to AIPSO in accordance with Plan rules. If the statistical agent is unable to estimate the data for any reason, then AIPSO may estimate the voluntary data in accordance with Section 46.A.1.c.
- b. If a member company with unreported or inaccurate data has no affiliation with a statistical agent, it is their responsibility to provide the appropriate data and data corrections. Failure to do so will result in AIPSO estimating the member company's voluntary data in accordance with Section 46. A.1.c.
- c. AIPSO shall use the company's NAIC Annual Statement Automobile Written premium to estimate the company's statistical data.

2. Data Corrections

For PAIP participation, prior year Annual Statement premium acquired from the NAIC as of June of the

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given assessment year is not subject to further adjustment or correction, except as specified in [Section 41.A](#) or as otherwise authorized by the Plan.

For CAIP, corrections and adjustments to a given calendar year's Voluntary All Other premium data reported by statistical agents will be accepted for a period of 2½ years from the close of the calendar year.

Note: For example, companies may submit corrections to calendar year 2018 voluntary base data until June 30, 2021.

3. NAIC Data

Each company agrees to allow the use of its Annual Statement automobile written premium data, acquired by the Plan from the NAIC, to develop participation ratios for Plan use.

4. Voluntary All Other Distribution Data

Voluntary All Other Automobile Net Direct Written Liability premium, as reported to AIPSO by each member company or by their statistical agent, shall be used to calculate CAIP participation and assessments. However, this data shall be adjusted to exclude Automobile Insurance Plan liability and physical damage written premiums of a CAIP servicing carrier or a fronting company, acting on behalf of a service provider.

B. Mergers or Consolidation of Companies

In the event a company is merged with another company or there is a consolidation of companies, the continuing company shall receive the assessments and participation of the company merged or consolidated until the obligation of such merged or consolidated company, as established by its writings prior to such merger or consolidation, has been filled. However, the continuing company may be relieved from such obligations if another company has agreed, in a manner satisfactory to the Committee, to assume such obligations.

C. Company Groups

Company groups under the same ownership may elect to be treated as one company to receive assessments and PAIP and CAIP participation.

D. Companies Discontinuing Writing or No Longer Licensed

1. Personal Automobile Insurance Writers

A company that is discontinuing writing or is no longer licensed to write automobile liability insurance in the state shall participate in assessments and the operating results of PAIP for those calendar years for which the company reported data.

If the automobile liability business of such company has been purchased by, transferred to, or reinsured by another company, the latter shall receive the assessments and participation of the former until the obligation(s) of the former as established by its writings prior to such transfer has been filled, unless another company has agreed, in a manner satisfactory to the Committee, to assume such obligations.

2. Commercial Automobile Insurance Writers

A company that is discontinuing writing or that is no longer licensed to write automobile insurance in this

state will participate in assessments and the operating results of CAIP for those policy years for which the company reported two years prior voluntary base data. Such companies will participate for each policy year of CAIP experience to a maximum of 11 years.

When all companies in a group are under the same ownership and management or a group elects to be treated as a single company, and a company in the group discontinues writing or is no longer licensed, the remaining licensed companies shall not adjust voluntary base data to exclude Voluntary All Other premium of the company no longer licensed. Any CAIP participation statements for the company that has discontinued writing or is no longer licensed shall be the responsibility of the remaining companies in the group. When a company is no longer licensed during a calendar year, it shall be considered a member of the group for the year.

E. Insolvent Companies

In the event proceedings have been initiated in a court of competent jurisdiction to have a company declared insolvent, and a receiver or liquidator has been approved by such court, that company's share of the Plan assessment shall become the shared obligation of all companies licensed to write automobile insurance in the state. Each member company will be assessed proportionately for the insolvent company's share of the Plan assessment. In the event the company is subsequently found by the court not to be insolvent, the proceedings are dismissed and the liquidator or receiver has been discharged, the company shall be assessed for the total amount expended to reimburse all companies licensed to write automobile insurance in the state.

F. Negotiation of Settlement of Balances with Companies in Rehabilitation

On behalf of the Plan, AIPSO shall negotiate the best offer or settlement of balances due for AIPSO and Plan assessments and PAIP and CAIP participation and shall protect the financial interest of the Plan. Any offer or settlement for the Plan or CAIP in excess of \$10,000 shall be ratified by the Governing Committee.

Sec. 47. RATE DETERMINATION

A. General Provisions

1. All risks placed through the Plan shall be subject to the rules, rates, surcharges, minimum premiums, and classifications filed by the Plan on behalf of all subscribing companies.
2. For the purposes of such filings, each company subscribing to the Plan authorizes the Executive Director of the Office of Insurance to accept such filings on its behalf.
3. All of the statistical data required to develop the appropriate rates shall be furnished to AIPSO by each company subscribing to this Plan or by a statistical agency designated by such company.

B. Resident and Nonresident Rate Determination

For the purposes of this Section, the word "Plan" shall mean any automobile residual mechanism having a separate residual market rate.

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This does not include

Massachusetts Commonwealth Automobile Reinsurers
Maryland Automobile Insurance Fund
North Carolina Reinsurance Facility

1. State of Principal Garaging—Plan State

Bodily injury, property damage, medical payments, and personal injury protection coverages shall be afforded as follows:

A vehicle principally garaged in another state shall be subject to the rates, additional charges, rating rules, and policy forms applicable under the Plan of the state of principal garaging, and such applicants shall be provided coverage by companies or servicing carriers licensed to write and writing automobile liability insurance in that state.

2. State of Principal of Garaging—Non-Plan State

Bodily injury, property damage, medical payments, and personal injury protection coverages shall be afforded as follows:

When a vehicle is principally garaged in another state which does not provide rules, rates, and coverage forms to afford insurance under an Automobile Insurance Plan, such risks shall be subject to whichever of the following will produce the higher dollar amount:

- a. the rates applicable to the territory in the state as shown on the address indicated on the registration, and otherwise subject to all of the provisions of this Plan, or
- b. the rules, rates, minimum premiums, classifications in force, and rating plans applicable to the company or servicing carrier for voluntary business in the state and territory where the vehicle is principally garaged, and otherwise subject to all of the provisions of this Plan. This rule is not applicable to a CAIP or PAIP service provider that does not write automobile insurance in the voluntary market.

C. **Surcharge for Extra Hazardous Risks**

If the hazard of an applicant or insured is determined to be greater than that contemplated by the rate normally applicable, the service provider or servicing carrier shall supply the Kentucky Automobile Insurance Plan with a recommendation for the additional charge along with the necessary information for the determination of the increase in such rate. The Plan shall submit this recommendation to AIPSO for determination of the additional charge due to the exposure of the risk. AIPSO will advise the Plan which will in turn notify the service provider or servicing carrier. If an objection is not received from the service provider or servicing carrier within 15 days, the Plan will be in a position to submit a filing to the Kentucky Office of Insurance for approval. On receipt of written approval from the Office of Insurance, the service provider or servicing carrier will be so informed that the additional charge is in order. An approved increase in such rate shall be deemed to include any applicable additional charges.

Sec. 48. RESERVED FOR FUTURE USE

Sec. 49. RIGHT OF APPEAL

The Committee may hear any appeal from an applicant, insured, producer, insurer, service provider, or servicing carrier on a matter pertaining to the proper administration of the Plan. Each Notice of Cancellation or denial of insurance under the provisions of the Plan shall contain or be accompanied by a statement that the insured or applicant has a right of appeal to the Committee. The action of the Committee may be appealed to the Executive Director of the Office of Insurance of the state.

The Plan shall promptly notify the insured or applicant, the producer of record, and the insurer, service provider, or servicing carrier of the disposition of the appeal, which notification in the case of refusal to sustain a cancellation shall include notice that, upon payment of the deposit premium to the company, a policy or binder will be issued.

An appeal shall not operate as a stay of cancellation, provided, however, that if either the Committee or the Executive Director of the Office of Insurance refuses to sustain the cancellation, the company which issued the policy or binder shall, within two working days after receipt of the deposit premium, provided such deposit premium is received within 30 days after determination of the appeal, issue a new policy or binder effective for a period of one year from the date of issuance of such new policy or binder. The balance of the premium shall be payable as provided in Personal Automobile Part—[Section 6](#) and Commercial Automobile Part—[Section 22](#).

Sec. 50. INDEMNIFICATION

The Plan shall indemnify each individual or insurer against any and all losses, damages, judgements, interest, settlements, fines, court costs, and other reasonable costs and expenses, including attorney's fees, and any other liabilities (hereafter, "liability") incurred by, imposed upon, or suffered by such individual or insurer in connection with or resulting from any claim, action, suit, or proceeding, actual or threatened (hereafter, "claim") arising out of and in connection with the performance of duties on any committee or on the Governing Committee of the Plan or predecessor organization or arising out of and in connection with the performance of duties as an officer or employee of the Plan or predecessor organization, provided such individual or insurer

- A. acted in good faith;
- B. reasonably believed the performance of duties was in accordance with the objectives of the Plan;
- C. had no reasonable cause to believe the performance of duties was improper or illegal; and
- D. shall have promptly notified the Plan of any claim in writing at its main office.

Indemnification as described in this Section shall be provided whether or not the individual or the insurer is still serving on the Governing Committee or on any committee of the Plan or is still an officer or employee of the Plan at the time of the commencement of any claim, and whether or not any possible liability is incurred through the performance of duties prior to the adoption of this Section.

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Whenever an individual or insurer seeks indemnification under this Section, entitlement to indemnification shall be determined by the Governing Committee which shall also determine the time and manner of indemnification including reimbursement with interest.

The Plan may elect to defend, pay, or otherwise dispose of any claims, at its own cost, and will promptly advise the individual or insurer seeking indemnification whether it so elects.

The cost of fulfilling the Plan's obligations under this Section shall be a cost of administration as provided in [Section 36](#).

Sec. 51. PRODUCER REGISTRATION TO ACCESS THE ELECTRONIC APPLICATION SUBMISSION INTERFACE (EASI)

★Producers licensed to transact automobile insurance in Kentucky must be registered to access EASI which is available for private passenger and commercial applications. A producer cannot submit private passenger and commercial/truckers applications electronically unless registered with the Plan. ❖

A registration identification code must be obtained by completing an application for authorization to submit applications electronically. The online registration application must be completed by accessing www.aipso.com/PlanSites/Kentucky. A copy of a valid producer's license must also be submitted to the Plan at the time application is made. License copies should be electronically transmitted to the Plan in accordance with the directions provided on the Plan website.

Only producers registered with the Plan may submit applications electronically. It is the responsibility of each producer to review and comply with the rules and procedures for electronic application submission in the Plan of Operation.

Within five working days following Plan receipt of the application, the Manager will approve any application that meets all requirements. However, a producer whose privilege to electronically submit applications has been revoked or suspended shall be subject to the following exceptions:

- A. A producer whose access to electronic application submission has been revoked shall not be eligible to reapply for registration until one year following the effective date of revocation. All outstanding violations must be resolved prior to reapplication for registration.
- B. If a producer's access to electronic application submission has been suspended, the producer's access privilege to submit applications electronically shall automatically be reinstated effective the day following the termination date of the suspension provided all outstanding violations have been resolved.

A copy of all producer licenses shall be submitted to the Manager within 60 days of the renewal date.

Sec. 52. ★ALTERNATE APPLICATION SUBMISSION PROCEDURES

The Electronic Application Submission Interface (EASI), authorized by the Kentucky Automobile Insurance Plan, provides electronic private passenger and commercial application forms for completion and transmittal to the Plan. In the

event EASI is not available, producers must submit applications in accordance with the Alternate Application Submission Procedures. ❖

For information and instructions related to the use of the Alternate Application Submission Procedures, please contact the Kentucky Automobile Insurance Plan.

A. Producer Access to Alternate Application Submission Procedures

Producers who are licensed to transact automobile insurance in Kentucky and who are registered with the Plan to access EASI in accordance with [Section 51](#) may utilize the Alternate Application Submission Procedures in accordance with the procedures developed and authorized by the Plan.

★Access to the Alternate Application Submission Procedures shall not be construed as constituting the producer as an agent of the Plan or any service provider. In all transactions between the applicant and the Plan, the producer shall be deemed to be the agent of the applicant and not the agent of the Plan. ❖

B. Availability of Applications

In addition to the Plan manuals and forms that are currently available on the Kentucky Plan website at www.aipso.com/PlanSites/Kentucky, the private passenger application will be available for downloading for use when submitting applications in accordance with the Alternate Application Submission Procedures.

★The Plan will also maintain a plain paper version of the private passenger and commercial EASI applications. Producers may contact the Plan to obtain paper copies of the plain paper private passenger and/or commercial application for use with the Alternate Application Submission Procedures. To ensure submission of the most recent edition of an application, producers must periodically update any plain paper application retained for use with this procedure.

C. Alternate Submission Procedure for Private Passenger

1. Original Application

Upon receipt of the original application for insurance properly completed and the deposit specified in [Section 6](#), and if the application form shows that the applicant is eligible for coverage, the Plan shall process the application and will notify the producer of record of the date when the coverage shall become effective. ❖

In no event shall coverage become effective

- a. prior to the time shown on the application;
- b. unless the application includes the following:
 - (1) The name and address of the applicant
 - (2) Complete vehicle information including VIN
 - (3) A completed Coverage section
 - (4) The signatures of the applicant and the producer
- c. unless the required deposit premium is submitted with the application.

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2. Applications Submitted Via the United States Postal Service

- a. Coverage shall become effective at 12:01 A.M. on the day following the date of mailing of the application to the Plan as shown by the postmark on the mailed envelope. If the postmark is not legible, or if the mailed envelope is stamped by meter and does not contain a postmark, the coverage will be effective at 12:01 A.M. on the day following receipt by the Plan.

★ ❖

- b. Should the applicant require that the coverage applied for become effective at the time of application, the producer of record shall indicate the time and date when coverage is required. The coverages and limits for which the applicant is applying shall become effective as of the time the application is completed.

The producer of record and the applicant shall certify in the application the date (day, month, and year) and the time (hour, A.M. or P.M.) that the application was written.

★The producer of record shall forward to the Plan, no later than the first working day after the application is written, an original and one copy of such application and shall supply the applicant with a copy of such application duly executed by the producer. The date of forwarding of the application to the Plan shall be deemed to be the date of postmark on the mailed envelope. ❖

In the event that the producer of record fails to forward to the Plan the application as provided in the section b, coverage shall become effective at 12:01 A.M. on the day following receipt of the paper application and the deposit premium by the Plan.

★The producer of record shall maintain appropriate records of all risks for which they have designated the time and date of coverage and agrees that they will permit inspection or photocopying of such office records by the Plan or by a service provider representative. The inspection or photocopying will be limited to situations where the date or hour of coverage is in question due to the occurrence of an accident or claim arising under the policy issued under this Section. ❖

- c. If the applicant does not desire coverage until a later date, not to exceed 30 days from the date of application, or in the event there is in force a policy terminating at a date later than the date which would be fixed pursuant to this Section, the applicant shall indicate such date in the application and the Plan shall fix the date when the coverage becomes effective at 12:01 A.M. on the desired date of coverage.

3. Applications Hand Delivered to the Plan

If the application is hand delivered to the Plan (including delivery by means of overnight mail, courier, or other delivery service), the effective date of coverage under the Plan shall be determined as follows:

- a. the time the application was completed and executed, if so requested, provided the application is hand delivered to the Plan no later than one working day after it is completed and executed, or
- b. at 12:01 A.M. on the day following receipt of the application by the Plan, if the application is not hand delivered within one working day after it is completed, or
- c. ★if the applicant does not desire coverage until a later date, not to exceed 30 days from the date of application, the applicant shall indicate such date in the application and the Plan shall fix the date when coverage becomes effective at 12:01 A.M. on the desired date of coverage, or
- d. in the event there is an in-force policy terminating at a date later than the date which would be fixed per this Section, the applicant shall indicate such date in the application and the Plan shall fix the date when coverage becomes effective at 12:01 A.M. on the termination date of coverage of the in-force policy.

The producer of record shall maintain appropriate records of all risks for which they have designated the time and date of coverage and agrees to permit inspection or photocopying of such office records by the Plan or a servicing carrier representative.

D. **Alternate Application Submission Procedure for Commercial**

1. Original Application

Upon receipt of the original application for insurance properly completed and the deposit specified in [Section 22](#), and if the application form shows that the applicant is eligible for coverage, the Plan shall process the application and notify the producer of record the date when the coverage shall become effective, only if the application contains the following:

- a. Producer's name, complete address, telephone number
- b. Producer's IRS or social security number, and license number
- c. Applicant's name, complete address, home and business telephone numbers
- d. Applicant's social security or identification numbers
- e. Headquarters of applicant's operation
- f. Legal status
- g. Description of applicant's business operation
- h. ICC docket or other filing number
- i. Complete operator information
- j. Complete vehicle description and VIN, including use
- k. Coverage section properly completed in accordance with limits, coverage, and deductibles provided by the Plan

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- l. Latest carrier, policy number, termination date and reason, and if the coverage was through the Plan
- m. Effective date and time of coverage
- n. Applicant's and producer's signatures
- o. Answer to the following question as it appears on the application: "Are any other vehicles owned by the applicant?"

Any application information not listed above but subsequently requested by the CAIP servicing carrier is specifically defined as pertinent underwriting information as applied in [Section 28](#). Cancellations.

- 2. In no event shall coverage be effective
 - a. prior to the time shown on the Evidence of Insurance section of the application.
 - b. unless the application includes signatures of the applicant and producer and,
 - c. unless the required deposit premium is submitted with the application.
- 3. Applications Not Requiring Filings or Limits in Excess of \$350,000 Combined Single Limit Coverage
 - a. Applications Submitted Via the United States Postal Service
 - (1) Coverage will become effective on 12:01 A.M. on the day following the date of mailing of the application to the Plan as shown by the postmark on the transmittal envelope. If the postmark is not legible, or if the transmittal envelope is stamped by meter and does not contain a postmark, the coverage will be effective at 12:01 A.M. on the day following receipt by the Plan.
 - (2) If there is an in-force policy terminating at a date later than the date of which would be fixed per this Section, the applicant shall indicate such date in the application and the Plan shall fix the date when coverage becomes effective at 12:01 A.M. on the termination date of coverage of such policy or at 12:01 A.M. on the day following receipt of the application by the Plan, whichever is later.
 - (3) Should the applicant require that the coverage applied for become effective at the time of application, the producer of record shall indicate the time and date when the coverage is required. The coverages and limits for which the applicant is applying shall become effective as of the time the application is completed provided
 - (a) the producer of record and the applicant certify, on a form prescribed by the Plan, the date (day, month, and year) and time (hour, A.M. or P.M.) that the application was written;
 - (b) the producer forwards to the Plan, no later than the second working day after the application is written, as evidenced by the postmark date on the transmittal envelope, one copy of such

form as prescribed by the Plan and simultaneously will supply the applicant with a copy of said application duly executed by the producer;

- (c) the producer of record maintains appropriate records of all risks for which they have designated the time and date of coverage. The producer agrees to permit inspection or photocopying of such office records by the Plan or by a company representative. This inspection or photocopying will be limited to situations where the date and time of coverage are in question due to the occurrence of an accident or claim arising under the policy issued under this Section.

If the above outlined immediate coverage provisions are not complied with, coverage will be made effective in accordance with the first paragraph of Section 52.D.3.a.(1).

- b. Application Submitted by Means Other than the United States Postal Service

If the application is delivered to the Plan by any means other than the United States Postal Service (including delivery by means of courier or other delivery service), coverage shall be made effective at 12:01 A.M. on the day following receipt by the Plan.

If the applicant does not desire coverage until a later date, not to exceed 30 days from the date of application, or if there is an in-force policy terminating at a date later than the date which would be fixed per this Section, the applicant shall indicate such date in the application and the Plan shall fix the date when coverage becomes effective at 12:01 A.M. on the termination date of coverage of such policy or at 12:01 A.M. on the desired date of coverage.

- 4. Applications Requiring Filings or Limits in Excess of \$350,000 Combined Single Limit Coverages.

Upon receipt of the application for insurance properly completed and the deposit specified in [Section 22.E.1](#), and if the application form shows that the applicant is eligible for coverage, the Plan shall process the application and notify the producer of record and shall state in such notice when coverage shall be effective.

For those applicants requiring filings or a limit in excess of \$350,000 combined single limit coverage, coverage is effective on a date specified by the applicant or 15 calendar days following the Plan assignment date shown on the notice of assignment, whichever is later, unless the applicant provides both a Declarations page from the insurer showing coverage through the date of the application, and either nonrenewal or termination notice for a reason other than nonpayment of premium, fraud, or material misrepresentation, in which case the effective date of coverage shall be in accordance with [Section 23.B.3](#).

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- a. If an applicant is found ineligible for coverage through the Plan within 15 calendar days following the Plan assignment date shown on the notice of assignment, a notice of ineligibility will be mailed by the servicing carrier, prior to the date upon which coverage would have been effective. Such notice shall state the reason for ineligibility and shall be mailed to the insured with a copy to the producer of record.
- b. If an application is found ineligible for coverage through the Plan after 15 calendar days have lapsed following the Plan assignment date shown on the notice of assignment, cancellation shall be in accordance with [Section 28](#).

For CAIP risks which were eligible under Section 52.D.3, but following processing of the application request either limits in excess of \$350,000 combined single limit or filings, the requested endorsement may take effect no earlier than 15 calendar

days following the receipt of the request for higher limits and/or filings.

5. **Producer Submission of Application to Plan**

The producer of record shall forward the original application bearing the original signatures of the applicant and producer, the deposit payment, and any supporting documentation to the Plan no later than the first working day after completion of the application. The producer shall supply the applicant with a copy of the application. ❖

E. **Plan Procedures and Performance Standards**

Except as otherwise indicated, applications completed in accordance with this Section are subject to the Plan procedures and service provider and producer performance standards contained in the Kentucky Automobile Insurance Plan.

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NOTES

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THE FOLLOWING SECTIONS ARE APPLICABLE TO PRIVATE PASSENGER APPLICATIONS ASSIGNED UP TO AND INCLUDING DECEMBER 31, 2018 AND ARE PROVIDED FOR REFERENCE PURPOSES ONLY.

Sec. 36. COST OF ADMINISTRATION

A. Subscriber Fee

Each company subscribing to the Plan shall pay a separate minimum annual fee of \$10.

B. Assessment

Each subscriber's ratio of Voluntary Private Passenger Nonfleet Written Car Years (as defined in Section 40.A.1) and Voluntary All Other Net Direct Written premiums (as defined in Section 44.A) to the statewide industry total written car years and premiums shall be used as the basis of apportionment of all expenses incurred in excess of the minimum fees.

If, at the time of the initial assessment for any given calendar year, data for the second prior year is not available, the assessment shall be based upon the latest available year's data. In such event, the assessment shall be adjusted subsequently using the data for the second prior year.

C. Companies Not Writing

No assessment other than the minimum annual fee shall be levied against a company which has written no automobile liability insurance other than for the Automobile Insurance Plan during the period for which the quotas are based.

DIRECT ASSIGNMENT OF PRIVATE PASSENGER APPLICATIONS ENDED ON DECEMBER 31, 2018. EFFECTIVE JANUARY 1, 2019, THE PERSONAL AUTOMOBILE INSURANCE PROCEDURE (PAIP), A POOLING MECHANISM, REPLACED THE ASSIGNMENT MECHANISM.

Sec. 40. DETERMINATION AND FULFILLMENT OF QUOTAS

A. Distribution of Applications

The Plan shall distribute those risks which are eligible for coverage so that each company will receive the same proportion of Private Passenger Nonfleet Automobile Insurance Plan premiums that its respective Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years bear to the statewide total of the Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years of all companies in the state.

$$\text{Market Share} = \frac{\text{Company Voluntary PPNF Liability Net Direct Written Car Years}}{\text{Statewide Voluntary PPNF Net Direct Written Car Years}}$$

For the purpose of such distribution as described above (1) Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years and (2) Private Passenger Nonfleet Automobile Insurance Plan premiums shall be as defined below:

1. "Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years" shall be the number of private passenger nonfleet automobile bodily injury liability car years written by the company in the state for the calendar year ending December 31 of the

second prior year under a personal auto policy of any type, excluding Private Passenger Nonfleet Automobile Insurance Plan Car Years. Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years shall include calculated car years for miscellaneous nonfleet and named nonowners for the following classes:

- a. Miscellaneous nonfleet personal vehicles including the following types that are registered:
 - (1) Motor homes, auto homes (self-propelled)
 - (2) Campers and travel trailers
 - (3) Dune buggies
 - (4) All-terrain vehicles
 - (5) Antique autos
 - (6) Amphibious autos
 - (7) Snowmobiles
 - (8) Golf carts
 - (9) Motorcycles, motorscooters, motorbikes, trail bikes, and mopeds
 - (10) Low speed vehicles
- b. Named nonowner applicants

Snowmobile and low speed vehicle bodily injury liability calculated car years shall be excluded from the Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years for the purpose of distribution of applicants.

Each statistical agent will report voluntary data for all ten classes of miscellaneous non-fleet personal vehicles shown in Section 40.A.1.a above. AIPSO will make the appropriate adjustments to miscellaneous nonfleet personal vehicle data to comply with Section 40.A.4.

2. "Private Passenger Nonfleet Automobile Insurance Plan premiums" shall mean the total of
 - a. automobile bodily injury and property damage liability, and personal injury protection premiums including premiums for medical payments, and uninsured motorists coverage for private passenger nonfleet Automobile Insurance Plan insureds;
 - b. the premium credits allowed under this Section.
3. Private Passenger Nonfleet Automobile Insurance Plan premiums shall include the total Automobile Insurance Plan liability premiums written in the state for the following assignable classes:
 - a. Miscellaneous nonfleet personal vehicles including the following types that are registered:
 - (1) Motor homes, auto homes (self-propelled)
 - (2) Campers and travel trailers
 - (3) Dune buggies
 - (4) All-terrain vehicles

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- (5) Antique autos
 - (6) Amphibious autos
 - (7) Golf carts
 - (8) Motorcycles, motorscooters, motorbikes, trail bikes, and mopeds
- b. Named nonowner applicants
4. For quota determination purposes, AIPSO will convert each company's reported voluntary liability premium for the calendar year ending December 31 of the second prior year for all eight classes of miscellaneous nonfleet personal vehicles and named nonowner applicants as shown in Section 40.A.3 above to car years using the statewide average Voluntary Private Passenger Nonfleet Liability premium per car year for the calendar year ending December 31 of the third prior year. Each company's reported Voluntary Private Passenger Nonfleet Liability Car Year data for the calendar year ending December 31 of the second prior year will be adjusted to include calculated car years for miscellaneous nonfleet personal vehicles and named nonowner applicants to comply with Section 40.A.1.

"Nonfleet" is defined as four or less motor vehicles of any type.

"Fleet" is defined as five or more motor vehicles of any type.

THE LIMITED ASSIGNMENT DISTRIBUTION PROCEDURE (LAD) TERMINATED ON DECEMBER 31, 2018.

B. Limited Assignment Distribution Procedure (LAD)

The provisions of this subsection shall apply to all private passenger nonfleet risks submitted to the Plan on and after August 1, 1997. Companies which agree to participate will enter into a written agreement with the Kentucky Automobile Insurance Plan.

1. Any subscriber company may apply to serve as a LAD servicing company and receive additional assignments by executing a LAD Agreement with Servicing Companies. LAD assignments shall be allocated to servicing companies based on percentages that are mutually agreed upon by the Governing Committee and the servicing companies. Annually, the Plan shall review the allocations with current and prospective servicing companies prior to September 1. The Governing Committee may adjust allocations as deemed necessary to meet the needs of the LAD. When a servicing company is the only servicing company, they must agree to accept an allocation of 100% of the LAD assignments. All allocations shall be approved by the Governing Committee and shall be effective January 1 of the new assignment year. The appointment of a new servicing company shall be effective January 1. Subscriber companies who do not elect to receive additional assignments will continue to receive their own assignments.
2. LAD servicing companies are appointed by the Governing Committee and must meet and continuously maintain all of the following eligibility requirements. If, at any time, the servicing company does not meet one or more eligibility requirements, the servicing company must immediately notify the Plan. A servicing company must

- a. be a company whose market share of the Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years, as defined above, is 1% or more. If the individual company does not meet the 1% market share requirement and is part of a group of companies under common ownership, control, and management, the voluntary private passenger nonfleet liability car years of all companies in the group combined may be used to fulfill this requirement;
- b. have a statutory capital and surplus of not less than \$25,000,000;
- c. have and maintain a net premium to surplus ratio that does not exceed 3 to 1;
- d. have maintained an A.M. Best's financial rating of A- or better for a continuous three-year period from the most current publication date of the servicing company's rating. A financial rating from an alternative rating service cannot be used to fulfill this eligibility requirement;
- e. have been licensed to write automobile liability and physical damage insurance without restriction for a minimum period of five years in the state of Kentucky;
- f. have a service facility affording policy issuance and all other policyholder services;
- g. have the ability to service insurance claims in every state, the District of Columbia, and Canada; and
- h. execute the LAD Agreement with Servicing Companies, and comply with the provisions of that agreement.

EXCEPTIONS: (1) The Committee has the option to consider a servicing company application from a company that does not meet the following eligibility criteria:

- (a) The 1% market share requirement
 - (b) The five-year period of licensing for the writing of automobile liability and physical damage in the state
 - (c) The service facility requirement to provide policy issuance and policyholder services
 - (d) The ability to service insurance claims in every state, the District of Columbia, and Canada
- (2) The following eligibility requirements shall not be subject to exception in the evaluation of a company to serve as a LAD servicing company:
- (a) The statutory capital and surplus requirement of \$25,000,000

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- (b) The net premium to surplus ratio of the company which cannot exceed 3 to 1
 - (c) A company financial rating from A.M. Best of A- or better for a continuous three-year period from the most current publication date of the company's rating
3. Subscriber companies which agree to assume additional assignments (servicing companies) will be paid a prescribed service fee established by the Governing Committee. The service fee is a component of the buy-out percentage formula which is stated as a percentage of the additional quota accepted.

4. Monitoring Servicing Company Eligibility

The Plan will annually review the eligibility of each servicing company to ensure it continues to meet eligibility requirements. The Plan may also review the eligibility of a servicing company at any other time that circumstances warrant. Such review may include, but is not limited to, verification of any or all of the eligibility criteria in Section 40.B.2, review of quarterly financial statements filed by the servicing company with the Insurance Department, and monitoring of the volume of LAD business written in relation to any applicable assignment limitation.

If the Plan determines that a servicing company does not continue to meet one or more of the eligibility requirements in Section 40.B.2, the Plan shall immediately provide written notification to the servicing company and Governing Committee. If the servicing company advises the Plan that it no longer meets one or more eligibility requirements, the Plan shall verify the information and provide written acknowledgement to the servicing company. The Plan shall immediately advise the Governing Committee, in writing, that the servicing company no longer meets one or more of the eligibility requirements. The Governing Committee may take such action as deemed necessary, including establishment of a period of time for the servicing company to remedy the cause of ineligibility or termination of the LAD servicing company.

In the event a LAD servicing company is terminated due to ineligibility or any other cause, the Plan will issue notification to all Plan subscriber companies advising them of the termination.

5. Monitoring Buy-Out Capacity

AIPSO, acting on behalf of the Plan, will review on a quarterly basis the volume of additional assignments written by each servicing company on behalf of excused companies in the LAD arrangement and advise the Plan.

6. Termination of LAD Servicing Company

a. Insolvency or Insurance Department Order

If a servicing company is terminated due to insolvency, rehabilitation, or insurance department order, the Governing Committee and Plan will be guided by the following:

- (1) Assignments to the servicing company will be restricted. At the discretion of the Governing Committee, all LAD assignments may be directed to another active servicing company, if one exists and the servicing company is in agreement. Otherwise, such assignments will be distributed to companies with quotas who are not LAD excused companies. As directed by the Plan, the servicing company shall return LAD fees it has received.
 - (2) The Governing Committee may review the capacity of any other active LAD servicing companies to handle additional assignments. At their discretion, the Governing Committee may solicit for another LAD servicing company.
 - (3) If the terminated servicing company was the only servicing company and a replacement cannot be located, the former excused companies will be restricted from receiving assignments for a period of no longer than 90 days. At the conclusion of the restriction period, the companies must be prepared to handle their own Plan assignments.
- b. Any Other Reason

If a servicing company is terminated for any reason, other than those indicated in Section 40.B.6.a, the Governing Committee and Plan will be guided by the following:

- (1) The Governing Committee will provide the servicing company with at least 90 days' written notice of such termination. The servicing company will continue to receive assignments on behalf of its LAD excused companies until the termination date. The servicing company must continue to service its LAD business until the end of three-year assignment in the Plan has been reached, unless otherwise directed by the Governing Committee.
- (2) The Plan will provide the excused companies with at least 90 days' written notice of termination of the only servicing company. If another active LAD servicing company does not exist or the Plan is unable to obtain another LAD servicing company, the notice must advise of termination of the servicing company, cancellation of the excused company contracts, and dissolution of the LAD arrangement. The notice must also indicate that the former excused companies must be prepared to receive and write Plan assignments as of a specific date.
- (3) The former servicing company shall be responsible for its own assignments after termination of the LAD arrangement. The servicing company may seek a LAD buy-out arrangement for its Plan assignments.

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c. Termination of LAD Agreements with Excused Companies

When the procedures in Section 40.B.6 above are utilized, the existing agreements between the Plan and the excused companies are terminated and are subject to the provisions contained herein.

7. Annual Review of Estimated Plan Premium Volume

Annually, the Plan will review the estimated private passenger premium volume when the first quarter (February 1 through April 30) quota reports are distributed. The Plan will advise the Governing Committee whether the estimated Plan private passenger premium volume is less than, meets, or exceeds \$2 million. The Governing Committee shall be guided by the following:

- a. If the Plan estimated private passenger premium volume is \$2 million or less, all companies with private passenger nonfleet quotas have the option to buy out.
- b. If the Plan estimated private passenger premium volume exceeds \$2 million, the Governing Committee may, at their discretion,
 - (1) reinstate the buy-out eligibility requirement shown in Section 40.B.8 in accordance with the procedure in Section 40.B.9;
 - (2) solicit for another LAD servicing company;
 - (3) continue to offer all companies with quotas the option to buy out until such time as the Governing Committee feels further action is deemed necessary;
 - (4) implement a combination of (2) and (3) above; or
 - (5) take any other action deemed appropriate by the Governing Committee.

8. Buy-Out Eligibility Requirement

Subscriber companies with a private passenger nonfleet quota whose market share of the Kentucky Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years is less than 5% may elect to be excused from all private passenger nonfleet assignments (excused companies). An excused company shall pay a prescribed fee on the basis of its applicable private passenger nonfleet quota. Excused companies shall be allowed to buy out commencing on February 1, May 1, August 1, and November 1 of the year.

Subscriber companies with a private passenger nonfleet quota whose market share of Kentucky Voluntary Private Passenger Nonfleet Liability Net Direct Written Car Years is 5% or greater may apply to the Governing Committee for an exception. The Governing Committee may approve or deny a new exception or revoke an existing exception for any circumstances warranted for the benefit of the Plan.

Annually, all company exceptions will be reviewed by the Governing Committee based upon each company's first quarter (February 1 through April 30) quota distribution reports. Any company whose market share equals or exceeds 5% may have its market share exception revoked. If a company's market

share exception is revoked by the Governing Committee, the Plan shall notify the excused company and servicing companies by June 30th that the LAD Agreement with Excused Companies will terminate as of December 31 of that calendar year.

Exception: The above buy-out eligibility requirement and exception procedure are not in effect when the estimated Plan private passenger premium volume is \$2 million or less. Any company with a quota has the option to buy out in LAD. If the estimated Plan private passenger premium volume exceeds \$2 million, the Governing Committee shall be guided by the procedure in Section 40. B.7.

9. Reinstatement of Buy-Out Eligibility Requirement

If the buy-out eligibility requirement is reinstated by the Governing Committee in accordance with Section 40.B.7, the Plan shall be guided by the following:

- a. All servicing companies and excused companies shall be notified by June 30th that the buy-out eligibility requirement will be reinstated as of January 1 of the new year.
- b. Former excused companies and new excused companies with private passenger quotas who meet the buy-out eligibility requirement in Section 40.B.8 may buy out from their quotas as of January 1 of the new calendar year.
- c. Current excused companies whose market shares of the Private Passenger Liability Net Direct Written Car Years are equal to or greater than 5% shall be notified in writing by June 30th that their LAD arrangements are terminated as of December 31 and that they should prepare to receive their own private passenger assignments as of December 31 of that calendar year.
- d. Current excused companies and new excused companies with market shares of 5% or greater may apply to the Governing Committee for an exception in accordance with the procedure in Section 40. B.8.

10. Such excused companies shall nonrenew all policies covering private passenger nonfleet automobiles assigned to it by the Plan, which expire on or after August 1, 1997. Not less than 45 days prior to the expiration date of such policies, the excused company shall provide the insured with a letter of nonrenewal.

11. The fee to be paid by the excused companies shall be distributed among the servicing companies. The buy-out fee percentage shall be calculated annually in accordance with the following formula:

$$\text{Buy - Out Fee Percentage} = \frac{\left(\begin{matrix} 1.0+ \\ \text{Service Fee} \\ \text{Percentage} \end{matrix} \right) \times \begin{matrix} \text{Statewide} \\ \text{Indicated} \\ \text{Average} \\ \text{Premium} \\ \text{Per Car} \end{matrix}}{\text{Statewide Current Average Premium Per Car}} - \begin{matrix} \text{Statewide} \\ \text{Current} \\ \text{Average} \\ \text{Premium} \\ \text{Per Car} \end{matrix}$$

$$\text{Buy-Out Fee} = (\text{Buy-Out Fee Percentage}) \times (\text{Excused Company Quota Premium})$$

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- a. The buy-out fee percentage shall be evaluated annually as of January 1 of each year utilizing the formula.
- b. The components of the formula shall be defined as follows:
- (1) Statewide Indicated Average Premium Per Car: This is the indicated average premium per car that should be adequate to cover losses and expenses expected on the policies written during the 12 months beginning with January 1 of each year. This indicated average premium per car is based on the most recent rate indication available.
 - (2) Statewide Current Average Premium Per Car: This is the premium per car that is paid by the average insured as of January 1 of each year to purchase liability coverage.
- c. The rating methodology used to determine the adequacy/inadequacy of rates in the calculation of the LAD fee will be consistent with the rating methodology used to determine Plan rates.
- d. The service fee percentage factor in the above equation is set at 15% and may be adjusted annually at the start of the new assignment year. The buy-out fee percentage shall never be lower than the service fee percentage. The value of the other components of the formula will be adjusted annually on the basis of the most current rate indication available.
- The minimum buy-out fee is 15% or \$500, whichever is greater, and is paid annually. In no event shall the buy-out fee be less than 15%. If the buy-out formula results in a buy-out percentage of less than 15%, the buy-out percentage shall be set at 15%, subject to periodic review by the Governing Committee. However, if the buy-out percentage formula results in a buy-out percentage greater than 15%, the buy-out fee shall be set at the greater amount as determined by the formula.
12. Annually, when the buy-out fee percentage is announced, the excused company may, within 30 days of such announcement, elect to terminate this agreement by providing written notice to the Plan. The effective date of such termination shall coincide with the August quota distribution. The excused company shall be billed at the new annual buy-out rate prorated for the six months coinciding with the February and May quota periods. Without such notice of termination, the agreement shall be deemed renewed for successive terms of one year.
- The excused company may terminate this agreement for any successive term (calendar year) by giving written notice to the Plan no later than December 31 prior to the year it elects not to participate in the LAD Procedure.
13. Each calendar year, AIPSO, on behalf of the Kentucky Automobile Insurance Plan, shall calculate, collect, and distribute the estimated buy-out fees in accordance with the provisions of this Section. Subsequent to each calendar year, AIPSO shall review and adjust each company's market share and premium quota to reflect changes in premium assigned and in the voluntary data used to calculate each company's quota. This final calculation of market share and premium quota shall not reflect any change in the components of the buy-out formula for that year.
14. Servicing companies will provide full service for the entire quota of excused companies including that for claims and statistical reporting.
15. Whenever there is a termination of an excused company, a servicing company shall continue each policy in force under this Section for the remainder of its three-year assignment. The Governing Committee may direct that quota adjustments be accelerated upon termination of a subscriber if it is deemed equitable.
16. In the event a Plan subscriber which is an excused company in accordance with Section 40.B is declared insolvent and owes buy-out fee monies to the servicing companies, the Plan shall pay the servicing companies for such outstanding balance. The amount expended by the Plan for such payment shall be deemed a cost of administration of the Plan and shall be apportioned to subscriber companies as provided in Section 36. The Plan shall be subrogated in the liquidation proceedings to the rights of the servicing companies so paid.
17. Termination of LAD Excused Company Agreement
- a. Court Order or Insurance Department Order
In the event proceedings have been initiated in a court of competent jurisdiction to have an insurer declared insolvent and a receiver or liquidator has been appointed by such court, or if the company is the subject of an insurance department order that restricts its ability to write automobile insurance, the excused company's LAD agreement shall be terminated. AIPSO, acting on behalf of the Plan, will remove the excused company from LAD at the start of the next quota quarter.
The excused company's LAD obligation will be subject to true up as of the date of receipt of the order.
 - b. Any Other Reason
An excused company agreement may be terminated by either the Plan or the excused company in accordance with the terms and conditions stated in the excused company agreement.
 - c. Termination of Excused Company Agreements
When the procedure of Section 40.B.17.a above is utilized, the existing excused company agreement between the Plan and the excused company is terminated and is subject to the provisions herein.
18. Conflict of Provisions
If a conflict exists between Section 40.B of this Plan and the LAD Agreement with Excused Companies and/or LAD Agreement with Servicing Companies, the provisions of this Plan shall apply.

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C. Distribution Restrictions

Distribution shall be made on the basis that any applicant within the foregoing definitions eligible for assignment shall be assigned or reassigned to any company with a quota, subject to the following restrictions:

1. No risk shall be assigned to more than one company.

2. Household Procedure

If automobile insurance coverage is in force on a vehicle owned by a member of the household at the time of application, the applicant shall be assigned to the company providing the existing insurance, provided all of the following requirements are met:

- a. The applicant is eligible under the rules of the Plan.
- b. A copy of the Declarations page for the policy providing automobile insurance coverage for a vehicle owned by a member of the household is submitted with the application.
- c. The company providing the existing insurance for the household is taking assignments.
- d. The limits and coverages requested are available by the assigned household company.
- e. The surplus provisions in paragraph 3 of this subsection are met.

An assignment to any company under the provisions of the household procedure which is contrary to the above provisions shall be returned to the Plan promptly for reassignment.

3. Company Surplus Provision

No insurer whose surplus to policyholders is less than \$1,500,000 shall be assigned a risk requesting or required by law to carry limits of liability in excess of 50/100/10.

4. Companies Without Voluntary Writings

No assignments shall be made to a company which has written no automobile liability insurance other than for Automobile Insurance Plan insureds during the period on which the quotas are based.

D. Quota Adjustment

AIPSO shall adjust the current assignment quota of each company periodically, but not less than quarterly, to reflect the amount of Automobile Insurance Plan premium which was less than or in excess of its proportionate share of the total Automobile Insurance Plan premium. AIPSO shall periodically, but not less than quarterly, notify the Plan of each company's quota adjustment.

Sec. 46. GENERAL PROVISIONS

A. Reporting of Statistical Data

1. Distribution Data

All of the data necessary to comply with the foregoing distribution procedures shall be reported to AIPSO by each company subscribing to this Plan or by the statistical agencies designated by such com-

panies and each company agrees to permit its statistical agent to release such data to AIPSO and agrees that its statistical agent shall be permitted to furnish AIPSO with statements of its Automobile Insurance Plan experience and voluntary private passenger nonfleet and other than private passenger net direct automobile data in accordance with the annual AIPSO statistical program.

If a subscriber company fails to report its data in accordance with the annual AIPSO statistical program requirements, or if in the reasonable judgment of the statistical agent and AIPSO, the data the subscriber company reports is inaccurate, the statistical agent designated by the subscriber company shall estimate the data. In such instances, the statistical agent is authorized to estimate the data and release it to AIPSO. It is the responsibility of the subscriber company to provide the statistical agent with corrected or appropriate data. Upon receipt of the corrected or appropriate data from the subscriber company, the statistical agent will resubmit the data to AIPSO in accordance with Plan rules. Any subscriber company whose data has been estimated and who does not materially comply with data correction procedures contained herein shall be referred to the Governing Committee for remedial action and, if deemed necessary, the Executive Director of the Office of Insurance.

2. Corrections to Quota/Participation Data

Corrections and adjustments to a given calendar year's voluntary base data will be accepted for a period of 2½ years from the close of the calendar year.

Corrections and adjustments to a given calendar year's Automobile Insurance Plan premium data will be accepted for a period of 1½ years from the close of the calendar year.

Note: For example, companies may submit corrections to calendar year 1992 voluntary base data until June 30, 1995. Corrections to calendar year 1992 Automobile Insurance Plan premium data may be submitted by companies until June 30, 1994.

B. Assignments

1. Assignment Exceptions

Unless the Plan is amended accordingly there shall be no exceptions to the type or class of risks assigned to a company other than as provided in this subsection nor shall there be any agreement with a company to refrain from assigning risks in any territory or area of the state.

2. Assignment Suspensions

Assignments to a company may not be suspended for any period of time, for any reason, without the knowledge and concurrence of the Committee. All subscribers shall be promptly notified of such action.

C. Mergers or Consolidation of Companies

In the event a company is merged with another company or there is a consolidation of companies, the continuing company shall receive the assignments and assessments of the company merged or consolidated until the quota of such merged or consolidated company, as es-

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established by its writings prior to such merger or consolidation, has been filled. In addition, the continuing company shall be responsible for the CAIP participation of the merged or consolidated company for CAIP policy year experience up to a maximum of 11 years. However, the continuing company may be relieved from such obligations if another company has agreed, in a manner satisfactory to the Committee, to assume such obligations.

D. Company Groups

Company groups under the same ownership may elect to be treated as one company to receive assignments, assessments, and CAIP participation.

E. Companies Discontinuing Writing or No Longer Licensed

1. Companies Discontinuing Writing Automobile Liability In the State

In the event a company discontinues writing automobile liability insurance in this state but retains its license to write such business, it shall continue to pay assessments and receive assignments until its quota(s) established by its writing prior to discontinuance of business has been filled; provided, however, that if the automobile liability business of a company discontinuing the writing of automobile liability insurance in this state has been purchased by, transferred to, or reinsured by another company, the latter shall receive the assignments and assessments of the former until the quota(s) of the former as established by its writings prior to such transfer has been filled, unless another company has agreed, in a manner satisfactory to the Committee, to assume such obligations.

In the event the discontinuing writer is unable to fulfill its outstanding quota obligation as provided above, the company shall settle its cumulative unfulfilled quota obligation with the Plan in accordance with Section 46.E.2.b.

2. Assignments to Companies No Longer Licensed in the State

a. A company that is no longer licensed to write automobile insurance in this state should have its Automobile Insurance Plan business treated in the same manner as its voluntary business and should not receive new assignments.

The run-off of existing business should be conducted in an orderly manner with policies non-renewed upon the next policy anniversary date.

A company that elects to surrender its license or has its license to do business in the state revoked must comply with the following requirements:

(1) Surrender of License

If a company elects to leave this state by surrender of its license to write automobile insurance, it must submit to the Committee, as a condition precedent to license surrender, an acceptable plan that will

(a) dispose of its quota of assignments established by its voluntary writings,

including settlement of any outstanding quota obligation as provided in Section 46.E.2.b, and

(b) provide for the handling of its outstanding assigned risk policies, including payment of claims, by appropriate reinsurance agreements and/or financial arrangements.

(2) Revocation of License

In the event a company's license to do business in this state is revoked by the Commissioner, Department of Insurance pursuant to Kentucky insurance law, the company shall have an obligation to submit to the Committee an acceptable plan that will

(a) dispose of its quota of assignments established by its voluntary writings, including settlement of any outstanding quota obligation as provided in Section 46.E.2.b, and

(b) provide for the handling of its outstanding assigned risk policies, including payment of claims, by appropriate reinsurance agreements and/or financial arrangements.

b. Buy-Out Procedure

Companies unable to fulfill their cumulative assignment quota obligation through a LAD arrangement or by grouping with an affiliated company shall request a buy-out of their outstanding quota obligation with the Plan. Such buy-out provision applies to the following:

- Companies that have discontinued writing auto insurance liability in the state but remain licensed, including LAD servicing companies
- Companies who are surrendering or have surrendered their license to write automobile insurance in this state
- Companies whose license to do business in the state has been or is being revoked by the Commissioner, Department of Insurance

The company must submit a written request to the Committee asking for approval to buy out. The request must include the company's Voluntary Private Passenger Nonfleet (PPNF) Liability Net Direct Written Car Years by calendar year, beginning with the second calendar year preceding the date of the written request and continuing forward as necessary for each successive year until all vehicles have been run off. The Committee may grant or deny a request to buy out for any circumstances warranted for the benefit of the Plan.

Once approved by the Committee, the company shall pay a cash settlement of its obligation. This is a one-time cash settlement and shall include the current quota year's obligation as well as the projected future quota years of obligation, based upon the private passenger

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nonfleet vehicles provided by the company. The formula for establishing the cash settlement is:

$$\text{Cash Settlement } (\$) = \left[\left(\frac{\text{Company's Current Year Basic Quota Ratio} \times \text{Company's Future Year Adjustment Factor} \times \text{Statewide Estimated AIP Premium}}{\text{Company's Over/Under Assignment As of Last Finalized Year}} - \frac{\text{Company's AIP Fulfillment Premium for All Years Subsequent to Last Finalized Year}^*}{\text{Company's AIP Fulfillment Premium for All Years Subsequent to Last Finalized Year}^*} \right) \times \text{Buy-Out Fee Percentage} \right]$$

In no event shall the total cash settlement for all years of obligation be less than the minimum settlement fee due the Plan as approved by the Committee. Any over assigned position remaining after fulfillment of the current and future years of obligation shall be brought to zero.

The cash settlement is final and is not subject to true-up based on changes to company data, statewide data, or the buy-out fee percentage, unless so authorized by the Committee.

For purposes of the cash settlement calculation, the company's future year adjustment factor is determined as follows:

$$1 + \left(\frac{\text{Company's Combined PPNF Liability Net Direct Written Car Years for All Years Subsequent to the Current Quota Year}^{**}}{\text{Company's PPNF Liability Net Direct Written Car Years for the Current Quota Year}} \right)$$

For purposes of the cash settlement calculation, the buy-out fee percentage shall be calculated when requested in accordance with the following formula:

$$\text{Buy - Out Fee Percentage} = \frac{\left[\left(1.0 + \frac{\text{Administrative Fee}^{***}}{\text{Statewide Current Average Premium Per Car}} \right) \times \frac{\text{Statewide Estimated Loss and Expense Per Car (Statewide Indicated Average Premium)}}{\text{Statewide Current Average Premium Per Car}} \right]}{\text{Statewide Current Average Premium Per Car}}$$

* Includes the net of actual AIP fulfillment premium written since the last finalized quota year plus any projected AIP fulfillment premium, including negative run-off premium

** Includes actual car years, projected car years, or a combination of both

*** Administrative fee is 0.15

In no event will application of the formula result in a buy-out fee percentage that is less than the administrative fee.

Any company that agrees to the cash settlement but fails to remit payment shall be referred to the Governing Committee for remedial action.

When all companies in a group are under the same ownership and management or a group elects to be treated as a single company and a company in the

group is no longer licensed, the company no longer licensed shall make provisions for its quota of assignments as outlined in Section 46. E.2.

3. CAIP Participation of Companies Discontinuing Writing or No Longer Licensed to Write in the State

A company that is discontinuing writing or that is no longer licensed to write automobile insurance in this state will participate in the operating results of CAIP for those policy years for which the company reported two years prior voluntary base data. Such companies will participate for each policy year of CAIP experience to a maximum of 11 years.

When all companies in a group are under the same ownership and management or a group elects to be treated as a single company, and a company in the group discontinues writing or is no longer licensed, the remaining licensed companies shall not adjust voluntary base data to exclude voluntary all other premium of the company no longer licensed. Any CAIP participation statements for the company that has discontinued writing or is no longer licensed shall be the responsibility of the remaining companies in the group. When a company is no longer licensed during a calendar year, it shall be considered a member of the group for the year.

F. Companies in Financial Difficulty

1. New assignments may be suspended when a legal directive of suspension is issued by an Executive Director of the Office of Insurance and is authorized and valid under the rules of the Plan or applicable laws of the state, confirmed by legal opinion and by vote of the Committee.
2. The company may be relieved of its obligation to renew existing policies at expiration when a legal directive of suspension is issued by an Executive Director of the Office of Insurance and is authorized and valid under the rules of the Plan or applicable laws of the state, confirmed by legal opinion and by vote of the Committee.
3. The company's quota upon resuming the writing of insurance will reflect the assignments it would have received and the renewal policies it would have issued, during the period of suspension. The required assignment adjustment shall be spread over a period of years as determined by the Committee, but in no event shall the period of adjustment be less than three years. After the agreed period of adjustment, normal adjustment will be resumed, or, at the request of the company, the limitation may be continued after approval by the Committee.

G. Negotiation of Settlement of Balances with Companies in Rehabilitation

On behalf of the Plan, AIPSO shall negotiate the best offer or settlement of balances due for AIPSO and Plan assessments and CAIP participation and shall protect the financial interest of the Plan. Any offer or settlement for the Plan or CAIP in excess of \$10,000 shall be ratified by the Governing Committee.

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The rules, classifications, territories, rates, and additional charges applicable to automobile risks insured in accordance with the provisions of the Kentucky Automobile Insurance Plan are contained herein.

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GENERAL RULES CHAPTER

NOTES

GENERAL RULES CHAPTER

Rule 1. PREMIUM DEVELOPMENT

- A. Determine the applicable premium from the Premium Development Rule in the appropriate chapter of this Manual.
 - B. Determine the appropriate chapter of the Manual in accordance with the following:
 - 1. All personal auto exposures are rated under the Private Passenger Chapter of the Manual.
 - 2. All other exposures are rated under the Commercial Auto Chapters of the Manual.
- EXCEPTIONS:
- 1. Business use private passenger autos are rated under the Private Passenger Chapter.
 - 2. All named nonowner policies are rated under the Private Passenger Chapter.
 - 3. All motor homes are rated under the Private Passenger Chapter.
- C. If the rating procedure for an exposure is not provided in the Manual, refer to [Rule 2.](#)

Rule 2. CLASSIFICATION OF RISKS NOT SPECIFICALLY INCLUDED IN THIS MANUAL

The Plan Introduction states that the Kentucky Automobile Insurance Plan is to provide automobile insurance coverage to eligible risks who are unable to obtain such coverage through the voluntary market. If rules and rates for eligible autos are not specifically included in this Manual, upon assignment, the assigned company/servicing carrier will forward a request for an individual risk submission filing to the Plan for rules and rates by completing an Individual Risk Submission Application. The Plan will make an individual risk submission with the Kentucky Department of Insurance.

Note: If the hazard of an applicant or insured is determined to be greater than that contemplated by the rate normally applicable, refer to the Rate Determination Section of the Plan.

Rule 3. ADDITIONAL CHARGES

- A. Additional charges are applicable to all risks.
- B. Apply additional charges on the basis of penalty points accumulated during the experience period to the premiums for
 - 1. bodily injury and property damage liability coverage;
 - 2. medical payments coverage;
 - 3. personal injury protection.
- C. **Experience Period**
 The experience period is the 36 months immediately preceding the date of application for assignment and, in the case of renewal, during the 36 months immediately preceding the effective date of the renewal policy.

- D. Assign penalty points for
 - 1. each accident involving the applicant, named insured or any other person who usually operates the auto(s);
 - 2. each conviction involving the applicant, named insured or any other person who usually operates the auto(s);
 - 3. inexperienced operators (see paragraph G.3).
- E. For the purpose of this Rule, the term “usually operates” and “usually drives” includes a driver who is contemplated, planned, or expected.
- F. **Rules of Application**
 - 1. Assign all penalty points for all operators on a cumulative basis.
 - 2. For an incident involving more than one conviction, assign only the penalty point value for the conviction with the highest penalty point value.
 - 3. For private passenger risks, adjust penalty points midterm to reflect the addition or deletion of operators.
 - 4. For other than private passenger risks, do not adjust penalty points midterm to reflect the addition or deletion of operators.
 - 5. Auto Dealers
 - a. Auto Dealer Liability
 For each Class I or Class II operator with chargeable accidents or convictions, increase the corresponding rating unit(s) by the penalty points applicable to that operator. For example, an active partner with two chargeable accidents would generate 1.50 rating units.
 - b. Auto Furnished to Other than Class I or Class II Operators
 Penalty points shall be assigned on a per auto, per driver basis. Penalty points shall be applied first to the highest rated auto and successively to the next highest rated autos equal to the number of operators subject to penalty points.
 - 6. Service Operations
 - a. Nonowned Auto Liability
 Penalty points are NOT applicable to the nonowned liability premium.
 - b. Owned or Hired Autos and Registration Plates Not Issued for a Specific Auto
 Penalty points shall be assigned on a per auto/plate, per driver basis. Penalty points shall be assigned first to the highest rated auto/plate and successively to the next highest rated auto/plate equal to the number of operators subject to penalty points.
 - 7. Prepared Food Delivery Risks
 For prepared food delivery risks with chargeable accidents or convictions, increase the corresponding hours worked by the penalty point factor applicable to that operator before determination of the average

GENERAL RULES

number of employees per day. For example, an employee working four hours a day with a conviction of driving 10 miles over the speed limit would generate 5.30 hours per day.

8. Single Auto Risks

For all other single auto risks, apply all penalty points to the auto, subject to a maximum additional charge factor of 5.00.

9. Multiauto Risks

- a. Risks comprised of a single tractor/trailer combined unit are not to be considered multiauto risks for the purpose of this Rule.
- b. The term "auto" includes trailers for the purposes of this Rule.
- c. Penalty points shall be applied first to the auto generating the most premium subject to a maximum additional charge factor of 2.50. Any remaining penalty points shall then be applied to the next highest rated auto(s) in succession subject to a maximum additional charge factor of 2.50 per auto until all remaining penalty points are used.

10. For all other exposures, the additional charges under this Rule shall be determined by applying the proper factor to the total policy premium, exclusive of uninsured motorists premiums.

11. Additional charges generated under this Rule are not applicable to minimum policy premiums.

G. Penalty Points Assignable for Accidents and Convictions

1. Accidents

Two penalty points shall be assigned for each auto accident resulting in bodily injury or death, or in damage to property in excess of \$500, including his or her own.

EXCEPTIONS: Penalty points shall not be assigned against the applicant for involvement in an accident

- a. that occurred while the auto owned or operated by the applicant or other person who usually drives the applicant's auto was lawfully parked;
- b. in which the auto was struck by a hit-and-run driver, if such accident was reported to the proper authority within 24 hours;
- c. as a result of which the applicant or other person who usually drives the applicant's auto obtained a judgment against, or a settlement from or on behalf of, the owner or operator of another auto involved in such accident, if the judgment or settlement was obtained prior to the date of application or, in case of renewal, prior to the effective date of the renewal policy, and provided no judgment was obtained against, nor any amount paid in settlement by or on behalf of, the applicant or other person who usually drives the applicant's auto, as a result of such accident;

- d. in connection with which neither the applicant nor other person who usually drives the applicant's auto was convicted of a moving traffic violation, and the owner or operator of another auto involved was so convicted;
- e. when the only amount paid is for medical expense, work loss, replacement services loss, survivor's economic loss, survivor's replacement service loss, or a combination of these, unless the applicant or other person who usually drives the applicant's auto was convicted of a moving traffic violation, or is found in a civil suit to have caused the accident.

2. Convictions

The term "conviction" wherever used in this Manual shall be deemed to be the date a forfeiture of bail or bond or a determination by a court that an offense has been committed.

Violation	Points	
	First Conviction	Each Additional Conviction
Driving an auto while under the influence of intoxicating liquor or narcotic drugs	6	6
Drag racing	6	6
Failing to stop and report when involved in an accident	6	6
Homicide or assault arising out of the operation of an auto	6	6
Willfully eluding a police officer	6	6
Driving an auto during a period of revocation or suspension of registration or license	5	5
Driving an auto without state or owner's authority	5	5
False statements made in the application for license or registration	5	5
Impersonating an applicant for license or registration, or procuring a license or registration through impersonation whether for himself or another	5	5
Loaning operator's license to an unlicensed operator	5	5
Driving an auto in a reckless manner	4	4

Violation	Points	
	First Conviction	Each Additional Conviction
Permitting an unlicensed person to drive	4	4
Driving an auto 10 miles over the speed limit	3	4
Driving an auto under 10 miles over the speed limit	1	2
Moving traffic violations other than those set forth above, unless the conviction resulted from an accident for which points are assignable, in which case only the points for the accident shall be assigned	1	2

EXCEPTIONS:

Convictions for the following shall not be regarded as moving traffic violations:

- (a) Any auto equipment requirement of the motor vehicle and traffic laws, except brakes
- (b) Failure to display proper number plates, provided such plates are in existence
- (c) Failure to have in possession operator's or chauffeur's license, provided there is one in existence

3. Inexperienced Operator

Assign two penalty points for private passenger non-fleet autos only if the principal operator of the auto has not been licensed for three years.

H. Penalty Point Values

Additional charges for penalty points shall be as follows:

1 penalty point.....	1.00
2 penalty points.....	1.15
3 penalty points.....	1.30
4 penalty points.....	1.50
5 penalty points.....	1.75
6 penalty points.....	2.00
7 penalty points.....	2.50

Add a .10 factor for each additional penalty point over 7, subject to the Rules of Application stated above.

Rule 4. CERTIFIED RISKS—FINANCIAL RESPONSIBILITY LAWS

Multiply the bodily injury, personal injury protection, and property damage total policy premium for a risk on which a certificate of insurance is filed to comply with the requirements of an auto financial responsibility law by a factor of 1.10.

Note: For named nonowner risks, refer to the Named Nonowner Coverage Rule ([Rule 26](#)).

Rule 5. WHOLE DOLLAR PREMIUM

The premium for each exposure shall be rounded to the nearest whole dollar, separately for each coverage provided by the policy. A premium involving \$.50 or over shall be rounded to the higher whole dollar. This procedure shall apply to all interim premium adjustments, including endorsements or cancellations at the request of the insured. In the case of cancellation by the insurer, the return premium shall be carried to the next higher whole dollar.

Note: The phrase "each exposure" as used herein shall mean each premium developed (after the application of all appropriate adjustments) for (1) each auto, if written on a per auto basis, and (2) for all other auto business.

Rule 6. MINIMUM POLICY PREMIUM

A. Risks Not Written under CAIP

The minimum policy premium charge is \$25 per policy.

B. Risks Written under CAIP

The minimum policy premium charge is \$250 per policy.

C. The minimum policy premium applies regardless of the term of the policy and is not subject to modification under any rating plan or other Manual rule provisions.

Rule 7. POLICY PERIOD

A. All policies are to be written for a one-year period with the premium charged to be the annual premium except when a statutory policy is required by a federal, state, or municipal authority to expire on a fixed date and the policy is written to expire on such a date.

B. The premium charged for the above-mentioned short term policies shall be computed pro rata of the annual premium.

Rule 8. CHANGES

A. All changes during the term of a policy requiring adjustment of premium shall be computed pro rata on the basis of the premium in effect at the time of the change.

B. If an auto or a form of coverage is cancelled from a policy at the request of the insured and reinstated within 30 days, it shall be reinstated at the amount of premium returned at the time of cancellation.

C. Premium Adjustments

1. Risks Not Subject to CAIP

Any adjustment of premium less than \$5 shall be waived unless specifically requested by the insured.

2. Risks Subject to CAIP

a. A minimum premium of \$2 shall apply if an additional premium results because a coverage is added or the limits of liability are increased at the request of the insured during the policy period.

GENERAL RULES

- b. If a return premium of less than \$2 results because a coverage is cancelled at the request of the insured, no refund need be made except at the request of the insured, in which case the actual return premium shall be allowed.
- c. If the limits of liability are reduced at the request of the insured, no refund of premium shall be made unless the difference in premium amounts to \$2 or more.
- 4. The insured requests cancellation of a policy for the reason that coverage has been replaced in the voluntary market, and the assigned carrier received a statement to that effect and proof of replacement policy.
- B. If a policy or form of coverage is cancelled by the insurer within the provisions of the Plan, the return premium shall be computed pro rata.

Instructions for Use of Pro Rata Table

1. Express the date of cancellation by year and decimal part of a year by combining the calendar year with decimal appearing opposite the month and day in the Pro Rata Table.
e.g., June 15, 1999 is designated as 1999.455.
2. In like manner, express the effective date of the policy by year and decimal part of a year.
3. Subtract the numerical designation for the effective date from the numerical designation for the cancellation date, 1 minus 2. The difference represents the percentage of the annual premium to be retained by the company.

Example:

Cancellation Date, June 15, 1999	1,999.455
Effective Date, March 2, 1999	<u>1,999.167</u>
	.288

Earned premium in the above example will be .288 times the annual premium.

Note: Pro Rata Table is shown as follows:

Rule 9. CANCELLATIONS

The following provisions apply when a policy, auto, or form of coverage is cancelled:

- A. If a policy or form of coverage is cancelled at the request of the insured, the return premium shall be calculated at .90 of the pro rata unearned premium, except that in the following cases the return premium shall be computed pro rata:
 1. An auto is cancelled from a policy and the policy remains in force on other autos.
 2. The insured enters the armed forces of the United States of America.
 3. The insured auto is stolen or destroyed (total or constructive total loss) and cancellation is requested by the insured within 30 days following the date the auto is stolen or destroyed, the return premium for all coverages shall be calculated from the day following the date of loss.

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Rules 10–18. RESERVED FOR FUTURE USE

Rule 19. TERRITORIES

This Rule contains the definitions of the territories into which the state is divided and show for each territory the number of the rate schedule that is to be used.

- A. Each territory as defined embraces a certain area, usually a city and its surroundings. In many cases the area so defined includes several smaller cities, towns, boroughs, and villages. The following provisions are applicable in this connection:
 1. Any city, town, borough, or village not specifically mentioned as included within a defined territory, but which is inside of the area so defined, shall be subject to the rate schedule for that territory.
 2. If a city, town, borough, or village extends into more than one defined territory, the territory schedule for the higher rated territory applies to the entire city, town, borough, or village.
 3. Unless otherwise indicated, if a street, avenue, or other public way serves as a dividing line between two territories, except when the public way serves as a boundary line of any political subdivision (state, county, township, city, town, village, etc.), the rates for the lower rated of the two territories shall apply to autos principally garaged on either side of such street or avenue.
- B. This Rule also contains a list of all towns in the state with a population of 1,000 or over, indicating the counties in which such towns are located and the territories to which they are assigned. The rate territory for a town not listed should be determined as follows:
 1. Ascertain the county in which the town is located.
 2. If the name of the county is included in two or more rate territories, it will be necessary to refer to a map to determine in which of the rate territories the town belongs.

Territory	Territory
ADAIR COUNTY —(entire county) .....09	FLOYD COUNTY —(entire county) .....06
ALLEN COUNTY —(entire county) .....09	FRANKLIN COUNTY —(entire county) .....18
ANDERSON COUNTY —(entire county) .....18	FULTON COUNTY —(entire county) .....12
ASHLAND territory comprises the entire counties of Boyd and Greenup .....05	GALLATIN COUNTY —(entire county) .....18
BALLARD COUNTY —(entire county) .....12	GARRARD COUNTY —(entire county) .....18
BARREN COUNTY —(entire county) .....09	GRANT COUNTY —(entire county) .....18
BATH COUNTY —(entire county) .....18	GRAVES COUNTY —(entire county) .....12
BELL COUNTY —(entire county) .....06	GRAYSON COUNTY —(entire county) .....09
BOONE COUNTY —(entire county) .....16	GREEN COUNTY —(entire county) .....09
BOURBON COUNTY —(entire county) .....17	GREENUP COUNTY —See Ashland.
BOYD COUNTY —See Ashland.	HANCOCK COUNTY —(entire county) .....12
BOYLE COUNTY —(entire county) .....18	HARDIN COUNTY —(entire county) .....14
BRACKEN COUNTY —(entire county) .....18	HARLAN COUNTY —(entire county) .....06
BREATHITT COUNTY —(entire county) .....06	HARRISON COUNTY —(entire county) .....18
BRECKINRIDGE COUNTY —(entire county) .....09	HART COUNTY —(entire county) .....09
BULLITT COUNTY —(entire county) .....13	HENDERSON COUNTY —(entire county) .....12
BUTLER COUNTY —(entire county) .....12	HENRY COUNTY —(entire county) .....18
CALDWELL COUNTY —(entire county) .....12	HICKMAN COUNTY —(entire county) .....12
CALLOWAY COUNTY —(entire county) .....12	HOPKINS COUNTY —(entire county) .....12
CAMPBELL COUNTY —See Covington—Newport territory.	JACKSON COUNTY —(entire county) .....06
CARLISLE COUNTY —(entire county) .....12	JEFFERSON COUNTY —See Louisville.
CARROLL COUNTY —(entire county) .....18	JESSAMINE COUNTY —(entire county) .....17
CARTER COUNTY —(entire county) .....06	JOHNSON COUNTY —(entire county) .....06
CASEY COUNTY —(entire county) .....10	KENTON COUNTY —See Covington—Newport territory.
CHRISTIAN COUNTY —(entire county) .....12	KNOTT COUNTY —(entire county) .....06
CLARK COUNTY —(entire county) .....17	KNOX COUNTY —(entire county) .....06
CLAY COUNTY —(entire county) .....06	LARUE COUNTY —(entire county) .....09
CLINTON COUNTY —(entire county) .....09	LAUREL COUNTY —(entire county) .....06
COVINGTON—NEWPORT territory comprises the entire counties of Campbell and Kenton .....02	LAWRENCE COUNTY —(entire county) .....06
CRITTENDEN COUNTY —(entire county) .....12	LEE COUNTY —(entire county) .....06
CUMBERLAND COUNTY —(entire county) .....09	LESLIE COUNTY —(entire county) .....06
DAVISS COUNTY —See Owensboro territory.	LETCHER COUNTY —(entire county) .....06
EDMONSON COUNTY —(entire county) .....09	LEWIS COUNTY —(entire county) .....18
ELLIOTT COUNTY —(entire county) .....06	LEXINGTON territory comprises the entire county of Fayette .....03
ESTILL COUNTY —(entire county) .....06	LINCOLN COUNTY —(entire county) .....10
FAYETTE COUNTY —See Lexington.	LIVINGSTON COUNTY —(entire county) .....12
FLEMING COUNTY —(entire county)18	LOGAN COUNTY —(entire county)12

Note: Refer to an atlas or map for places not listed.

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	Territory		Territory
LOUISVILLE territory comprises the entire county of Jefferson	01	PADUCAH territory comprises the entire county of McCracken	04
LYON COUNTY —(entire county)	12	PENDELTON COUNTY —(entire county)	18
MADISON COUNTY —(entire county)	17	PERRY COUNTY —(entire county)	06
MAGOFFIN COUNTY —(entire county)	06	PIKE COUNTY —(entire county)	06
MARION COUNTY —(entire county)	10	POWELL COUNTY —(entire county)	06
MARSHALL COUNTY —(entire county)	12	PULASKI COUNTY —(entire county)	06
MARTIN COUNTY —(entire county)	06	ROBERTSON COUNTY —(entire county)	18
MASON COUNTY —(entire county)	18	ROCKCASTLE COUNTY —(entire county)	06
McCRACKEN COUNTY —See Paducah.		ROWAN COUNTY —(entire county)	06
McCREARY COUNTY —(entire county)	06	RUSSELL COUNTY —(entire county)	09
McLEAN COUNTY —(entire county)	12	SCOTT COUNTY —(entire county)	17
MEADE COUNTY —(entire county)	14	SHELBY COUNTY —(entire county)	18
MENIFEE COUNTY —(entire county)	06	SIMPSON COUNTY —(entire county)	09
MERCER COUNTY —(entire county)	18	SPENCER COUNTY —(entire county)	10
METCALFE COUNTY —(entire county)	09	TAYLOR COUNTY —(entire county)	09
MONROE COUNTY —(entire county)	09	TODD COUNTY —(entire county)	12
MONTGOMERY COUNTY —(entire county)	18	TRIGG COUNTY —(entire county)	12
MORGAN COUNTY —(entire county)	06	TRIMBLE COUNTY —(entire county)	18
MUHLENBERG COUNTY —(entire county)	12	UNION COUNTY —(entire county)	12
NELSON COUNTY —(entire county)	10	WARREN COUNTY —(entire county)	09
NICHOLAS COUNTY —(entire county)	18	WASHINGTON COUNTY —(entire county)	10
OHIO COUNTY —(entire county)	12	WAYNE COUNTY —(entire county)	09
OLDHAM COUNTY —(entire county)	15	WEBSTER COUNTY —(entire county)	12
OWEN COUNTY —(entire county)	18	WHITLEY COUNTY —(entire county)	06
OWENSBORO territory comprises the entire county of Daviess	07	WOLFE COUNTY —(entire county)	06
OWSLEY COUNTY —(entire county)	06	WOODFORD COUNTY —(entire county)	17

Note: Refer to an atlas or map for places not listed.

LIST OF IMPORTANT CITIES AND TOWNS

The following list contains all the more important cities, towns, boroughs, and villages in the state, together with their counties and territory and code assignments:

City and County	Territory	City and County	Territory	City and County	Territory
A		Devondale, Jefferson .....01		I	
Adairville, Logan..... 12		Douglass Hills, Jefferson .....01		Independence, Kenton 02	
Albany, Clinton .....09		Drakesboro, Muhlenberg .....12		Irvine, Estill .....06	
Alexandria, Campbell 02		Dry Ridge, Grant .....18		Irvington, Breckinridge.....09	
Anchorage, Jefferson 01		E		J	
Ashland, Boyd .....05		Earlington, Hopkins.....12		Jackson, Breathitt..... 06	
Audubon Park, Jefferson 01		Eddyville, Lyon .....12		Jamestown, Russell 09	
Augusta, Bracken 18		Edgewood, Kenton .....02		Jeffersontown, Jefferson 01	
B		Elizabethtown, Hardin .....14		Jenkins, Letcher 06	
Barbourmeade, Jefferson .....01		Elkhorn City, Pike .....06		Junction City, Boyle 18	
Barbourville, Knox .....06		Elkton, Todd.....12		L	
Bardstown, Nelson 10		Elsmere, Kenton .....02		LaGrange, Oldham 15	
Beachwood Village, Jefferson . . 01		Eminence, Henry .....18		Lakeside Park, Kenton 02	
Beattyville, Lee .....06		Erlanger, Kenton .....02		Lancaster, Garrard 18	
Beaver Dam, Ohio 12		Evarts, Harlan .....06		Lawrenceburg, Anderson 18	
Bellemeade, Jefferson..... 01		F		Lebanon, Marion 10	
Bellevue, Campbell .....02		Falmouth, Pendleton.....18		Lebanon Junction, Bullitt 13	
Benham, Harlan .....06		Flatwoods, Greenup .....05		Leitchfield, Grayson .....09	
Benton, Marshall 12		Fleming-Neon, Letcher .....06		Lewisport, Hancock 12	
Berea, Madison 17		Flemingsburg, Fleming .....18		Lexington, Fayette .....03	
Bowling Green, Warren .....09		Florence, Boone .....16		Liberty, Casey 10	
Brandenburg, Meade..... 14		Fort Mitchell, Kenton .....02		Livermore, McLean..... 12	
Bromley, Kenton.....02		Fort Thomas, Campbell .....02		London, Laurel 06	
Burkesville, Cumberland 09		Fort Wright, Kenton.....02		Louisa, Lawrence 06	
C		Frankfort, Franklin.....18		Louisville, Jefferson 01	
Cadiz, Trigg 12		Franklin, Simpson .....09		Loyall, Harlan 06	
Calvert City, Marshall 12		Fulton, Fulton .....12		Ludlow, Kenton 02	
Campbellsville, Taylor 09		G		Lynch, Harlan 06	
Carlisle, Nicholas..... 18		Georgetown, Scott .....17		Lyndon, Jefferson..... 01	
Carrollton, Carroll 18		Glasgow, Barren .....09		Lynnview, Jefferson..... 01	
Catlettsburg, Boyd.....05		Graymoor, Jefferson .....01		M	
Cave City, Barren .....09		Grayson, Carter .....06		Madisonville, Hopkins..... 12	
Central City, Muhlenberg..... 12		Greensburg, Green .....09		Manchester, Clay 06	
Clay, Webster..... 12		Greenup, Greenup .....05		Marion, Crittenden 12	
Clay City, Powell 06		Greenville, Muhlenberg.....12		Mayfield, Graves 12	
Clinton, Hickman 12		Guthrie, Todd .....12		Maysville, Mason 18	
Cloverport, Breckinridge .....09		H		Meadow Vale, Jefferson .....01	
Cold Spring, Campbell .....02		Hardinsburg, Breckinridge .....09		Middlesboro, Bell 06	
Columbia, Adair .....09		Harlan, Harlan.....06		Middletown, Jefferson 01	
Corbin, Knox & Whitley 06		Harrodsburg, Mercer.....18		Midway, Woodford.....17	
Covington, Kenton..... 02		Hartford, Ohio .....12		Minor Lane Heights, Jefferson . . 01	
Crescent Springs, Kenton .....02		Hawesville, Hancock.....12		Monticello, Wayne .....09	
Crestview Hills, Kenton 02		Hazard, Perry .....06		Morehead, Rowan 06	
Cumberland (Poor Fork), Harlan.....06		Henderson, Henderson.....12		Morganfield, Union 12	
Cynthiana, Harrison..... 18		Hickman, Fulton .....12		Morgantown, Butler 12	
D		Highland Heights, Campbell .....02		Mortons Gap, Hopkins.....12	
Danville, Boyle 18		Hillview, Bullitt.....13		Mount Sterling, Montgomery 18	
Dawson Springs, Hopkins 12		Hodgenville, Larue.....09		Mount Vernon, Rockcastle .....06	
Dayton, Campbell.....02		Hollow Creek, Jefferson.....01		Mount Washington, Bullitt.....13	
		Hopkinsville, Christian.....12		Muldraugh, Meade 14	
		Horse Cave, Hart .....09			

Note: Refer to an atlas or map for places not listed.

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

GENERAL RULES

City and County	Territory	City and County	Territory	City and County	Territory
Munfordville, Hart	09	Richmond, Madison	17		
Murray, Calloway.....	12	Rollings Hills, Jefferson.....	01	U	
		Russell, Greenup	05	Uniontown, Union	12
N		Russell Springs, Russell	09		
Newport, Campbell.....	02	Russellville, Logan	12	V	
Nicholasville, Jessamine	17			Vanceburg, Lewis.....	18
		S		Versailles, Woodford	17
O		Saint Matthews, Jefferson.....	01	Villa Hills, Kenton	02
Oak Grove, Christian.....	12	Saint Regis Park, Jefferson	01	Vine Grove, Hardin.....	14
Olive Hill, Carter	06	Salyersville, Magoffin	06		
Owensboro, Daviess	07	Scotsville, Allen.....	09	W	
Owenton, Owen	18	Sebree, Webster	12	Walton, Boone	16
Owingsville, Bath.....	18	Shelbyville, Shelby.....	18	Warsaw, Gallatin	18
		Shepherdsville, Bullitt.....	13	West Buechel, Jefferson.....	01
P		Shiveley, Jefferson	01	West Liberty, Morgan	06
Paducah, McCracken	04	Silver Grove, Campbell	02	West Point, Hardin	14
Paintsville, Johnson.....	06	Somerset, Pulaski	06	Westwood, Jefferson	01
Paris, Bourbon	17	Southgate, Campbell	02	Whitesburg, Letcher	06
Park Hills, Kenton.....	02	South Shore, Greenup	05	Wickliffe, Ballard	12
Pewee Valley, Oldham	15	Springfield, Washington	10	Williamsburg, Whitley	06
Pikeville, Pike	06	Stanford, Lincoln	10	Williamstown, Grant	18
Pineville, Bell.....	06	Stanton, Powell.....	06	Wilmore, Jessamine	17
Plantation, Jefferson.....	01	Sturgis, Union	12	Winchester, Clark	17
Prestonburg, Floyd.....	06			Windy Hills, Jefferson.....	01
Princeton, Caldwell.....	12	T		Woodland Hills, Jefferson.....	01
Prospect, Jefferson	01	Taylor Mill, Kenton	02	Woodlawn Park, Jefferson.....	01
Providence, Webster	12	Tompkinsville, Monroe.....	09	Worthington, Greenup	05
R					
Raceland, Greenup	05				
Radcliff, Hardin.....	14				

Note: Refer to an atlas or map for places not listed.

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL
PRIVATE PASSENGER CHAPTER

NOTES

PRIVATE PASSENGER CHAPTER

Rule 20. DEFINITIONS

A. Private Passenger Auto

1. A private passenger auto is an auto of the private passenger, station wagon, or jeep type that meets all of the following requirements:
 - a. Owned or leased for a continuous period of six months or more
 - b. Not used as a public or livery conveyance for passengers
 - c. Not rented to others without a driver

This term excludes motorcycles, motorized bicycles, powercycles, motorized scooters, golfmobiles, snowmobiles, and other similar motorized autos.

2. A pickup or van with a load capacity of 1,500 pounds or less owned or leased for a continuous period of six months or more by an individual or a married couple who are residents of the same household, and not customarily used in the occupation, profession, or business of the insured other than in the course of driving to or from work, shall be classified and rated as a private passenger auto.

Note: All pickups and vans used for business purposes other than farming or ranching are to be rated in accordance with the Commercial Auto Chapters.

3. A farm truck owned or leased for a continuous period of six months or more by one or more natural persons with a load capacity of 1,500 pounds or less shall be classified and rated as a private passenger auto.
4. Classify as fleet the autos of any risk that has five or more self-propelled autos of any type that are under one ownership.
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.

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

B. Named Nonowner

Individuals who do not own an auto

C. Trailers

A movable structure not self-propelled and designed to be towable by a private passenger auto as defined above provided the owner maintains a separate and permanent residence other than the trailer.

D. Camper Bodies

A portable camper body equipped as mobile living quarters

E. Motor Homes

A motor home is a self-propelled auto with a living area that is an integral part of the auto chassis, or a pickup with a permanently attached camper body. The living area or camper body must consist of facilities for cooking and sleeping.

F. Motorcycles

Motorcycles, mopeds, motorscooters, motorbikes, and any other similar motorized autos used for private passenger purposes.

G. Antique Autos

An antique auto is an auto of the private passenger type that is 25 or more years old that is maintained solely for use in exhibitions, club activities, parades, and other functions of public interest, and occasionally used for other purposes.

Rule 21. PREMIUM DEVELOPMENT

A. Private Passenger Autos

1. Determine the rating territory to be used ([Rule 19](#)). The territory in which the auto is principally garaged is the applicable territory.

Exception: For autos used by salesmen or solicitors or others with similar duties requiring the operation of an auto in more than one rating territory, use the territory determined by the place of principal garaging, if there is such a place; otherwise, use the residential address of the operator. If the residential address of the operator cannot be determined, use the business address of the operator.

2. Determine the applicable classification ([Rule 22](#)).
3. Bodily Injury and Property Damage Liability Coverage
 - a. Determine the appropriate [base rates](#) from the Private Passenger Auto Rate Chapter.
 - b. Determine the appropriate [class factors](#) from the Private Passenger Auto Rate Chapter.
 - c. Multiply the base rates determined in paragraph a by the class factors determined in paragraph b and round to the nearest whole dollar.
 - d. If increased limits ([Rule 23](#)) apply, multiply the rates determined above by the appropriate factor.
 - e. If an accident prevention course discount ([Rule 24](#)) applies, multiply the rates determined above by the appropriate factor.
 - f. If additional charges for accidents and convictions ([Rule 3](#)) apply, multiply the rates determined above by the appropriate factor and round to the nearest whole dollar.
 - g. If a certified risk—financial responsibility filing ([Rule 4](#)) is required, multiply the rates determined above by the appropriate factor.

PRIVATE PASSENGER

- h. If extended nonowned auto coverage is requested, refer to [Rule 25](#). Extended nonowned auto coverage premium is subject to increased limit factors, additional charges, and certified risk—financial responsibility factors.
- 4. Uninsured and Underinsured Motorists Coverages
Refer to [Rule 27](#) for development of premium.
- 5. Personal Injury Protection Coverages
Refer to [Rule 28](#) for development of premium
- 6. Medical Payments Coverage
 - a. Determine the appropriate [base rate](#) from the Private Passenger Auto Rate Chapter.
 - b. Determine the appropriate [class factor](#) from the Private Passenger Auto Rate Chapter.
 - c. Multiply the base rate determined in paragraph a by the class factors determined in paragraph b and round to the nearest whole dollar.
 - d. If an accident prevention course discount ([Rule 24](#)) applies, multiply the rate determined above by the appropriate factor.
 - e. If additional charges for accidents and convictions ([Rule 3](#)) apply, multiply the rates determined above by the appropriate factor and round to the nearest whole dollar.
 - f. If extended nonowned auto coverage is requested, refer to [Rule 25](#). Extended nonowned auto coverage premium is subject to increased limit factors and additional charges.
- B. **Named Nonowner Coverage—Bodily Injury and Property Damage Liability, Uninsured and Underinsured Motorists, and Personal Injury Protection Coverages**
Refer to [Rule 26](#).
- C. **Trailers and Camper Bodies—Bodily Injury and Property Damage Liability Coverage Only**
Refer to [Rule 29](#).
- D. **Motor Homes—Bodily Injury and Property Damage Liability, Uninsured and Underinsured Motorists, Medical Payments, and Personal Injury Protection Coverages**
Refer to [Rule 30](#).

- E. **Motorcycles—Bodily Injury and Property Damage Liability, Uninsured and Underinsured Motorists, and Personal Injury Protection Coverages**
Refer to [Rule 31](#).
- F. **Antique Autos—Bodily Injury and Property Damage Liability, Uninsured and Underinsured Motorists, Medical Payments, and Personal Injury Protection Coverages**
Refer to [Rule 32](#).

Rule 22. PRIVATE PASSENGER AUTO CLASSIFICATIONS

- A. Private passenger autos owned or leased for a continuous period of six months or more owned by the following shall be classified as shown in this chart:
 - 1. An individual
 - 2. A married couple resident in the same household
 - 3. Relatives other than a married couple
 - 4. Resident individuals
- EXCEPTIONS: (a) Private passenger autos owned by a clergyman shall be classified and rated as Class 1A provided there is no youthful operator who is an owner or principal operator.
- (b) Private passenger autos owned by a family copartnership, or corporation, principally garaged on a farm or ranch and neither used in any occupation other than farming or ranching nor customarily used in going to or from work other than farming or ranching, shall be classified and rated as Class 1AF, 2AF, 2BF, 2CF, 2DF, or 2EF.

Refer to paragraph B of this Rule for the definitions of terms used in this Rule.

IF MORE THAN ONE CLASSIFICATION IS APPLICABLE, THE CLASS DEVELOPING THE HIGHER PREMIUM SHOULD BE USED									
DESCRIPTION OF OPERATOR				USE OF AUTO					
				OTHER THAN BUSINESS USE			BUSINESS USE	FARM AUTOS	
				NOT DRIVEN TO OR FROM WORK	DRIVEN TO OR FROM WORK LESS THAN 10 MILES ONE WAY	DRIVEN TO OR FROM WORK 10 OR MORE MILES ONE WAY			
NO YOUTHFUL OPERATORS				1A	1B	1C	3	1AF	
YOUTHFUL OPERATORS	FEMALES	Unmarried		Under Age 21	4A	4B	4C	4D	4DF
	MALES	Unmarried	Owner or Principal Operator	Under Age 25	2C			2CF	
			Not Owner or Principal Operator	Under Age 25	2A			2AF	
		Married	Under Age 25		2B			2BF	

B. The terms used in the classification descriptions in this Rule shall mean the following:

1. "Age" means the age attained on the last birthday.
2. "Driven to or from work" means that the auto is customarily used in the course of driving to or from work.
 - a. The term "customarily" shall include the use of autos in a car-pool or other share-the-ride arrangements.
 - b. An auto driven part way to or from work, such as to a railroad or bus depot, shall be considered in the course of driving to or from work whether or not the auto is parked at the depot during the day.
 - c. An auto that is used for driving to or from school shall be considered as driving to or from work.
3. "Farm auto" means an auto principally garaged on a farm or ranch that is not customarily used in going to or from work other than farming or ranching and is not used in any occupation other than farming or ranching.
4. "Married" means a married person living with his or her spouse and does not include a person widowed, divorced, or legally separated unless such person has custody of a child resident in his or her household.

"Resident in the same household" shall include an individual absent from the household while attending a school, however, it shall not include an individual in active military service with the armed

forces of the United States of America unless such individual customarily operates the auto.

5. "Used for business" means that the use of the auto is required by or customarily involved in the duties of the applicant or any other person customarily operating the auto, in his or her occupation, profession, or business, other than in going to or from his or her principal place of occupation, profession, or business.
6. "Youthful operator" means an applicant or any other operator of the auto resident in the same household, or who customarily operates the auto who is a
 - a. unmarried female under 21 years of age;
 - b. male under 25 years of age.

Note: If there are two or more private passenger autos in the same household as the applicant, the rating elements of this Rule shall be applied separately to the number of autos equal to the number of youthful operators. The age of the operators shall be disregarded for the purpose of rating the autos in excess of the number of such operators.

Rule 23. INCREASED LIMITS

- A. The increased limits tables below show the factors to be applied to the \$25,000/50,000 bodily injury [rates](#) shown in this Manual to determine the premium for other limits.

PRIVATE PASSENGER

B. Optional limits are only available up to \$50,000/100,000 bodily injury in accordance with the Extent of Coverage Section of the Plan.

1. Optional Split Limits

Table 1

BI Limits	Private Passenger		All Other Risks
	BI Factor	Residual BI Factor	BI Factor
50/100	1.24	1.35	1.41

2. Split Limits Required by Law

Table 1

BI Limits	Private Passenger		All Other Risks
	BI Factor	Residual BI Factor	BI Factor
100/300	1.45	1.64	1.97

Table 1A

PD Limits	Private Passenger	All Other Risks
\$50,000	1.03	1.06

3. Optional Single Limits for CAIP Risks

The increased limits tables below show the factors to be applied to the \$60,000 single limits bodily injury and property damage liability [rates](#) shown in this Manual to determine the premium for other limits

Table 2

Single Limits	Private Passenger		All Other Risks
	BI and PD Factor	Residual BI and PD Factor	
\$125,000	1.09	1.09	1.20
150,000	1.12	1.12	1.25
325,000	1.22	1.23	1.49
350,000	1.23	1.24	1.52

4. Single Limits Required by Law

Table 3

Single Limits	Private Passenger		All Other Risks
	BI and PD Factor	Residual BI and PD Factor	
\$ 400,000	1.25	1.26	1.56
500,000	1.28	1.29	1.63
750,000	1.35	1.36	1.73
1,000,000	1.41	1.42	1.81
1,500,000	1.76	1.78	2.26
2,000,000	2.12	2.13	2.72
5,000,000	3.53	3.55	4.53

5. For factors for limits required by law that are not shown, refer to [Rule 2](#).

C. Facultative Reinsurance

Increased limits are afforded on a risk requiring limits of liability in excess of \$100,000/300,000 bodily injury and \$50,000 property damage or \$350,000 single limits liability, per accident or occurrence, and the risk is re-insured on a facultative basis, the following rating procedure is available for the determination of the increased limits premium:

1. The applicable increased limits table or Manual premium shall apply for the limits of liability which are not subject to facultative reinsurance.
2. For limits of liability obtained above the stipulated limits above by means of facultative reinsurance, the premium shall be the facultative cost for such insurance increased by a factor of 1.25.

D. Determination of Split Limits Premium from Single Limit Rates

To determine the \$25,000/50,000 bodily injury and \$25,000 property damage split limit liability rates where rates are displayed on a single limit basis, apply the following factors to the \$60,000 single limit bodily injury and property damage liability coverage rate determined in accordance with this Manual:

	\$25,000/50,000 BI	\$25,000 PD
	.463	.409

Next, apply the appropriate increased limits factors from the appropriate table above for determination of premium for other limits.

E. Determination of Single Limit Premium from Split Limits Rates

To determine the \$60,000 single limit bodily injury and property damage liability rates where rates are displayed on a split limits basis, apply a factor of 1.15 to the total of the \$25,000/50,000 bodily injury and \$25,000 property damage split liability rates determined in accordance with this Manual.

Next, apply the appropriate increased limits factors from the appropriate table above for determination of premium for other limits.

Rule 24. ACCIDENT PREVENTION COURSE DISCOUNT

A. Multiply the applicable premiums for bodily injury liability, property damage liability, and personal injury protection (or medical payments if afforded) by a factor of .98 for the following:

Vehicles classified and rated as private passenger vehicles provided the principal operator of a specific vehicle is:

1. age 55 or older and has a completion certificate dated within the most recent 60 months certifying that he or she has successfully completed a motor vehicle accident prevention course approved by the Kentucky Transportation Cabinet; or
2. a member of the United States Armed Forces and has a completion certificate dated within the most

recent 60 months certifying that he or she has successfully completed a defensive driving course provided by the United States Armed Forces, regardless of age.

- B. If the policy insures two or more vehicles, the discount shall apply only to the auto principally operated by a person with the course completion certificate.
- C. The discount shall apply to new and renewal policies with inception dates occurring within a period of five years following the course completion date.
- D. The discount shall apply only once to each vehicle regardless of the number of operators with course completion certificates.
- E. The discount shall not apply if the course was self-instructed or was completed under a court order as a result of a motor vehicle conviction.

Rule 25. ★EXTENDED NONOWNED AUTO COVERAGE

A. Coverage

Extended nonowned auto coverage extends coverage to autos furnished or available for the insured's regular use, subject to the terms of the policy.

B. Premium Development—Bodily Injury and Property Damage Liability and Medical Payments Coverage

- 1. Autos Furnished or Available For Regular Use—Excluding Use as Public or Livery Conveyances

Apply the following factor to the premium that would apply if the insured owned the auto furnished or available for his or her regular use. If the furnished or available auto has coverage that extends to the insured on a primary basis, use the Excess Coverage factor. Otherwise, use the Primary Coverage factor.

	Excess Coverage	Primary Coverage
Named Individual	.12	.90
Named Individual and Resident Relatives (including Named Individual's Spouse)	.13	1.00

Attach the Extended Non-Owned Coverage—Vehicles Furnished Or Available For Regular Use Endorsement.

- 2. Autos Furnished or Available For Regular Use—Including Use as Public or Livery Conveyances

- a. Apply the following factor to the premium that would apply if the insured owned the auto furnished or available for his or her regular use:

Named Individual	.50
Named Individual and Resident Relatives (including Named Individual's Spouse)	.60

- b. Primary liability insurance must be in effect for any nonowned autos furnished or available for use as public or livery conveyances.
- c. Attach the Extended Non-Owned Coverage—Vehicles Furnished Or Available For Use As Public Or Livery Conveyances Endorsement.✦

Rule 26. NAMED NONOWNER COVERAGE

★Bodily Injury and Property Damage Liability, Uninsured and Underinsured Motorists, and Personal Injury Protection Coverages

- A. This Rule applies to natural persons who do not own an auto.
- B. Coverage may be afforded to a named individual, spouse, and resident relatives of the named individual.
- C. The bodily injury and property damage liability rates for named nonowner policies shall be determined on the basis of the following classification chart:

Description of Driver and Usage		Class
Pleasure Use	Male Operator Under 25 Years of Age	N5 or N5-FR
	No Male Operator Under 25 Years of Age	N6 or N6-FR

- 1. Classifications N5-FR and N6-FR apply to risks required to file evidence of financial responsibility.
- 2. The term "male operator under 25 years of age" used in the classification descriptions in this Rule shall mean a male applicant under 25 years of age.
- D. Premium Development—Bodily Injury and Property Damage Liability Coverage

- 1. For each individual, apply the factor shown in the table below for the applicable class as determined in paragraph C above to the Class 3 Private Passenger Bodily Injury and Property Damage Liability rates for the territory in which the named insured resides.

Class	Exclusion for autos furnished or available for regular use does not apply	Exclusion for autos furnished or available for regular use does apply
N5	.45	.30
N6	.30	.20
N5-FR	1.20	.80
N6-FR	.85	.57

- 2. Minimum Premium

- a. If the exposure includes any other auto without primary liability insurance for the named individuals, the minimum premium is 50% of the specified auto rate for such auto.
- b. For all other exposures, the minimum premium is \$8 bodily injury and \$5 property damage for basic limits.

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3. If additional charges for accidents and convictions ([Rule 3](#)) apply, multiply the rates determined above by the appropriate factor. Additional charges are not applicable to the minimum policy premium.

E. Uninsured and Underinsured Motorists Coverages

Refer to [Rule 27](#) for determination of premium.

F. Personal Injury Protection Coverages

Refer to [Rule 28](#) for determination of premium.

- G. Use the Named Nonowner Policy—Kentucky. ❖

Rule 27. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE

A. Uninsured Motorists Coverage

1. This form of auto insurance shall be afforded under every auto liability policy issued or delivered to the owner of an auto registered or principally garaged in Kentucky.

This form of coverage must apply to all autos on the policy.

EXCEPTIONS:

- a. Any named insured has the right to reject such coverage in writing. Such rejection will be valid for all insureds under the policy.
 - b. Subsequent renewal, reinstatement, substitute, replacement, or amended policies issued to the same named insured by the same insurer or any of its affiliates or subsidiaries need not provide the rejected coverage unless a named insured requests such coverage in writing.
 - c. Increased limits may be afforded but not in excess of the limits of liability of the policy.
2. The minimum uninsured motorists coverage limits are \$25,000/50,000 split limit bodily injury liability.
 3. Rates

The same rate applies regardless of the number of autos insured on the policy. Stacking is not allowed.

Refer to the Private Passenger Auto Rate Chapter for applicable [rates](#).

B. Underinsured Motorists Coverage

1. Underinsured motorists coverage shall be made available upon the request of the named insured under the following conditions:
 - a. Underinsured motorists limits can be no greater than the bodily injury limits of the policy.
 - b. Underinsured motorists limits coverage must apply to all autos insured under the policy

2. Rates

The same rate applies regardless of the number of autos insured on the policy. Stacking is not allowed.

Refer to the Private Passenger Auto Rate Chapter for applicable [rates](#).

C. Nonowners

Named nonowner policies may be extended to afford uninsured motorists coverage or uninsured and underinsured motorists coverage as specified in paragraphs A and B above. The rate for such extension of coverage or coverages is the applicable rate per policy.

D. Motorcycles

Refer to the Private Passenger Auto Rate Chapter for applicable [rates](#).

- E. Attach the applicable endorsements.

- F. The premium shall not be subject to modification under the provisions of any rating plan or other Manual rules.

Rule 28. KENTUCKY MOTOR VEHICLE NO-FAULT ACT

A. Personal Injury Protection Coverage

Personal injury protection (PIP) coverage shall be afforded on policies or binders providing bodily injury and property damage liability coverages subject to the provisions of Subtitle 39 of the Kentucky Revised Statutes, Chapter 304.

PIP coverage shall be for an aggregate limit of \$10,000 per insured injured person. The maximum limit of liability for the total of work loss, replacement services loss, survivor's economic loss, and survivor's replacement services loss is \$200 per week.

Pedestrian PIP must be afforded motorcycle risks. Full or added PIP is optional for such risks.

B. Guest Personal Injury Protection Coverage

Guest PIP shall be available when the named insured and all members of the family residing in his or her household not identified by name as an insured in any other contract of basic reparations insurance have rejected the tort limitations and appropriate KENTUCKY NO-FAULT REJECTION FORM (KYNF-1) has been filed with the Kentucky Department of Insurance.

C. Added Personal Injury Protection

Every insurer providing PIP shall also provide added PIP at the request of the named insured.

Added PIP is not available on a policy that provides guest PIP only.

D. Buy-Back Personal Injury Protection

Full PIP and added PIP shall be available when the named insured or any members of the family residing in his or her household not identified by name as an insured in any other contract of basic reparations insurance have rejected the tort limitations and appropriate KENTUCKY NO-FAULT REJECTION FORM

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(KYNF-1) has been filed with the Kentucky Department of Insurance.

E. Deductibles

In those cases where the PIP rate is applicable, the assigned insurer shall, upon request of the applicant or insured, provide aggregate deductibles, per accident, for the personal injury protection coverage of \$250, \$500, or \$1,000 applicable to the named insured and family members.

F. Rates

1. Motorcycles Used for Private Passenger Purposes
Refer to the Private Passenger Auto Rate Chapter for applicable [rates](#).

2. Private Passenger Autos and Named Nonowners

a. Full PIP

- (1) Determine the appropriate [base rate](#) from the Private Passenger Auto Rate Chapter.
- (2) Determine the appropriate [class factor](#) from the Private Passenger Auto Rate Chapter

For named nonowners, determine the appropriate class factor from [Rule 26](#).

- (3) Multiply by the base rate determined in paragraph (1) by the class factor determined in paragraph (2) and round to the nearest whole dollar.
- (4) Deductibles—Multiply the PIP rate determined above by the following applicable factor:

Deductibles	Factors
\$ 250	.90
500	.85
1,000	.80

- (5) If an accident prevention course discount ([Rule 24](#)) applies, multiply the rate determined above by the appropriate factor.
- (6) If additional charges for accidents and convictions ([Rule 3](#)) apply, multiply the rate determined above by the appropriate factor and round to the nearest whole dollar.
- (7) If a certified risk—financial responsibility filing ([Rule 4](#)) is required, multiply the rate determined above by the appropriate factor.

b. Added PIP—Rates for added PIP coverage are provided on a per policy basis. The same rate applies regardless of the number of autos insured on the policy. Stacking is not allowed.

- (1) Determine the appropriate [base rate](#) from the Private Passenger Auto Rate Chapter. Use the Full PIP base rate.
- (2) Determine the appropriate [class factor](#) from the Private Passenger Auto Rate Chapter

For named nonowners, determine the appropriate class factor from [Rule 26](#).

- (3) Multiply by the base rate determined in paragraph (1) by the class factor determined in paragraph (2) and round to the nearest whole dollar.
- (4) Multiply the PIP rate determined above by the following factors:

Option	Maximum Limit of Liability for the Total of All Added PIP Benefits	Maximum Weekly Limit for Added Work Loss, Replacement Services Loss, Survivor's Economic Loss, and Survivor's Replacement Services Loss	Factor per Policy
1	\$10,000	\$ 50	.25
2	20,000	100	.40
3	30,000	200	.51

Note: The maximum limit of liability for the total of all added PIP benefits in each option applies in addition to the \$10,000 maximum limit of liability for basic PIP benefits.

- (5) If an accident prevention course discount ([Rule 24](#)) applies, multiply the rate determined above by the appropriate factor.
- (6) If additional charges for accidents and convictions ([Rule 3](#)) apply, multiply the rate determined above by the appropriate factor and round to the nearest whole dollar.
- (7) If a certified risk—financial responsibility filing ([Rule 4](#)) is required, multiply the rate determined above by the appropriate factor.

c. Guest PIP

- (1) Determine the appropriate [base rate](#) from the Private Passenger Auto Rate Chapter.
 - (2) Determine the appropriate [class factor](#) from the Private Passenger Auto Rate Chapter
- For named nonowners, determine the appropriate class factor from [Rule 26](#).
- (3) Multiply by the base rates determined in paragraph (1) by the class factor determined in paragraph (2) and round to the nearest whole dollar.

d. Buy-Back PIP

- (1) For full PIP, refer to paragraph F.2.a above for rating.
- (2) For added PIP, refer to paragraph F.2.b above for rating.

G. Attach applicable endorsement.

PRIVATE PASSENGER

Rule 29. ★TRAILERS AND CAMPER

BODIES

- A. Determine the territory based on the principal place of garaging ([Rule 19](#)).
- B. **Bodily injury and Property Damage Liability Coverage**
 - 1. Camper Bodies—Coverage is automatic, no separate premium is charged.
 - 2. ★Trailers
 - a. If used with a private passenger auto, as defined in [Rule 20](#), coverage is automatic, no separate premium is charged.
 - b. All Others
 - (1) Multiply the fleet or nonfleet trucks, tractors, and trailers base [rates](#) on the rate schedules by a factor of .40.
 - (2) If increased limits ([Rule 23](#)) apply, multiply the rates determined above by the appropriate factor. Increased limit factors are applicable to minimum premium.
 - (3) If additional charges ([Rule 3](#)) for accidents and convictions apply multiply the rates determined above by the appropriate factor. Additional charges are not applicable to minimum premium.
 - (4) If a certified risk—financial responsibility filing ([Rule 4](#)) is required, multiply the rates determined above by the appropriate factor.

Rule 30. MOTOR HOMES

- A. Determine the territory based on the principal place of garaging ([Rule 19](#)).
- B. **Bodily Injury and Property Damage Liability Coverage**
 - 1. Multiply the fleet or nonfleet trucks, tractors, and trailers base [rate](#) on the rate schedules in the Commercial Auto Chapters by the following factor:
 - a. Overall length not exceeding 22 feet—1.25
 - b. Overall length exceeding 22 feet—1.60
 - 2. If increased limits ([Rule 23](#)) apply, multiply the rates determined above by the appropriate factor. Increased limit factors are applicable to minimum premium.
 - 3. If additional charges ([Rule 3](#)) for accidents and convictions apply, multiply the rates determined above by the appropriate factor. Additional charges are not applicable to minimum premium.
 - 4. If a certified risk—financial responsibility filing ([Rule 4](#)) is required, multiply the rates determined above by the appropriate factor.
- C. **Uninsured and Underinsured Motorists Coverages**
Refer to [Rule 27](#) for determination of premium.

D. **Personal Injury Protection Coverages**

Refer to [Rule 28](#) for determination of premium.

E. **Medical Payments Coverage**

- 1. Determine the appropriate [base rate](#) from the Private Passenger Auto Rate Chapter.
- 2. Determine the appropriate [class factor](#) from the Private Passenger Auto Rate Chapter.
- 3. Multiply the base rate determined in paragraph 1 by the class factor determined in paragraph 2 and round to the nearest whole dollar.
- 4. If additional charges for accidents and convictions ([Rule 3](#)) apply, multiply the rate determined above by the appropriate factor.

Rule 31. MOTORCYCLES

- A. Determine the territory based on the principal place of garaging ([Rule 19](#)).

B. **Motorcycles Used for Commercial Purposes**

Refer to the Commercial General Rules Chapter.

C. **Motorcycles Used for Private Passenger Purposes**

- 1. Bodily Injury and Property Damage Liability Coverage
 - a. Apply the applicable factor from the table below to the Private Passenger [base rate](#) in the Private Passenger Auto Rate Chapter for the appropriate territory.

Engine Size	Operator Under Age 25	All Other Operators
0– 50cc	.60	.40
51– 100	.80	.50
101– 200	1.00	.60
201– 360	1.20	.75
361– 500	1.40	.90
501– 800	1.60	1.05
801– 1000	1.80	1.20
Over 1000	2.00	1.35

The above rates contemplate the passenger hazard.

- b. If increased limits ([Rule 23](#)) apply, multiply the rates determined above by the appropriate factor. Increased limit factors are applicable to minimum premium.
 - c. If additional charges ([Rule 3](#)) for accidents and convictions apply, multiply the rates determined above by the appropriate factor. Additional charges are not applicable to minimum premium.
 - d. If a certified risk—financial responsibility filing ([Rule 4](#)) is required, multiply the rates determined above by the appropriate factor.
- 2. Uninsured and Underinsured Motorists Coverages
Refer to [Rule 27](#) for development of premium.

3. Personal Injury Protection Coverages
Refer to [Rule 28](#) for determination of premium.

Rule 32. ANTIQUE AUTOS

- A. Determine the rating territory based on the principal place of garaging ([Rule 19](#)).
- B. **Bodily Injury and Property Damage Liability Coverage**
 1. Multiply the Class 3 Private Passenger [rates](#) in the Private Passenger Auto Rate Chapter by a factor of .19 regardless of the type of auto.
 2. If increased limits ([Rule 23](#)) apply, multiply the rates determined above by the appropriate factor. Increased limit factors are applicable to minimum premium.
 3. If an accident prevention course discount ([Rule 24](#)) applies, multiply the rate determined above by the appropriate factor.
 4. If additional charges ([Rule 3](#)) for accidents and convictions apply, multiply the rates determined above by the appropriate factor. Additional charges are not applicable to minimum premium.
 5. If a certified risk—financial responsibility filing ([Rule 4](#)) is required, multiply the rates determined above by the appropriate factor.
- C. **Uninsured and Underinsured Motorists Coverages**
Refer to [Rule 27](#) for determination of premium.
- D. **Personal Injury Protection Coverages**
Refer to [Rule 28](#) for determination of premium.
- E. **Medical Payments Coverage**
 1. Determine the appropriate [base rate](#) from the Private Passenger Auto Rate Chapter.
 2. Determine the appropriate [class factor](#) from the Private Passenger Auto Rate Chapter.

3. Multiply the base rate determined in paragraph 1 by the class factor determined in paragraph 2 and round to the nearest whole dollar.
4. If an accident prevention course discount ([Rule 24](#)) applies, multiply the rate determined above by the appropriate factor.
5. If additional charges for accidents and convictions ([Rule 3](#)) apply, multiply the rate determined above by the appropriate factor.

Rule 33. ★TRUSTS

- A. **Coverage**
Coverage is provided for vehicles described in [Rule 20](#) if the title of the vehicle has been transferred to a trust or if the vehicle is otherwise held in a trust.
- B. **Ineligible Trustees**
A trustee of the trust cannot be
 1. a partnership or joint venture;
 2. a corporation;
 3. a limited liability company;
 4. an organization other than a partnership or joint venture, a corporation, or a limited liability company; or
 5. a licensed professional who provides ongoing professional services with respect to the profession for which that individual is licensed, in connection with the administration of the trust. However, this paragraph does not apply to any named insured or any individual who is a relative of the grantor/settlor of the trust.
- C. Attach the Trust Endorsement.✧

Rules 34–50. RESERVED FOR FUTURE USE

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PRIVATE PASSENGER AUTO RATE CHAPTER

PRIVATE PASSENGER AUTO RATING WORKSHEET

Bodily Injury and Property Damage Liability, Uninsured/Underinsured Motorists, Personal Injury Protection, and Medical Payments Coverage

Refer to [Rule 21](#) for premium development procedures.

Multiply the base rates by the applicable factors down each column unless indicated otherwise.

	BI Liability	PD Liability	UM*	UIM*	PIP	Added PIP*	Medical Payments
Base Rates							
Class Factor							
<i>Round to the nearest whole dollar.</i>							
PIP Deductible Factor (Rule 28)							
Added PIP* Factor (Rule 28)							
Increased Limits (Rule 23)							
Accident Prevention Course Discount (Rule 24)							
Additional Charges (Rule 3)							
<i>Round to the nearest whole dollar.</i>							
Certified Risks Financial Responsibility (Rule 4)							
Premium (<i>Round to the nearest whole dollar.</i>)							

Refer to [Rule 25](#). Extended Nonowned Auto Coverage.

* Provided on a per policy basis.

Note: Does not include any applicable municipal/county taxes and the Kentucky premium surcharge.

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

PRIVATE PASSENGER AUTO RATE CHAPTER

PAIP RISKS (APPLICATION EFFECTIVE 1/1/2019 OR LATER)

LIABILITY, PERSONAL INJURY PROTECTION, AND MEDICAL PAYMENTS BASE RATES

Territory	\$25/50 BI	\$25/50 R.B.I.*	Full PIP	Guest PIP	\$25,000 PD	\$1,000 MP
01	\$3,238	\$2,233	\$1,242	\$186	\$1,279	\$20
02	1,161	801	409	61	1,050	8
03	1,730	1,193	665	100	1,159	11
04	1,492	1,029	614	92	1,019	10
05	2,659	1,834	1,105	166	777	21
06	2,755	1,900	1,169	175	840	22
07	1,465	1,010	530	80	1,037	9
09	1,675	1,155	690	104	924	13
10	1,875	1,293	745	112	954	14
12	1,524	1,051	621	93	1,006	10
13	2,303	1,588	807	121	1,078	13
14	2,175	1,500	765	115	1,054	13
15	2,091	1,442	640	96	1,154	10
16	1,161	801	457	69	1,071	10
17	1,757	1,212	704	106	1,052	12
18	1,698	1,171	684	103	977	12

* The residual bodily injury rate only applies where the insured and all members of the family accept the tort limitations. In all other cases, the bodily injury rate applies.

PERSONAL INJURY PROTECTION COVERAGE
MOTORCYCLES USED FOR PRIVATE PASSENGER PURPOSES

	Per Auto
Pedestrian PIP	\$ 14
Full PIP	720
Added PIP	Refer to Rule 2 .

UNINSURED AND UNDERINSURED
MOTORISTS COVERAGE ([RULE 27](#))

Uninsured Motorists Coverage Rate per Policy					
	Territories				
BI Limits	01	2-4, 7-12, 14-18	05	06	13
\$ 25/50	\$285	\$119	\$424	\$358	\$135
50/100	395	164	587	495	187

Note: For motorcycles used for private passenger purposes, multiply the per policy rate by 2.00.

Underinsured Motorists Coverage Rate per Policy					
	Territories				
Total Bodily Injury Limits	01	2-4, 7-12, 14-18	05	06	13
\$ 25/50	\$557	\$386	\$ 699	\$ 631	\$403
50/100	984	682	1,236	1,115	712

Note: For motorcycles used for private passenger purposes, multiply the per policy rate by 2.00.

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PRIVATE PASSENGER AUTO RATE CHAPTER

DIRECT ASSIGNED RISKS (APPLICATION EFFECTIVE PRIOR TO 1/1/2019)

LIABILITY, PERSONAL INJURY PROTECTION, AND MEDICAL PAYMENTS BASE RATES

Territory	\$25/50 BI	\$25/50 R.B.I.*	Full PIP	Guest PIP	\$25,000 PD	\$1,000 MP
01	\$1,569	\$1,082	\$739	\$111	\$735	\$27
02	645	445	270	41	621	11
03	769	530	368	55	653	14
04	638	440	342	51	541	13
05	1,346	928	712	107	437	28
06	1,353	933	739	111	475	29
07	645	445	336	50	601	11
09	818	564	419	63	519	17
10	870	600	442	66	540	18
12	663	457	355	53	543	14
13	1,096	756	437	66	620	18
14	1,038	716	416	62	607	17
15	1,024	706	367	55	688	13
16	693	478	304	46	629	13
17	770	531	418	63	580	16
18	771	532	418	63	553	16

* The residual bodily injury rate only applies where the insured and all members of the family accept the tort limitations. In all other cases, the bodily injury rate applies.

PERSONAL INJURY PROTECTION COVERAGE
MOTORCYCLES USED FOR PRIVATE PASSENGER PURPOSES

	Per Auto
Pedestrian PIP	\$ 14
Full PIP	720
Added PIP	Refer to Rule 2.

UNINSURED AND UNDERINSURED
MOTORISTS COVERAGE (RULE 27)

Uninsured Motorists Coverage Rate per Policy					
	Territories				
BI Limits	01	2-4, 7-12, 14-18	05	06	13
\$ 25/50	\$ 107	\$48	\$156	\$133	\$54
50/100	149	67	217	185	75

Note: For motorcycles used for private passenger purposes, multiply the per policy rate by 2.00.

Total Bodily Injury Limits	Underinsured Motorists Coverage Rate per Policy				
	Territories				
	01	2-4, 7-12, 14-18	05	06	13
\$ 25/50	\$210	\$143	\$266	\$239	\$149
50/100	369	251	468	421	263

Note: For motorcycles used for private passenger purposes, multiply the per policy rate by 2.00.

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PRIVATE PASSENGER AUTO RATE CHAPTER

CLASS FACTORS

Territories 01-04	
Class	Bodily Injury, Property Damage, Personal Injury Protection, and Medical Payments
1A	1.00
1B	1.10
1C	1.45
2A	1.90
2B	1.90
2C	3.10
3	1.50
4A	1.50
4B	1.65
4C	2.18
4D	2.25
1AF	0.70
2AF	1.33
2BF	1.33
2CF	2.17
4DF	1.05

All Other Territories	
Class	Bodily Injury, Property Damage, Personal Injury Protection, and Medical Payments
1A	1.00
1B	1.00
1C	1.45
2A	1.90
2B	1.90
2C	3.60
3	1.50
4A	1.50
4B	1.50
4C	2.18
4D	2.25
1AF	0.70
2AF	1.33
2BF	1.33
2CF	2.52
4DF	1.05

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL
COMMERCIAL AUTO CHAPTERS

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COMMERCIAL GENERAL RULES CHAPTER

Rule 51. PREMIUM DEVELOPMENT

- A. Determine the applicable base rate from the Premium Development Rule in the appropriate chapter of this Manual.
- B. Determine the appropriate chapter of the Manual in accordance with the following:
 - 1. All eligible trucks, tractors, and trailers are rated under the Trucks, Tractors, and Trailers Chapter.

Exception: Trucks with load capacities of 1,500 pounds or less owned by an individual or a married couple who are residents of the same household, and not customarily used in the occupation, profession, or business of the insured other than in the course of driving to or from work, are rated under the Private Passenger Chapter.
 - 2. All eligible public transportation autos are rated under the Public Transportation Chapter.
 - 3. All eligible auto dealer exposures are rated under the Auto Dealers Chapter.
 - 4. All eligible commercial nonowned exposures are rated under the Nonowned Auto Chapter.

Exception: All named nonowner policies are rated under the Private Passenger Chapter.
 - 5. All other eligible commercial autos are rated under the Special Types and Operations Chapter.
- C. **Bodily Injury and Property Damage Liability Coverage**
 - 1. If increased limits ([Rule 52](#)) apply, multiply the rate determined above by the appropriate factor. Increased limit factors are to be applied to minimum coverage premiums, but not the minimum policy premium.
 - 2. If an accident prevention discount applies, refer to [Rule 61](#).
 - 3. If pollution liability coverage ([Rule 53](#)) is required, multiply the rate determined above by the appropriate factor.
 - 4. If additional charges for accidents and convictions ([Rule 3](#)) apply, increase the rate determined above by the appropriate factor. Additional charges are applicable to minimum coverage premiums but not the minimum policy premium.
 - 5. If a certified risk—financial responsibility filing ([Rule 4](#)) is required, increase the rates determined above by the applicable factor.
 - 6. ★Refer to experience rating plan ([Rule 54](#)) for applicability.✧
 - 7. Refer to motor carrier filings ([Rule 56](#)) for applicability.
 - 8. Refer to out-of-state coverage extension ([Rule 57](#)) for applicability.
 - 9. Refer to audit ([Rule 60](#)).

D. Uninsured Motorists and Underinsured Motorists Coverage

Refer to [Rule 58](#) for determination of the appropriate premium.

E. No-Fault Coverages

- 1. If deductibles ([Rule 59](#)) apply, multiply the base rate by the applicable factor.
- 2. If added PIP ([Rule 59](#)) applies, multiply the base rates determined by the applicable factor.
- 3. If an accident prevention discount applies, refer to [Rule 61](#).
- 4. If additional charges for accidents and convictions ([Rule 3](#)) apply, increase the rate determined above by the appropriate factor.
- 5. ★Refer to experience rating plan ([Rule 54](#)) for applicability.✧

Rule 52. INCREASED LIMITS

NOTE 1: For private passenger autos, refer to the Private Passenger Chapter.

NOTE 2: For factors for limits required by law that are not shown, refer to [Rule 2](#).

A. Optional Single Limits

The increased limits table below shows the factors to be applied to the \$60,000 single limit liability [rates](#) to determine the premium for other limits written in accordance with the Extent of Coverage Section of the Plan.

	Table 1			
	Single Limits	Light and Medium Trucks	Heavy Trucks and Truck-Tractors	
\$125,000		1.17	1.18	
150,000		1.21	1.24	
325,000		1.44	1.51	
350,000		1.46	1.54	
Single Limits	Extra Heavy Trucks and Truck-Tractors	Zone Rated Risks	All Other Risks	
\$125,000	1.20	1.23	1.20	
150,000	1.26	1.30	1.25	
325,000	1.55	1.61	1.49	
350,000	1.58	1.64	1.52	

B. Single Limits Required by Law

The increased limits table below shows the factors to be applied to the \$60,000 single limit liability [rates](#) for increased limits required by law:

COMMERCIAL GENERAL RULES

Single Limits	Table 2	
	Light and Medium Trucks	Heavy Trucks and Truck-Tractors
\$ 400,000	1.50	1.59
500,000	1.57	1.67
750,000	1.67	1.82
1,000,000	1.75	1.94
1,500,000	2.19	2.43
2,000,000	2.63	2.91
5,000,000	4.38	4.85

Single Limits	Extra Heavy Trucks and Truck-Tractors	Zone Rated Risks	All Other Risks
\$ 400,000	1.65	1.71	1.56
500,000	1.74	1.82	1.63
750,000	1.92	2.02	1.73
1,000,000	2.07	2.17	1.81
1,500,000	2.59	2.71	2.26
2,000,000	3.11	3.26	2.72
5,000,000	5.18	5.43	4.53

C. Facultative Reinsurance

Where increased limits are afforded on a risk subject to CAIP limits of liability in excess of \$1,000,000 combined single limit, and the risk is reinsured on a facultative basis, the following rating procedure applies for the determination of the increased limits premium:

1. The applicable increased limits table will apply for limits of liability up to \$1,000,000 combined single limit which are not subject to facultative reinsurance.
2. For limits of liability above \$1,000,000 combined single limit, the premium shall be the facultative cost of such insurance increased by a factor of 1.25.

D. Determination of Single Limit Premium from Split Limit Rates

To determine the \$60,000 single limit bodily injury and property damage liability rates for those risks subject to CAIP where rates are displayed on a split limits basis, apply a factor of 1.15 to the total of the \$25,000/50,000 bodily injury and \$25,000 property damage split limit liability rates determined in accordance with this Manual.

Next, apply the appropriate increased limits factors from the appropriate table above for determination of premium for other limits.

E. Determination of Split Limits Premium from Single Limit Rates

To determine the \$25,000/50,000 bodily injury and \$25,000 property damage split limit liability rates for those risks not subject to CAIP where rates are displayed on a single limit basis, apply the following factors to the \$60,000 single limit bodily injury and property damage liability rate determined in accordance with this Manual:

\$25,000/50,000 BI	\$25,000 PD
.463	.409

Next, apply the appropriate increased limits factors from the appropriate table above for determination of premium for other limits.

F. Minimum coverage premiums are subject to increased limit factors.

Rule 53. POLLUTION LIABILITY

A. Coverage for bodily injury or property damage arising out of the discharge of pollutants that are being transported or towed by, loaded onto or unloaded from or (with the exception of certain fluids) stored, disposed of, or treated or processed in or upon a covered auto is excluded under the Business Auto Policy.

However, coverage for bodily injury, property damage, or covered pollution cost or expense arising from the discharge of pollutants that are **neither** being transported or towed by, **nor** loaded onto or unloaded from or (with the exception of certain fluids) stored, disposed of, or treated or processed in or upon a covered auto is included under the Business Auto Policy.

B. Pollution Liability—Broadened Coverage for Covered Autos

Business Auto Policies shall be endorsed to delete that part of the pollution exclusion and the definition of “covered pollution cost or expense”, for bodily injury, property damage, and covered pollution cost or expense relating to discharge of pollutants that are in or upon, being transported or towed by, or being loaded onto or unloaded from a covered auto for risks that are subject to the Motor Carrier Act of 1980 or any similar or equivalent state financial responsibility filing requirement. This extension of coverage does not apply to liability assumed under any contract or agreement.

Attach applicable endorsement.

C. Premium Development

1. Owned Autos

Multiply the applicable bodily injury and property damage premium for each covered auto transporting any of the commodities described below by the applicable factor below:

Commodities Transported	Charge
Hazardous substances as defined in 49 CFR 171.8, transported in cargo tanks, portable tanks, or hopper-type vehicles with capacities in excess of 3,500 water gallons	1.25
Liquefied compressed gas or compressed gas	
Class A or B explosives	
Poison gas (Poison A)	
Highway route controlled quantity radioactive materials as defined in 49 CFR 173.403	
Oil listed in 49 CFR 172.101	1.10
Hazardous waste, hazardous materials, and hazardous substances defined in 49 CFR 171.8 and listed in 49 CFR 172.101, but not mentioned above	
Nonhazardous property	1.05

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Note: Where more than one class of commodity is transported by a covered auto, apply to that auto the charge for the class of commodity transported that develops the highest premium.

2. **Minimum Premium**

All owned autos, except private passenger type autos, are subject to a minimum additional charge. Multiply the applicable bodily injury and property damage liability premium by a factor of 1.05.

3. **Hired Autos**

Multiply the applicable bodily injury and property damage hired auto premium by the applicable factor. Such factor shall be the highest one determined in accordance with paragraph C.1 above for any owned auto. Where hired autos transport more than one class of commodities, apply the charge for the class of commodity transported that develops the highest premium.

Rule 54. EXPERIENCE RATING PLAN

Bodily Injury and Property Damage Liability Coverage Only

This Rule develops a premium credit (reduction) or a premium debit (increase) based on the loss experience of the insured during the experience period specified in paragraph B.

A. Eligibility

1. Experience rating is limited to insureds that meet all of the following criteria:
 - a. The loss experience for the experience period can be obtained from the company that issued the policy(ies) for that period.
 - b. The insured has liability coverage at limits higher than \$100,000 combined single limit (CSL).
 - c. The insured develops a credibility factor of at least 0.07 from the tables contained in this Rule. Determine the credibility factor as follows:
 - (1) Determine the detrended premium according to paragraph C.1.
 - (2) Refer to the Credibility and Maximum Single Loss table to determine the credibility factor corresponding to the detrended premium for the experience period.
2. An insured is **not** eligible for experience rating if any of the following apply:
 - a. The insured was self-insured during the experience period.
 - b. All policies included in the experience period were written at liability limits of less than \$100,000 CSL.
 - c. All policies included in the experience period were written with a deductible, self-insured retention, or similar type plan, applicable to the liability coverage.

B. Experience Period

1. The experience period includes all of the following, if available:
 - a. The policy ending 12 months prior to the current policy (latest full policy year)
 - b. The policy ending 24 months prior to the current policy (second latest full policy year)
 - c. The policy ending 36 months prior to the current policy (third latest full policy year)
2. If three years of loss experience is not available or is excluded by paragraph 5, use at least one full year of losses.
3. Use no more than three years of loss experience.
4. Use only full policy years.
5. Do not use policy years during which the insured had liability coverage at limits less than \$100,000 CSL or were written with a deductible, self-insured retention, or similar type plan, applicable to the liability coverage.

C. Determination of Experience Modification

1. **Premium**

Determine the detrended premium as follows for the policy years included in the experience period:

- a. Determine the current annual manual \$100,000 CSL liability premium by multiplying the \$60,000 CSL specified auto, hired auto, and nonowned auto liability premiums by the appropriate \$100,000 CSL increased limit factor below. Use the headquarters location of the insured to determine the premium for hired and nonowned auto liability exposures.

Single Limits	Light and Medium Trucks	Heavy Trucks and Truck-Tractors
\$100,000	1.11	1.12

Single Limits	Extra Heavy Trucks and Truck-Tractors	Zone Rated	All Other Risks
\$100,000	1.13	1.15	1.13

- b. Multiply the premium determined in paragraph a above by the following detrend factors to determine the detrended premium for each policy in the experience period:

Latest Full Policy Year	Second Latest Full Policy Year	Third Latest Full Policy Year
.952	.929	.906

- c. If the actual exposures of the insured have been subject to a dramatic change during or since the experience period due to known factors other than inflation, apply the following procedure to determine the premium.

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- (1) Determine the current annual manual \$100,000 CSL liability premium for the actual historical exposures for each policy of the experience period.
- (2) Multiply the premium determined in paragraph c.(1) above by the detrend factors in paragraph b to determine the detrended premium for each policy in the experience period.
- d. Add the detrended premium for all policy years included in the experience period to determine the total detrended premium.

2. Losses

- a. Determine the Adjusted Expected Loss Ratio from the Credibility and Maximum Single Loss Table for the total of the detrended premium developed above.
- b. Multiply the detrended premium for each year by the Adjusted Expected Loss Ratio determined in paragraph a to determine the expected losses.
- c. Multiply the expected losses determined in paragraph b by the following loss development factors:

	Latest Full Policy Year	Second Latest Full Policy Year	Third Latest Full Policy Year
\$100,000 CSL			
Auto Dealers	.360	.158	.075
Zone Rated	.288	.126	.048
All Others	.133	.059	.028

- d. Determine the paid and outstanding losses (including allocated claim expense) for the policy years included in the experience period.
 - (1) Limit the indemnity amount to \$100,000 CSL for any one occurrence.
 - (2) Limit the sum of the indemnity and allocated claim expense resulting from any single occurrence to the maximum single

loss specified in the Credibility and Maximum Single Loss Table for the total of the detrended premium developed above.

- e. Determine the total adjusted losses by adding the results of paragraphs c and d.

3. Actual Loss Ratio

Determine the Actual Loss Ratio by dividing the total adjusted losses determined in paragraph C.2 by the detrended premium determined in paragraph C.1.

4. Experience Modification

- a. If the Actual Loss Ratio is less than the Adjusted Expected Loss Ratio, the experience modification is a credit. Determine as follows:

$$\left(\frac{\text{Adjusted Expected Loss Ratio} - \text{Actual Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

Determine the experience rating factor by subtracting the credit from 1.00.

- b. If the Actual Loss Ratio is greater than the Adjusted Expected Loss Ratio, the experience modification is a debit. Determine as follows:

$$\left(\frac{\text{Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

Determine the experience rating factor by adding the debit to 1.00.

D. Application

- 1. Apply the experience rating factor to the liability premium.
- 2. Apply the experience modification at policy inception or renewal.
- 3. Do not apply the experience modification midterm.
- E. Refer to the rating example and worksheet at the end of this Chapter.

**AUTO LIABILITY EXPERIENCE RATING
CREDIBILITY AND MAXIMUM SINGLE LOSS TABLE**

Premium	Credibility	Adjusted Expected Loss Ratio		Maximum Single Loss	
		Zone Rated	All Others	Zone Rated	All Others
\$ 15,216– 21,521	0.03	0.365	0.384	\$ 55,500	\$ 58,400
21,522– 27,959	0.04	0.374	0.393	60,450	63,400
27,960– 34,534	0.05	0.381	0.398	63,900	66,850
34,535– 41,250	0.06	0.386	0.402	66,550	69,550
41,251– 48,111	0.07	0.389	0.406	68,800	71,800
48,112– 55,122	0.08	0.392	0.409	70,750	73,750
55,123– 62,286	0.09	0.395	0.411	72,550	75,550
62,287– 69,613	0.10	0.397	0.414	74,250	77,250
69,614– 77,105	0.11	0.400	0.416	75,850	78,900
77,106– 84,767	0.12	0.402	0.417	77,450	80,500
84,768– 92,607	0.13	0.404	0.419	79,000	82,050
92,608– 100,630	0.14	0.406	0.421	80,550	83,550
100,631– 108,844	0.15	0.408	0.423	82,050	85,100
108,845– 117,252	0.16	0.410	0.424	83,600	86,600
117,253– 125,868	0.17	0.411	0.426	85,100	88,150
125,869– 134,692	0.18	0.413	0.428	86,650	89,700
134,693– 143,735	0.19	0.415	0.429	88,200	91,250
143,736– 153,009	0.20	0.417	0.431	89,800	92,800
153,010– 162,515	0.21	0.418	0.432	91,400	94,400
162,516– 172,269	0.22	0.420	0.433	93,000	96,000
172,270– 182,278	0.23	0.421	0.435	94,650	97,650
182,279– 192,551	0.24	0.423	0.436	96,300	99,300
192,552– 203,100	0.25	0.424	0.437	98,050	101,000
203,101– 213,938	0.26	0.426	0.439	99,750	102,750
213,939– 225,073	0.27	0.427	0.439	101,550	104,500
225,074– 236,519	0.28	0.429	0.441	103,350	106,300
236,520– 248,291	0.29	0.430	0.442	105,250	108,150
248,292– 260,402	0.30	0.431	0.443	107,100	110,500
260,403– 272,865	0.31	0.433	0.444	109,050	111,950
272,866– 285,699	0.32	0.434	0.446	111,050	113,900
285,700– 298,917	0.33	0.435	0.446	113,100	115,950
298,918– 312,541	0.34	0.437	0.447	115,200	118,000
312,542– 326,585	0.35	0.438	0.448	117,350	120,100
326,586– 341,073	0.36	0.439	0.449	119,550	122,300
341,074– 356,026	0.37	0.440	0.450	121,800	124,550
356,027– 371,462	0.38	0.442	0.451	124,100	126,800
371,463– 387,410	0.39	0.443	0.452	126,500	129,200
387,411– 403,893	0.40	0.444	0.453	128,950	131,600
403,894– 420,940	0.41	0.445	0.454	131,500	134,100
420,941– 438,581	0.42	0.446	0.454	134,100	136,650
438,582– 456,846	0.43	0.447	0.455	136,800	139,300
456,847– 475,769	0.44	0.448	0.456	139,550	142,050
475,770– 495,387	0.45	0.449	0.457	142,400	144,850
495,388– 515,737	0.46	0.450	0.457	145,350	147,800
515,738– 536,863	0.47	0.451	0.458	148,450	150,800
536,864– 558,810	0.48	0.452	0.459	151,600	153,900
558,811– 581,624	0.49	0.453	0.459	154,850	157,150
581,625– 605,363	0.50	0.453	0.460	158,250	160,450
605,364– 630,079	0.51	0.454	0.461	161,750	163,950
630,080– 655,835	0.52	0.455	0.461	165,400	167,550

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL GENERAL RULES

**AUTO LIABILITY EXPERIENCE RATING
CREDIBILITY AND MAXIMUM SINGLE LOSS TABLE**

Premium	Credibility	Adjusted Expected Loss Ratio		Maximum Single Loss	
		Zone Rated	All Others	Zone Rated	All Others
\$ 655,836– 682,701	0.53	0.456	0.461	\$ 169,200	\$ 171,300
682,702– 710,746	0.54	0.457	0.462	173,150	175,200
710,747– 740,051	0.55	0.457	0.462	177,250	179,250
740,052– 770,705	0.56	0.458	0.463	181,550	183,450
770,706– 802,801	0.57	0.459	0.463	186,000	187,850
802,802– 836,444	0.58	0.459	0.463	190,650	192,500
836,445– 871,750	0.59	0.460	0.464	195,550	197,300
871,751– 908,840	0.60	0.461	0.464	200,650	202,350
908,841– 947,859	0.61	0.461	0.465	206,000	207,650
947,860– 988,959	0.62	0.461	0.465	211,600	213,200
988,960– 1,032,310	0.63	0.462	0.465	217,500	219,050
1,032,311– 1,078,105	0.64	0.462	0.465	223,750	225,200
1,078,106– 1,126,553	0.65	0.463	0.466	230,300	231,700
1,126,554– 1,177,895	0.66	0.463	0.466	237,200	238,550
1,177,896– 1,232,395	0.67	0.464	0.466	244,500	245,800
1,232,396– 1,290,357	0.68	0.464	0.466	252,300	253,500
1,290,358– 1,352,118	0.69	0.464	0.467	260,500	261,700
1,352,119– 1,418,066	0.70	0.465	0.467	269,300	270,400
1,418,067– 1,488,643	0.71	0.465	0.467	278,600	279,700
1,488,644– 1,564,355	0.72	0.465	0.467	288,600	289,600
1,564,356– 1,645,778	0.73	0.466	0.467	299,300	300,250
1,645,779– 1,733,588	0.74	0.466	0.467	310,800	311,700
1,733,589– 1,828,566	0.75	0.466	0.467	323,200	324,000
1,828,567– 1,931,628	0.76	0.466	0.468	336,550	337,350
1,931,629– 2,043,850	0.77	0.467	0.468	351,050	351,800
2,043,851– 2,166,511	0.78	0.467	0.468	366,850	367,550
2,166,512– 2,301,141	0.79	0.467	0.468	384,100	384,700
2,301,142– 2,449,577	0.80	0.467	0.468	403,000	403,550
2,449,578– 2,614,062	0.81	0.467	0.468	423,800	424,350
2,614,063– 2,797,344	0.82	0.467	0.468	446,850	447,350
2,797,345– 3,002,842	0.83	0.468	0.468	472,550	473,000
3,002,843– 3,234,855	0.84	0.468	0.468	501,350	501,750
3,234,856– 3,498,872	0.85	0.468	0.468	533,800	534,200
3,498,873– 3,802,002	0.86	0.468	0.468	570,750	571,100
3,802,003– 4,153,632	0.87	0.468	0.468	613,200	613,450
4,153,633– 4,566,415	0.88	0.468	0.468	662,350	662,600
4,566,416– 5,057,823	0.89	0.468	0.468	720,100	720,300
5,057,824– 5,652,686	0.90	0.468	0.468	788,800	788,950
5,652,687– 6,387,517	0.91	0.468	0.468	871,950	872,100
6,387,518– 7,318,303	0.92	0.468	0.468	974,650	974,750
7,318,304– 8,535,485	0.93	0.468	0.468	1,104,700	1,104,800
8,535,486– 10,195,278	0.94	0.468	0.468	1,274,800	1,274,850
10,195,279– 12,592,759	0.95	0.468	0.468	1,506,700	1,506,750
12,592,760– 16,360,224	0.96	0.468	0.468	1,841,650	1,841,700
16,360,225– 23,141,667	0.97	0.468	0.468	2,368,000	2,368,000
23,141,668– 38,965,028	0.98	0.468	0.468	3,315,400	3,315,400
38,965,029– 118,081,838	0.99	0.468	0.468	5,525,950	5,525,950
118,081,839 and over	1.00	0.468	0.468	16,578,700	16,578,700

COMMERCIAL GENERAL RULES

Rule 55. ★RESERVED FOR FUTURE USE❖

Rule 56. MOTOR CARRIER FILINGS

When a certificate of insurance is filed for motor carriers to comply with federal, state, local laws, or ordinances, a flat fully earned premium charge of \$25, not subject to modification, shall be made for each certificate filed.

Rule 57. OUT-OF-STATE COVERAGE EXTENSIONS

When the Out-of-State Coverage Extensions endorsement is issued to delete the exception relating to motor carriers, a flat fully earned premium charge of \$50, not subject to modification, shall be made for such endorsement request.

Attach applicable endorsement.

Rule 58. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE

A. Uninsured Motorists Coverage

1. This form of auto insurance shall be afforded under every auto liability policy issued or delivered to the owner of an auto registered or principally garaged in Kentucky.

This form of coverage must apply to all autos on the policy.

EXCEPTIONS:

- a. Any named insured has the right to reject such coverage in writing. Such rejection will be valid for all insureds under the policy.
 - b. Subsequent renewal, reinstatement, substitute, replacement, or amended policies issued to the same named insured by the same insurer or any of its affiliates or subsidiaries need not provide the rejected coverage unless a named insured requests such coverage in writing.
 - c. Increased limits may be afforded but not in excess of the limits of liability of the policy.
2. The minimum required uninsured motorists coverage limits are \$60,000 single limit bodily injury liability.
 3. Rates

BI Limits	Rate per Auto Registered in Kentucky	
	Single Auto	Multiauto per Auto
\$ 60,000	\$40	\$56
125,000	49	64
150,000	52	66
325,000	61	72
350,000	62	73

B. Underinsured Motorists Coverage

1. Underinsured motorists coverage shall be made available upon the request of the named insured under the following conditions:
 - a. Underinsured motorists limits can be no greater than the bodily injury limits of the policy.
 - b. Underinsured motorists coverage must apply to all autos insured under the policy.
2. Rates

BI Limits	Rate per Auto Registered in Kentucky	
	Single Auto	Multiauto per Auto
\$ 60,000	\$141	\$303
125,000	229	410
150,000	254	437
325,000	366	540
350,000	378	550

C. Motorcycles

For motorcycles used for commercial purposes, multiply the otherwise applicable rate by a factor of 2.00.

D. Attach applicable endorsements.

- E. The premium shall not be subject to modification under the provisions of any rating plan or other Manual rules.

Rule 59. KENTUCKY MOTOR VEHICLE NO-FAULT ACT

A. Personal Injury Protection Coverage

Personal injury protection (PIP) coverage shall be afforded on policies or binders providing bodily injury and property damage liability coverages for owned motor vehicles registered in the Commonwealth of Kentucky and subject to the provisions of Subtitle 39 of the Kentucky Revised Statutes, Chapter 304.

PIP coverage shall be for an aggregate limit of \$10,000 per insured injured person. The maximum limit of liability for the total of work loss, replacement services loss, survivor's economic loss, and survivor's replacement services loss is \$200 per week.

Pedestrian PIP must be afforded motorcycle risks. Full or added PIP is optional for such risks.

B. Guest Personal Injury Protection Coverage

Guest PIP is applicable only when the named insured and all regular operators of the insured's autos have rejected the tort limitation contained in the Kentucky No-Fault Law and none have purchased PIP under the buy-back provision. In all other cases the full personal injury protection applies.

C. Added Personal Injury Protection

Every insurer providing PIP shall also provide added PIP at the request of the named insured.

Added PIP is not available on a policy that provides guest PIP only.

COMMERCIAL GENERAL RULES

D. Deductibles

In those cases where the PIP rate is applicable, the assigned insurer shall, upon request of the applicant or insured, provide aggregate deductibles, per accident, for the personal injury protection coverage of \$250, \$500, or \$1,000 applicable to the named insured and family members.

E. Rates

1. Motorcycles Used for Commercial Purposes
 - a. Pedestrian PIP—The rate is \$18 per auto.
 - b. Full PIP—The rate is \$793 per auto.
 - c. Added PIP—Refer to Plan for rates.
2. All Other Risks
 - a. PIP—Charge the full PIP [rate](#) on the rate schedules per auto.
 - b. Guest PIP—Charge the guest PIP [rate](#) on the rate schedules per auto.
 - c. Deductibles—Multiply the PIP [rate](#) on the rate schedules by the following applicable factor:

Deductibles	Factors
\$ 250	.85
500	.75
1,000	.65

- d. Added PIP—Multiply the applicable PIP [rates](#) on the rate schedules by the following applicable factors:

Option	Maximum Limit of Liability for the Total of all Added PIP Benefits	Maximum Weekly Limit for Added Work Loss, Replacement Services Loss, Survivor's Economic Loss, and Survivor's Replacement Services Loss	Factor per Auto
1	\$10,000	\$ 50	.25
2	20,000	100	.40
3	30,000	200	.50

Note: The maximum limit of liability for the total of all added PIP benefits in each option applies in addition to the \$10,000 maximum limit of liability for basic PIP benefits. This \$10,000 maximum limit is not subject to stacking. The maximum limit of liability for the total of all added PIP benefits is subject to stacking.

- F. Attach applicable endorsement.

Rule 60. AUDIT

Annual Premium Adjustment

On policies that provide that the earned premium be determined by audit at the end of the policy period, the initial premium shall be the full premium, calculated at authorized rates, on the estimated exposure for the policy period, or the minimum premium for the policy, whichever is greater.

Rule 61. ACCIDENT PREVENTION DISCOUNT

- A. Multiply the applicable single limit of liability, PIP, and added PIP coverages by a factor of .98 if the principal operator of a specific vehicle is:
 1. age 55 or older and has a completion certificate dated within the most recent 60 months certifying that he or she has successfully completed a motor vehicle accident prevention course approved by the Kentucky Transportation Cabinet; or
 2. a member of the United States Armed Forces and has a completion certificate dated within the most recent 60 months certifying that he or she has successfully completed a defensive driving course provided by the United States Armed Forces, regardless of age.
- B. If the policy insures two or more vehicles, the discount shall apply only to the auto principally operated by a person with the course completion certificate.
- C. The discount shall apply to new and renewal policies with inception dates occurring within a period of five years following the course completion date.
- D. The discount shall apply only once to each vehicle regardless of the number of operators with course completion certificates.
- E. The discount shall not apply if the course was self-instructed or was completed under a court order as a result of a motor vehicle conviction.

Rule 62. WAIVER OF SUBROGATION/ PRIMARY AND NONCONTRIBUTORY—OTHER INSURANCE CONDITION

Applicable to Bodily Injury and Property Damage Liability Coverages Only

If the insured requests, in writing, either a waiver(s) of subrogation or a primary and noncontributory—other insurance condition or both to comply with contractual requirements, increase the bodily injury and property damage total policy premium by 3%.

Attach the applicable endorsement(s).

Rules 63–70. RESERVED FOR FUTURE USE

EXPERIENCE RATING EXAMPLE

EXPERIENCE USED

	Latest Full Policy Year	Second Latest Full Policy Year	Third Latest Full Policy Year
	BI and PD	BI and PD	BI and PD
a. Current annual Manual \$100,000 CSL premium	\$98,250	\$98,250	\$98,250
b. Detrend factors	.952	.929	.906
c. Detrended premium (a x b)	\$93,534	\$91,274	\$89,015
d. Adjusted expected loss ratio†	.446	.446	.446
e. Expected losses (c x d)	\$41,716	\$40,708	\$39,701
f. Loss development factor	.133	.059	.028
g. Expected ultimate losses (e x f)	\$5,548	\$2,402	\$1,112
h. Losses (paid, outstanding, and allocated claim expense)*	\$85,694	\$58,530	\$49,960
i. Total adjusted losses (g + h)	\$91,242	\$60,932	\$51,072

* For any one occurrence, limit the indemnity amount to \$100,000 CSL; and limit the sum of the indemnity and allocated claim expense to the maximum single loss†.

DETERMINATION OF EXPERIENCE MODIFICATION

	Latest Full Policy Year	Second Latest Full Policy Year	Third Latest Full Policy Year	Total
(1) Detrended premium BI and PD (from c)	\$93,534	\$91,274	\$89,015	\$273,823
(2) Total adjusted losses BI and PD (from i)	\$91,242	\$60,932	\$51,072	\$203,246
(3) Actual loss ratio (2) ÷ (1)				0.742
(4) Adjusted expected loss ratio†				0.446
USE SIGNS – FOR CREDIT AND + FOR DEBIT				
(5) Credit [(4) – (3)] ÷ (4) OR Debit [(3) – (4)] ÷ (4)				+0.664
(6) Credibility factor†				0.320
(7) Experience modification (5) x (6) stated as a percentage (DEBIT)				+21%
(8) Experience Modification Factor ((7) + 1.00)				1.21

† Refer to the Credibility and Maximum Single Loss Table to determine the applicable adjusted expected loss ratio, maximum single loss, and credibility factor corresponding to the detrended premium determined in (1).

COMMERCIAL GENERAL RULES

EXPERIENCE RATING WORKSHEET

EXPERIENCE USED

	Latest	Second Latest	Third Latest
	Full Policy Year	Full Policy Year	Full Policy Year
	BI and PD	BI and PD	BI and PD
a. Current annual Manual \$100,000 CSL premium			
b. Detrend factors			
c. Detrended premium (a x b)			
d. Adjusted expected loss ratio†			
e. Expected losses (c x d)			
f. Loss development factor			
g. Expected ultimate losses (e x f)			
h. Losses (paid, outstanding, and allocated claim expense)*			
i. Total adjusted losses (g + h)			

* For any one occurrence, limit the indemnity amount to \$100,000 CSL; and limit the sum of the indemnity and allocated claim expense to the maximum single loss†.

DETERMINATION OF EXPERIENCE MODIFICATION

	Latest	Second Latest	Third Latest	Total
	Full Policy Year	Full Policy Year	Full Policy Year	
(1) Detrended premium BI and PD (from c)				
(2) Total adjusted losses BI and PD (from i)				
(3) Actual loss ratio (2) ÷ (1)				
(4) Adjusted expected loss ratio†				
USE SIGNS – FOR CREDIT AND + FOR DEBIT				
(5) Credit [(4) – (3)] ÷ (4) OR Debit [(3) – (4)] ÷ (4)				
(6) Credibility factor†				
(7) Experience modification (5) x (6) stated as a percentage (DEBIT or CREDIT)				%
(8) Experience Modification Factor ((7) + 1.00)				

† Refer to the Credibility and Maximum Single Loss Table to determine the applicable adjusted expected loss ratio, maximum single loss, and credibility factor corresponding to the detrended premium determined in (1).

TRUCKS, TRACTORS, AND TRAILERS CHAPTER

***For the purposes of this Chapter, the words “regular” and “regularly” mean that the operations are contemplated, planned, or expected.**

Rule 71. ELIGIBILITY

This Chapter applies to trucks, truck-tractors, trailers, and semitrailers including pickups and vans (other than those rated under the provisions of the Private Passenger Chapter of this Manual) and not specifically treated in the Public, Auto Dealers, or Special Types and Operations Chapters of this Manual.

**Rule 72. PREMIUM DEVELOPMENT—
OTHER THAN ZONE RATED
AUTOS**

- A. This Rule applies to
 - 1. all light trucks and trailers used with light trucks;
 - 2. all other trucks, tractors, and trailers that regularly operate within a 200-mile radius from the street address of principal garaging. For those autos regularly operating beyond a 200-mile radius, refer to [Rule 73](#). Premium Development—Zone Rated Autos.
- B. Determine the classification rating factors as follows:
 - 1. Determine whether the risk is classified as fleet or nonfleet according to the Trucks, Tractors, and Trailers Classifications Rule ([Rule 74](#)).
 - 2. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule ([Rule 74](#)) based on size class, business use class, and radius class.
 - 3. Determine the secondary rating factor, if any, from the Trucks, Tractors, and Trailers Classifications Rule ([Rule 74](#)) based on the special industry classifications.
 - 4. Determine the combined rating factor by adding the secondary rating factor to or subtracting it from the primary rating factor.
 - 5. For trailers used with light trucks that regularly operate beyond a 200-mile radius, use the rating factor for the intermediate rating class.

C. Premium Development

- 1. Rating Territory

Determine the rating territory from the territory definitions based on the street address of principal garaging.

Note: For all light trucks where there is an unmarried male operator under age 25 and such autos is also used for private passenger purposes, use the highest premium developed by either the subparagraphs below or the Premium Development Rule ([Rule 21](#)) in the Private Passenger Chapter of this Manual.
- 2. Bodily injury and Property Damage Liability Coverage
 - a. Determine the base [rate](#) from the rate schedules according to the following criteria:

- (1) Vehicles not eligible for PIP
 - (2) 0–49% of regular operators have accepted tort limitations
 - (3) 50–99% of regular operators have accepted the tort limitations
 - (4) All regular operators have accepted the tort limitations
- b. Multiply the base rate by the combined rating factor.
- 3. No-Fault Coverage
 - a. Determine the base [rate](#) from the rate schedules according to the following criteria:
 - (1) Not covered by workers’ compensation
 - (2) Covered by workers’ compensation
 - (3) Guest PIP

Note: Guest PIP for persons other than the named insured and resident relatives applies only when the named insured and all regular operators of the insured’s autos have rejected the tort limitation.
 - b. Trucks and Tractors

Primary and secondary rating factors do not apply.
 - c. Trailers
 - (1) Multiply the base rate determined above by the primary rating factor.
 - (2) Secondary rating factors do not apply.
 - D. Refer to the special provisions in [Rule 74.D](#) for applicability.
 - E. Refer to [Rule 51](#) in the Commercial General Rules Chapter of this Manual for further development of the total premium.

Rule 73. PREMIUM DEVELOPMENT—ZONE RATED AUTOS

- A. Except for light trucks and trailers used with light trucks, this Rule applies to trucks, tractors, and trailers regularly operated beyond a 200-mile radius from the street address of principal garaging.
- B. Determine the zone combination for each auto as follows:

The zone combination is the zone of principal garaging and the highest rated zone in which or through which the auto is operated.
- C. **Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages**
 - 1. Determine whether the auto is classified as fleet or nonfleet according to the Trucks, Tractors, and Trailers Classifications Rule ([Rule 74](#)).

TRUCKS, TRACTORS, AND TRAILERS

2. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule ([Rule 74](#)).
3. Determine the bodily injury and property damage liability base rate for the zone combination from the zone rating [table](#).
4. Multiply the base rate by the primary rating factor.
5. For zone rated risks subject to the Kentucky No-Fault Law, the rates shall be determined as follows:
 - a. Bodily Injury and Property Damage Liability Coverage
 - (1) Multiply the rate as determined in 4 above by .87 for risks where the insured and 50–99% of the regular operators of the insured’s motor vehicle have accepted the tort limitation.
 - (2) Multiply the rate as determined in 4 above by .85 where the insured and all regular operators of the insured’s motor vehicle have accepted the tort limitation.
 - b. No-Fault Coverage
 - (1) PIP—Multiply the rate determined in 4 above by .07.
 - (2) Guest PIP—Multiply the PIP rate determined in (1) above by .15.
6. Refer to the special provisions in [Rule 74.D](#) for applicability.
7. Refer to [Rule 51](#) in the Commercial General Rules Chapter of this Manual for further development of the total premium.

D. Long Distance Zone Definitions

1. Metropolitan Zones
 - a. ATLANTA Zone—01
Includes Clayton and Cobb Counties and Atlanta, Georgia territories.
 - b. BALTIMORE/WASHINGTON Zone—02
Includes Baltimore, Baltimore Suburban and Outer Suburban, Montgomery County Suburban and Outer Suburban, and Prince Georges County Suburban and Outer Suburban, Maryland territories; the entire District of Columbia; and Alexandria City, Arlington, Falls Church City, and Arlington—Alexandria Suburban, Virginia territories.
 - c. BOSTON Zone—03
Includes all of Essex, Middlesex, Norfolk, and Suffolk, Massachusetts Counties.
 - d. BUFFALO Zone—04
Includes Erie County (Balance), Buffalo, Buffalo Semisuburban, Buffalo Suburban, Niagara Falls, and Niagara Falls Suburban, New York territories.
 - e. CHARLOTTE Zone—05
Includes Charlotte and all of Mecklenburg County, North Carolina territories.

- f. CHICAGO Zone—06
Includes all of Cook and Du Page County territories, Lake County (Balance), Waukegan—North Chicago, and all Chicago territories; and East Chicago, Indiana territory.
- g. CINCINNATI Zone—07
Includes Cincinnati, Dayton, and Hamilton—Middletown, Ohio; and Covington—Newport, Kentucky territories.
- h. CLEVELAND Zone—08
Includes all of Geauga, Lorain, and Medina County territories, Portage County (excluding the village of Mogadore), all Cleveland and Painesville, Ohio territories.
- i. DALLAS/FORT WORTH Zone—09
Includes all of Dallas and Tarrant, Texas Counties.
- j. DENVER Zone—10
Includes Denver and North Central, Colorado territories.
- k. DETROIT Zone—11
Includes all Detroit, Dearborn, and Pontiac, Michigan territories.
- l. HARTFORD Zone—12
Includes all of Hartford and New Haven Counties and Bridgeport and Fairfield—Stratford, Connecticut territories.
- m. HOUSTON Zone—13
Includes all of Chambers, Galveston, and Harris, Texas Counties.
- n. INDIANAPOLIS Zone—14
Includes all of Marion County, Indiana territory.
- o. JACKSONVILLE Zone—15
Includes all of Jacksonville, Florida territory.
- p. KANSAS CITY Zone—16
Includes all of Kansas City, Kansas; and Independence and all Kansas City, Missouri territories.
- q. LITTLE ROCK Zone—17
Includes all of Pulaski County, Arkansas territory.
- r. LOS ANGELES Zone—18
Includes all of Los Angeles and Orange Counties and also Riverside and San Bernardino, California territories.
- s. LOUISVILLE Zone—19
Includes all of Jefferson County, Kentucky; and New Albany and Jeffersonville, Indiana territories.

TRUCKS, TRACTORS, AND TRAILERS

- t. MEMPHIS Zone—20
Includes all of Shelby County, Tennessee territory.
 - u. MIAMI Zone—21
Includes Miami and Miami Beach, Florida territories.
 - v. MILWAUKEE Zone—22
Includes Kenosha, Milwaukee Metropolitan, Semisuburban, and Suburban, and Racine, Wisconsin territories.
 - w. MINNEAPOLIS/ST. PAUL Zone—23
Includes Minneapolis Metropolitan and Suburban; and St. Paul Metropolitan and Suburban, Minnesota territories.
 - x. NASHVILLE Zone—24
Includes all of Davidson County, Tennessee territory.
 - y. NEW ORLEANS Zone—25
Includes all of New Orleans, Louisiana territory.
 - z. NEW YORK CITY Zone—26
Includes all of New York City, Nassau, and Westchester, New York Counties; all of Bergen, Essex, and Hudson Counties, Elizabeth, New Brunswick, Perth Amboy, and Plainfield, New Jersey territories; and Darien—Greenwich and Stamford, Connecticut territories.
 - aa. OKLAHOMA CITY Zone—27
Includes all of Oklahoma County, Oklahoma territory.
 - bb. OMAHA Zone—28
Includes all of Douglas and Sarpy, Nebraska Counties; and Council Bluffs, Iowa territory.
 - cc. PHOENIX Zone—29
Includes Mesa—Tempe and Phoenix, Arizona territories.
 - dd. PHILADELPHIA Zone—30
Includes Bucks County (Balance), Chester County (Balance), Delaware County (Balance), Montgomery County (Balance), Allentown—Bethlehem, and all Philadelphia, Pennsylvania territories; Wilmington, Delaware; and Camden, Camden Suburban, and Trenton, New Jersey territories.
 - ee. PITTSBURGH Zone—31
Includes all of Allegheny and Beaver Counties, Pennsylvania territories.
 - ff. PORTLAND Zone—32
Includes all of Portland, Portland Semisuburban, and Portland Suburban, Oregon; and Vancouver, Washington territories.
 - gg. RICHMOND Zone—33
Includes all of Richmond, Virginia territory.
 - hh. ST. LOUIS Zone—34
Includes all of St. Louis County Missouri; and East St. Louis, Illinois territories.
 - ii. SALT LAKE CITY Zone—35
Includes all of Salt Lake City County, Utah territory.
 - jj. SAN FRANCISCO Zone—36
Includes all of Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara, California Counties.
 - kk. TULSA Zone—37
Includes all of Tulsa, Oklahoma territory.
2. Regional Zones
- a. PACIFIC COAST Zone—40
Includes the states of California (excluding Los Angeles and San Francisco Zones), Oregon (excluding Portland Zone), and Washington (excluding Portland Zone).
 - b. MOUNTAIN Zone—41
Includes the states of Arizona, (excluding Phoenix Zone), Colorado (excluding Denver Zone), Idaho, Montana, Nevada, New Mexico, Utah (excluding Salt Lake City Zone), and Wyoming.
 - c. MIDWEST Zone—42
Includes the states of Iowa (excluding Omaha Zone), Kansas (excluding Kansas City Zone), Missouri (excluding Kansas City and St. Louis Zones), Minnesota (excluding Minneapolis/St. Paul Zone), Nebraska (excluding Omaha Zone), North Dakota, South Dakota, and Wisconsin (excluding Milwaukee Zone).
 - d. SOUTHWEST Zone—43
Includes the states of Arkansas (excluding Little Rock Zone), Oklahoma (excluding Oklahoma City and Tulsa Zones), and Texas (excluding Dallas/Fort Worth and Houston Zones).
 - e. NORTH CENTRAL Zone—44
Includes the states of Illinois (excluding Chicago and St. Louis Zones), Indiana (excluding Chicago, Indianapolis, and Louisville Zones), Ohio (excluding Cincinnati and Cleveland Zones), and Michigan (excluding Detroit Zone).
 - f. MIDEAST Zone—45
Includes the states of Kentucky (excluding Cincinnati and Louisville Zones), Tennessee (excluding Memphis and Nashville Zones), and West Virginia.
 - g. GULF Zone—46
Includes the states of Alabama, Louisiana (excluding New Orleans Zone), and Mississippi.
 - h. SOUTHEAST Zone—47
Includes the states of Florida (excluding Jacksonville and Miami Zones), Georgia (excluding

TRUCKS, TRACTORS, AND TRAILERS

Atlanta Zone), North Carolina (excluding Charlotte Zone), South Carolina, and Virginia (excluding Baltimore/Washington and Richmond Zones).

i. EASTERN Zone—48

Includes the states of Delaware (excluding Philadelphia Zone), Maryland (excluding Baltimore/Washington Zone), New York (excluding Buffalo and New York City Zones), New Jersey (excluding New York City and Philadelphia Zones), and Pennsylvania (excluding Philadelphia and Pittsburgh Zones).

j. NEW ENGLAND Zone—49

Includes the states of Connecticut (excluding Hartford and New York City Zones), Maine, Massachusetts (excluding Boston Zone), New Hampshire, Rhode Island, and Vermont.

k. ALASKA Zone—50

Includes all of the state of Alaska.

TRUCKS, TRACTORS, AND TRAILERS

**COMMERCIAL AUTO LIABILITY RATES
\$60,000 SINGLE LIMIT—ZONE RATES
ZONE 07 (CINCINNATI) COMBINATIONS**

ZONE	DESCRIPTION	CODE	NONFLEET	FLEET
01	Atlanta	201	\$13,132	\$9,192
02	Baltimore/Washington	202	12,626	8,838
03	Boston	203	11,140	7,798
04	Buffalo	204	12,626	8,838
05	Charlotte	205	13,132	9,192
06	Chicago	206	11,627	8,139
07	Cincinnati	207	11,627	8,139
08	Cleveland	208	11,627	8,139
09	Dallas/Ft. Worth	209	10,999	7,699
10	Denver	210	12,966	9,076
11	Detroit	211	11,627	8,139
12	Hartford	212	11,140	7,798
13	Houston	213	10,999	7,699
14	Indianapolis	214	11,627	8,139
15	Jacksonville	215	13,132	9,192
16	Kansas City	216	10,845	7,592
17	Little Rock	217	10,999	7,699
18	Los Angeles	218	11,563	8,094
19	Louisville	219	13,209	9,246
20	Memphis	220	13,209	9,246
21	Miami	221	13,132	9,192
22	Milwaukee	222	10,845	7,592
23	Minneapolis/St. Paul	223	10,845	7,592
24	Nashville	224	13,209	9,246
25	New Orleans	225	12,556	8,789
26	New York City	226	12,626	8,838
27	Oklahoma City	227	10,999	7,699
28	Omaha	228	10,845	7,592
29	Phoenix	229	12,966	9,076
30	Philadelphia	230	12,626	8,838
31	Pittsburgh	231	12,626	8,838
32	Portland	232	11,563	8,094
33	Richmond	233	13,132	9,192
34	St. Louis	234	10,845	7,592
35	Salt Lake City	235	12,966	9,076
36	San Francisco	236	11,563	8,094
37	Tulsa	237	10,999	7,699
40	Pacific	240	11,793	8,255
41	Mountain	241	13,228	9,260
42	Midwest	242	11,063	7,744
43	Southwest	243	11,217	7,852
44	North Central	244	11,864	8,305
45	Mideast	245	13,478	9,435
46	Gulf	246	12,812	8,968
47	Southeast	247	13,401	9,381
48	Eastern	248	12,882	9,017
49	New England	249	11,364	7,955

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

TRUCKS, TRACTORS, AND TRAILERS

COMMERCIAL AUTO LIABILITY RATES
\$60,000 SINGLE LIMIT—ZONE RATES
ZONE 19 (LOUISVILLE) COMBINATIONS

ZONE	DESCRIPTION	CODE	NONFLEET	FLEET
01	Atlanta	401	\$13,132	\$9,192
02	Baltimore/Washington	402	12,626	8,838
03	Boston	403	11,140	7,798
04	Buffalo	404	12,626	8,838
05	Charlotte	405	13,132	9,192
06	Chicago	406	11,627	8,139
07	Cincinnati	407	11,627	8,139
08	Cleveland	408	11,627	8,139
09	Dallas/Ft. Worth	409	10,999	7,699
10	Denver	410	12,966	9,076
11	Detroit	411	11,627	8,139
12	Hartford	412	11,140	7,798
13	Houston	413	10,999	7,699
14	Indianapolis	414	11,627	8,139
15	Jacksonville	415	13,132	9,192
16	Kansas City	416	10,845	7,592
17	Little Rock	417	10,999	7,699
18	Los Angeles	418	11,563	8,094
19	Louisville	419	13,209	9,246
20	Memphis	420	13,209	9,246
21	Miami	421	13,132	9,192
22	Milwaukee	422	10,845	7,592
23	Minneapolis/St. Paul	423	10,845	7,592
24	Nashville	424	13,209	9,246
25	New Orleans	425	12,556	8,789
26	New York City	426	12,626	8,838
27	Oklahoma City	427	10,999	7,699
28	Omaha	428	10,845	7,592
29	Phoenix	429	12,966	9,076
30	Philadelphia	430	12,626	8,838
31	Pittsburgh	431	12,626	8,838
32	Portland	432	11,563	8,094
33	Richmond	433	13,132	9,192
34	St. Louis	434	10,845	7,592
35	Salt Lake City	435	12,966	9,076
36	San Francisco	436	11,563	8,094
37	Tulsa	437	10,999	7,699
40	Pacific	440	11,793	8,255
41	Mountain	441	13,228	9,260
42	Midwest	442	11,063	7,744
43	Southwest	443	11,217	7,852
44	North Central	444	11,864	8,305
45	Mideast	445	13,478	9,435
46	Gulf	446	12,812	8,968
47	Southeast	447	13,401	9,381
48	Eastern	448	12,882	9,017
49	New England	449	11,364	7,955

**COMMERCIAL AUTO LIABILITY RATES
\$60,000 SINGLE LIMIT—ZONE RATES
ZONE 45 (MIDEAST) COMBINATIONS**

ZONE	DESCRIPTION	CODE	NONFLEET	FLEET
01	Atlanta	901	\$13,401	\$9,381
02	Baltimore/Washington	902	12,882	9,017
03	Boston	903	11,364	7,955
04	Buffalo	904	12,882	9,017
05	Charlotte	905	13,401	9,381
06	Chicago	906	11,864	8,305
07	Cincinnati	907	11,864	8,305
08	Cleveland	908	11,864	8,305
09	Dallas/Ft. Worth	909	11,217	7,852
10	Denver	910	13,228	9,260
11	Detroit	911	11,864	8,305
12	Hartford	912	11,364	7,955
13	Houston	913	11,217	7,852
14	Indianapolis	914	11,864	8,305
15	Jacksonville	915	13,401	9,381
16	Kansas City	916	11,063	7,744
17	Little Rock	917	11,217	7,852
18	Los Angeles	918	11,793	8,255
19	Louisville	919	13,478	9,435
20	Memphis	920	13,478	9,435
21	Miami	921	13,401	9,381
22	Milwaukee	922	11,063	7,744
23	Minneapolis/St. Paul	923	11,063	7,744
24	Nashville	924	13,478	9,435
25	New Orleans	925	12,812	8,968
26	New York City	926	12,882	9,017
27	Oklahoma City	927	11,217	7,852
28	Omaha	928	11,063	7,744
29	Phoenix	929	13,228	9,260
30	Philadelphia	930	12,882	9,017
31	Pittsburgh	931	12,882	9,017
32	Portland	932	11,793	8,255
33	Richmond	933	13,401	9,381
34	St. Louis	934	11,063	7,744
35	Salt Lake City	935	13,228	9,260
36	San Francisco	936	11,793	8,255
37	Tulsa	937	11,217	7,852
40	Pacific	940	12,338	8,637
41	Mountain	941	13,837	9,686
42	Midwest	942	11,576	8,103
43	Southwest	943	11,736	8,215
44	North Central	944	12,408	8,686
45	Mideast	945	14,099	9,869
46	Gulf	946	13,401	9,381
47	Southeast	947	14,016	9,811
48	Eastern	948	13,472	9,430
49	New England	949	11,889	8,322

TRUCKS, TRACTORS, AND TRAILERS

Rule 74. TRUCKS, TRACTORS, AND TRAILERS CLASSIFICATIONS

Classify trucks, tractors, and trailers as follows:

A. Fleet—Nonfleet Classifications

1. Classify as fleet the autos of any risk that has five or more self-propelled autos of any type that are under one ownership.
2. Do not include trailers in determining if the risk is a fleet, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.
3. Classify the autos of any other risk as nonfleet.
4. Do not change the fleet or nonfleet classification because of midterm changes in the number of owned autos except at the request of the insured. The policy must be cancelled and rewritten in accordance with the Cancellations Rule ([Rule 9](#)).

B. Primary Classifications

1. Gross vehicle weight rating (GVWR) and gross combination weight (GCW) mean the following:
 - a. GVWR—The maximum loaded weight for which a single auto is designed as specified by the manufacturer.
 - b. GCW—The maximum loaded weight for a combination truck-tractor and semitrailer or trailer for which the truck-tractor is designed, as specified by the manufacturer.
2. Size Class
 - a. Light Trucks—Trucks that have a GVWR of 10,000 pounds or less.
 - b. Medium Trucks—Trucks that have a GVWR of 10,001–20,000 pounds.
 - c. Heavy Trucks—Trucks that have a GVWR of 20,001–45,000 pounds.
 - d. Extra Heavy Trucks—Trucks that have a GVWR over 45,000 pounds.
 - e. Truck-Tractors—A truck-tractor is a motorized auto with or without body for carrying commodities or materials, equipped with a fifth-wheel coupling device for semitrailers.
 - (1) Heavy Truck-Tractors—Truck-tractors that have a GCW of 45,000 pounds or less.
 - (2) Extra Heavy Truck-Tractors—Truck-tractors that have a GCW over 45,000 pounds.
 - f. Semitrailers—A semitrailer is a trailer equipped with a fifth-wheel coupling device for use with a truck-tractor with a GVWR over 3,000 pounds. This includes bogies used to convert containers into semitrailers.
 - g. Trailers—Any unregistered trailer or any trailer with a GVWR over 3,000 pounds, other than semitrailer.

- h. Service or Utility Trailer—Any trailer or semitrailer with a registered GVWR of 3,000 pounds or less.

3. Business Use Class

If a truck, tractor, or trailer has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.

- a. Service Use—For transporting the insured's personnel, tools, equipment, and incidental supplies to or from a job location.

This classification is confined to autos principally parked at job locations for the majority of the working day or used to transport supervisory personnel between job locations. This classification applies to autos that have reduced exposure because their use is closely associated with the installation or service of appliances, fixtures, equipment, and other products. It includes autos used by artisan-type risks, such as carpenters, plumbers, and contractors. The delivery of a product to be installed or that has been repaired does not disqualify the auto from this classification.

- b. Retail Use—Autos used to pick up property from or deliver property to individual households. Deliveries of heating fuel, milk, groceries, drugs, and laundry are examples of the exposures in this classification. This class also includes parcel post and mail delivery where deliveries are primarily to private households.

- c. Commercial Use—Autos used for transporting property other than those autos defined as service or retail and all truckers.

4. Radius Class

Determine radius on a straight line from the street address of principal garaging.

- a. Local—up to 50 Miles—The auto is not regularly operated beyond a radius of 50 miles from the street address where such auto is principally garaged.
- b. Intermediate—51 to 200 Miles—The auto is operated beyond a radius of 50 miles but not regularly beyond a radius of 200 miles from the street address where such auto is principally garaged.
- c. Long Distance—over 200 Miles—The auto is operated regularly beyond a 200-mile radius from the street address where such auto is principally garaged. Apply zone rates for other than light trucks and trailers used with light trucks.

5. Primary Classifications—Rating Factors—See the following tables.

TRUCKS, TRACTORS, AND TRAILERS

**FLEET
PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS**

Size Class	Business Use Class	Factor CD	Radius Class		
			Local Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0–10,000 lbs GVWR)	Service	Factor CD	014-- 1.00	015-- 1.20	016-- 1.30
	Retail	Factor CD	024-- 1.50	025-- 1.80	026-- 1.80
	Commercial	Factor CD	034-- 1.35	035-- 1.65	036-- 1.75
ZONE RATED					
Medium Trucks (10,001–20,000 lbs GVWR)	Service	Factor CD	214-- 1.05	215-- 1.25	216-- .85
	Retail	Factor CD	224-- 1.55	225-- 1.85	226-- .85
	Commercial	Factor CD	234-- 1.40	235-- 1.70	236-- .85
Heavy Trucks (20,001–45,000 lbs GVWR)	Service	Factor CD	314-- 1.10	315-- 1.40	316-- 1.00
	Retail	Factor CD	324-- 1.65	325-- 2.05	326-- 1.00
	Commercial	Factor CD	334-- 1.50	335-- 1.90	336-- 1.00
Extra Heavy Trucks (Over 45,000 lbs GVWR)		Factor CD	404-- 2.10	405-- 2.70	406-- 1.45
Heavy Truck-Tractors (0–45,000 lbs GCW)	Service	Factor CD	344-- 1.35	345-- 1.65	346-- 1.00
	Retail	Factor CD	354-- 2.00	355-- 2.45	356-- 1.00
	Commercial	Factor CD	364-- 1.85	365-- 2.30	366-- 1.00
Extra Heavy Truck-Tractors (Over 45,000 lbs GCW)		Factor CD	504-- 2.35	505-- 3.00	506-- 1.45
Trailer Types					
Semitrailers		Factor CD	674-- .10	675-- .15	676-- .15
Trailers		Factor CD	684-- .10	685-- .15	686-- .15
Service or Utility Trailer (Registered GVWR of 3,000 lbs. or less)		Factor CD	694-- .00	695-- .00	696-- .00

Note: For statistical coding information, refer to statistical plan in use by company.

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

TRUCKS, TRACTORS, AND TRAILERS

NONFLEET

PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Size Class	Business Use Class	Factor CD	Radius Class		
			Local Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0–10,000 lbs GVWR)	Service	Factor CD	011-- 1.00	012-- 1.20	013-- 1.30
	Retail	Factor CD	021-- 1.50	022-- 1.80	023-- 1.80
	Commercial	Factor CD	031-- 1.35	032-- 1.65	033-- 1.75
ZONE RATED					
Medium Trucks (10,001–20,000 lbs GVWR)	Service	Factor CD	211-- 1.05	212-- 1.25	213-- .85
	Retail	Factor CD	221-- 1.55	222-- 1.85	223-- .85
	Commercial	Factor CD	231-- 1.40	232-- 1.70	233-- .85
Heavy Trucks (20,001–45,000 lbs GVWR)	Service	Factor CD	311-- 1.10	312-- 1.40	313-- 1.00
	Retail	Factor CD	321-- 1.65	322-- 2.05	323-- 1.00
	Commercial	Factor CD	331-- 1.50	332-- 1.90	333-- 1.00
Extra Heavy Trucks (Over 45,000 lbs GVWR)		Factor CD	401-- 2.10	402-- 2.70	403-- 1.45
Heavy Truck-Tractors (0–45,000 lbs GCW)	Service	Factor CD	341-- 1.35	342-- 1.65	343-- 1.00
	Retail	Factor CD	351-- 2.00	352-- 2.45	353-- 1.00
	Commercial	Factor CD	361-- 1.85	362-- 2.30	363-- 1.00
Extra Heavy Truck-Tractors (Over 45,000 lbs GCW)		Factor CD	501-- 2.35	502-- 3.00	503-- 1.45
Trailer Types					
Semitrailers		Factor CD	671-- .10	672-- .15	673-- .15
Trailers		Factor CD	681-- .10	682-- .15	683-- .15
Service or Utility Trailer (Registered GVWR of 3,000 lbs. or less)		Factor CD	691-- .00	692-- .00	693-- .00

Note: For statistical coding information, refer to statistical plan in use by company.

TRUCKS, TRACTORS, AND TRAILERS

C. Secondary Classification—Special Industry Class

1. These rating factors do not apply to trailer types, light trucks other than farmers, and zone rated autos.
2. Where more than one secondary rating factor applies, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.

Class Designator	Classification	Secondary Factor to Be Combined with Primary Factor
2—	Truckers—Autos used to haul or transport goods, materials, or commodities for another (other than autos used in moving operations) including tow trucks for hire	+0.65
3—	Food Delivery—Autos used by food manufacturers to transport raw and finished products or used in wholesale distribution of food	+0.40
4—	Specialized Delivery—Autos used in deliveries subject to time and similar constraints, such as but not limited to armored cars, film delivery, magazines or newspapers, and mail and parcel post.....	+0.65
5—	Waste Disposal—Autos transporting salvage and waste material for disposal or resale, such as but not limited to ash and garbage removal, autos dismantlers, building wrecking operations, and junk, metal, and scrap dealers.....	+0.25
6—	Farmers—Autos owned by a farmer, used in connection with the operation of his own farm and occasionally used to haul commodities for other farmers. .	-0.50
7—	Dump and Transit Mix—(IMPORTANT: Use these factors only when no other secondary classification applies including the truckers secondary classification)	-0.20
9—	All Other—Not secondary rated, including all zone rated risks other than truckers. For zone rated truckmen use the applicable classification designator for truckers.....	0.00

D. Special Provisions for Certain Risks

1. Truckers. If the business of the insured involves transporting materials or commodities for another, the Truckers Rule ([Rule 75](#)) also applies.

2. Transporters of Liquid Products. A policy that covers an auto used for the bulk transportation of liquid products must exclude accidents resulting from the erroneous delivery of one liquid product for another, or the delivery of any liquid product into the wrong receptacle if the accident occurs after the operations have been completed. Attach the applicable Wrong Delivery of Liquid Products endorsement.
3. Amusement Devices. A policy that covers an auto with an amusement device mounted on it must cover the operation of the amusement device. Develop the additional premium by multiplying the trucks, tractors, and trailers bodily injury and property damage liability base premium by 1.60. The premium is for the period of coverage and not subject to any return.
4. Transporters of Explosives. A policy that covers an auto used for transporting explosives must exclude coverage for the explosion hazard. Attach the applicable Explosives endorsement. For coverage including the explosion hazard, refer to [Rule 2](#).
5. Rolling Stores. A policy that covers autos equipped as a rolling store must exclude product liability. Attach the applicable Rolling Stores endorsement.
6. Trailers or Semitrailers Used as Showrooms. Multiply the trailer or semitrailer primary rating factor by 2.00. The policy must exclude product liability. Attach the applicable Rolling Stores endorsement.
7. Farmer's Wagons and Implements. The liability coverage on a policy that covers trucks, tractors, and trailers owned by a farmer used in the operation of his own farm and occasionally used to haul commodities for other farmers must apply at no additional charge to farm wagons and farm implements used with such autos. The coverage does not apply to home, office, store, display, or passenger trailers or to the operation of farm machinery.
8. Trucks Used for Out-Of-State Emergency Clean-Up Operations

A policy that covers an auto for bodily injury and property damage liability coverage shall be endorsed to provide the additional auto coverage for out-of-state operations. The request for such coverage must be in writing. For bodily injury and property damage liability coverage, charge the following:

 - a. Coverage for 60 days or less
 Charge an additional premium of \$3,000 per truck. This additional premium is fully earned and is due at the time of the request.
 - b. Coverage for 61 days or more
 The policy shall be endorsed and rated in accordance with the territory where the clean-up operations are being conducted.
9. Trucks with Extended Weight Decals

The premium for a policy that covers an auto in excess of the maximum legal weight limit of 80,000 lbs. shall be increased as follows.

Multiply the bodily injury and property damage base premium by the following applicable factor:

TRUCKS, TRACTORS, AND TRAILERS

- a. Tandem axle—1.03
- b. Tridem axle—1.05
- c. Tractor-semitrailer—1.07

(g) The minimum premium shall be \$108 for \$60,000 bodily injury and property damage liability combined single limits coverage, provided coverage for the hired autos of the risk is afforded by the same company that is insuring the owned autos of the risk; otherwise the minimum premium shall be the applicable specified auto premium calculated in accordance with paragraph B.1.b.(2)(b) above.

Rule 75. TRUCKERS

A. Eligibility

A trucker is a person, firm, or corporation in the business of transporting goods, materials, or commodities for another. Such a risk is still in the truckers classification even if it calls itself or advertises as a contractor, building contractor, building material dealer, sand and gravel hauler, coal hauler, or some other similar name. Autos used in moving operations are also truckers, even though they are not subject to the truckers secondary rating factors.

B. Premium Development—Bodily Injury and Property Damage Liability Coverage

1. All Others

For all other persons, firms, or corporations transporting property for others

a. classify and rate owned and long term leased (i.e., six months or more and exclusive lease) autos for bodily injury and property damage liability coverage on a specified auto basis;

b. classify and rate short term leased (i.e., less than six months or nonexclusive lease) autos for bodily injury and property damage liability coverage on a cost of hire basis as follows:

(1) For autos not used in trucking operations, refer to [Rule 123](#). Hired Autos.

(2) Autos Used in Trucking Operations

(a) Determine the radius of the risk’s operation.

(b) Calculate a specified auto premium for the highest rated auto or combined tractor-trailer unit for the highest rated territory or zone to which it operates (“operates to” means from the garage location to the unloading location).

(c) Multiply the specified auto premium determined in (b) above by the following factor:

Factor
.0020

(d) Compute the advance premium by multiplying each \$100 of the estimated total annual cost of hire by the cost of hire rate.

(e) Unless there is a change in exposure during the policy period, the advance premium computed at the beginning of the policy term is the earned premium.

(f) Compute the earned premium at the rates in force at the inception of the policy, in the same manner as was used to compute the advance premium.

2. Refer to [Rule 51](#) in the Commercial General Rules Chapter of this Manual for further development of the total premium.

C. Definition of Cost of Hire

1. Cost of hire means

a. the total dollar amount of costs incurred for the hire of autos (including trailers and semitrailers) and if not included therein;

b. the total remuneration of all operators’ and drivers’ helpers of hired autos whether hired with a driver or lessor or an employee of the lessee, or any other third party;

c. the total dollar amount of any other costs (i.e., repair, maintenance, fuel, etc.) directly associated with operating the hired autos whether such costs are absorbed by the insured, paid to the lessor or owner, or paid to others.

2. Cost of hire does not include the total dollar amount of costs incurred by the insured for hire or lease of autos specifically described in the policy as owned autos for which the premium has been established on a specified auto basis.

3. The cost of hire amount is subject to the following minimum:

a. Long Distance (as defined in [Rule 74](#)) Tractors or Tractor/Trailer Rigs

$$\text{Minimum Cost of Hire Per Hired Auto} = \frac{\$60,000}{365} \times \left(\frac{\text{Number of Days Auto is Hired}}{\text{Auto is Hired}} \right)$$

b. All Other Vehicles

A fair market value that encompasses the definition of cost of hire as detailed above. If the insured can demonstrate that a reasonable amount has been paid, the servicing carrier shall accept that amount as the fair market value, if the amount is supported by receipts or other appropriate documentation of costs which are reasonable and customary for the class of vehicle hired.

4. Reduction in Cost of Hire Expenses

All (100% of) estimated and actual cost of hire expenses must be reported to the servicing carrier. The servicing carrier will reduce any cost of hire expenses incurred for transportation by 85% if the requirements included in paragraphs a through c below are met. This reduction in the cost of hire expenses is only to be granted on hired auto expo-

TRUCKS, TRACTORS, AND TRAILERS

tures for which the owner maintains liability insurance with limits of liability at least equal to the Limit of Insurance for Liability Coverage shown on the insured's Declarations.

The insured must produce the following documentation:

- a. Copies of any and all agreements between the insured and owner;

- b. Freight bills/bills of lading in the owner's name alone (not acting as an agent or representative of the insured); and
- c. Certificates of insurance issued by the owner's insurer confirming liability coverage in effect for the period of hire for at least the same limits of liability as the insured.

Rules 76–90. RESERVED FOR FUTURE USE

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

TRUCKS, TRACTORS, AND TRAILERS

TRUCKS, TRACTORS, AND TRAILERS OTHER THAN ZONE RATED WORKSHEET

Rule 19 —TERRITORY:	LIABILITY LIMITS: \$
CODE:	UM AND UIM LIMITS: \$
Rule 74 —SIZE CLASS: L M H (Circle One)	PERSONAL INJURY PROTECTION: \$
Rule 74 —BUSINESS USE: S R C (Circle One)	
Rule 74 —RADIUS CLASS: 50 200 (Circle One)	
SPECIAL INDUSTRY CLASS:	

COVERAGE	BASE RATE (Rate Schedules and Rule 58 and Rule 59)	PRIMARY RATING FACTOR (Rule 74)	SECONDARY RATING FACTOR (Rule 74)	INCREASED LIMITS FACTOR AND DEDUCTIBLES (Rule 52 and Rule 59)	POLLUTION LIABILITY FACTOR (Rule 53)	ACCIDENT PREVENTION DISCOUNT (Rule 61)	EXPERIENCE RATING MODIFICATION OR ADDITIONAL CHARGE (Rule 54 or Rule 3)	WHOLE DOLLAR PREMIUM
Liability	x(	+/-	)x	x	x	x	x	=
UM		NA	NA	NA	NA	NA	NA	=
UIM		NA	NA	NA	NA	NA	NA	=
PIP	x	Trailers only	NA	x	NA	x	x	=
Added PIP		NA	NA	NA	NA	x	x	=
Guest PIP*		NA	NA	NA	NA	NA	NA	=
TOTAL								<div style="border: 2px solid black; width: 60px; height: 20px; display: inline-block;"></div>

*Guest PIP coverage applies when the named insured and all regular operators of the insured's auto have rejected the tort limitation.

Note: Does not include any applicable municipal/county taxes and the Kentucky premium surcharge.

Refer to [Rule 4](#), Certified Risks—Financial Responsibility Filings;
[Rule 56](#), Motor Carrier Filings.

ZONE RATED TRUCKS, TRACTORS, AND TRAILERS WORKSHEET

Rule 73 —ZONE: _____ and _____	LIABILITY LIMITS: \$
Rule 74 —SIZE CLASS: L M H (Circle One)	UM AND UIM LIMITS: \$
Rule 74 —BUSINESS USE: S R C (Circle One)	PERSONAL INJURY PROTECTION: \$
SPECIAL INDUSTRY CLASS:	

COVERAGE	BASE RATE (Rate Schedules and Rules 58, 59, and 73)	PRIMARY RATING FACTOR (Rule 74)	INCREASED LIMITS FACTOR AND DEDUCTIBLES (Rule 52 and Rule 59)	POLLUTION LIABILITY FACTOR (Rule 53)	ACCIDENT PREVENTION DISCOUNT (Rule 61)	EXPERIENCE RATING MODIFICATION OR ADDITIONAL CHARGE (Rule 54 or Rule 3)	WHOLE DOLLAR PREMIUM
Liability	x	x	x	x	x	x	=
UM		NA	NA	NA	NA	NA	=
UIM		NA	NA	NA	NA	NA	=
PIP	x	x		NA	x	x	=
Added PIP		NA	NA	NA	x	x	=
Guest PIP*		NA	NA	NA	NA	NA	=

TOTAL

*Guest PIP coverage applies when the named insured and all regular operators of the insured's auto have rejected the tort limitation.

Note: Does not include any applicable municipal/county taxes and the Kentucky premium surcharge.

Refer to [Rule 4](#). Certified Risks—Financial Responsibility Filings;
[Rule 56](#). Motor Carrier Filings.

NOTES

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For the purposes of this Chapter, the words “regular” and “regularly” mean that operations are contemplated, planned, or expected

Rule 91. ELIGIBILITY

This Chapter applies to autos registered or used for the transportation of members of the public.

**Rule 92. PREMIUM DEVELOPMENT—
OTHER THAN ZONE RATED
AUTOS**

- A. This Rule applies to
1. all taxis, limousines, school, church, and urban buses, and van pools;
 2. all other public autos that regularly operate within a 200-mile radius from the street address of principal garaging. For those autos regularly operated beyond a 200-mile radius, refer to the Premium Development—Zone Rated Autos Rule ([Rule 93](#)).
- B. **Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages**
1. Determine the territory from the territory definitions based on the highest rated territory in the U.S.A. where the public auto is operated.
 2. Determine the classification rating factor as follows:
 - a. Determine whether the risk is classified as fleet or nonfleet according to the Public Auto Classifications Rule ([Rule 94](#)).
 - b. Determine the primary rating factor from the Public Auto Classifications Rule ([Rule 94](#)) based on use class and radius class. For van pools, the rating factor is based on seating capacity.
 - c. Determine the secondary rating factor, if any, from the Public Auto Classifications Rule ([Rule 94](#)) based on the seating capacity.
 - d. Determine the combined rating factor by adding the secondary rating factor to, or subtracting it from, the primary rating factor.
 3. Determine the base [rate](#) from the rate schedules according to the following criteria:
 - a. Bodily Injury and Property Damage Liability Coverage
 - (1) Vehicles not eligible for PIP
 - (2) 0–49% of regular operators have accepted tort limitations
 - (3) 50–99% of regular operators have accepted the tort limitations
 - (4) All regular operators have accepted the tort limitation
 - b. Multiply the base rate by the combined rating factor.
 4. No-Fault Coverage
 - a. Determine the base [rate](#) from the rate schedules according to the following criteria:

- (1) Taxicabs and limousines—owner operated or other than owner operated
- (2) Van pools—employer furnished or all other
- (3) School and church buses—PIP
- (4) Other buses—PIP
- (5) Guest PIP

Note: Guest PIP for persons other than the named insured and resident relatives applies only when the named insured and all regular operators of the insured’s autos have rejected the tort limitation.

- b. Multiply the base rate by the combined rating factor.

- C. Refer to [Rule 51](#) in the Commercial General Rules Chapter of this Manual for further development of the total premium.

**Rule 93. PREMIUM DEVELOPMENT—ZONE
RATED AUTOS**

- A. This Rule applies to all public autos, other than taxis, limousines, school, church, and urban buses, or van pools, that regularly operate beyond a 200-mile radius from the street address of principal garaging.
- B. Determine the zone combination for each auto as follows:
1. Use the long distance zone definitions in the Trucks, Tractors, and Trailers Chapter.
 2. The zone combination is the zone of principal garaging and the highest rated zone in which or through which the auto is operated.
- C. **Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages**
1. Determine the classification rating factor as follows:
 - a. Determine whether the auto is classified as fleet or nonfleet according to the Public Auto Classifications Rule ([Rule 94](#)).
 - b. Determine the primary rating factor from the Public Auto Classifications Rule ([Rule 94](#)).
 - c. Secondary rating factors do not apply.
 2. Determine the base rate for the zone combination from the Zone Rating [Table](#) in the Trucks, Tractors, and Trailers Chapter.
 3. Multiply the base rate by the primary rating factor.
 4. For zone rated risks subject to the Kentucky No-Fault Law, the rates shall be determined as follows:
 - a. Bodily Injury and Property Damage Liability
 - (1) Multiply the rate as determined in 3 above by .87 for risks where the insured and 50–

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- 99% of the regular operators of the insured's motor vehicle have accepted the tort limitation.
- (2) Multiply the rate as determined in 3 above by .85 where the insured and all regular operators of the insured's motor vehicle have accepted the tort limitation.
- b. No-Fault Coverage
 - (1) PIP—Multiply the rate determined in 3 above by .07.
 - (2) Guest PIP—Multiply the PIP rate determined in (1) above by .15.
- 5. Refer to [Rule 51](#) in the Commercial General Rules Chapter of this Manual for further development of the total premium.

- 2. Use Class
 - a. Taxicab or Similar Passenger Carrying Service. A metered or unmetered auto with a seating capacity of eight or less that is operated for hire by the named insured or an employee, but does not pick up, transport, or discharge passengers along a route.
 - b. Limousine. An unmarked auto that meets all of the following criteria:
 - (1) Is hired for a minimum of three hours on a prearranged basis for special or business functions, weddings, funerals, or similar purposes.
 - (2) Is operated by the named insured or an employee of the named insured in attendance as a chauffeur at the beginning and ending of the function.
 - (3) Is licensed by the appropriate licensing authority, if any.
 - c. School Bus. An auto that carries students or other persons to and from school, or in any school activity, including games, outings, and similar school trips.
 - (1) Separate rating factors apply to
 - (a) school buses owned by political subdivisions or school districts;
 - (b) all others including independent contractors, private schools, and church owned buses.
 - (2) A policy covering a school bus may be written on an annual term for liability coverages with premium prorated to reflect the actual school term if the auto is inactive during the summer. However, do not give credit for Saturdays, Sundays, or holidays or for any other periods of lay-up during the school term.
 - (3) If a publicly owned school bus is used for special trips unrelated to school activities, refer to [Rule 2](#) for the additional charge.
 - d. Church Bus. An auto used by a church to transport persons to or from services and other church related activities. This classification does not apply to public autos used primarily for daily school activities.
 - e. Intercity Bus. An auto that picks up and transports passengers on a published schedule of stops between stations located in two or more towns or cities.
 - f. Urban Bus. An auto that picks up, transports, and discharges passengers at frequent local stops along a prescribed route. This classification applies only to autos operated principally within the limits of a city or town and communities contiguous to such city or town, and includes scheduled express service between points on that route.
 - g. Airport Bus or Airport Limousine. An auto for hire that transports passengers between airports and other passenger stations or motels.

Rule 94. PUBLIC AUTO CLASSIFICATIONS

Classify public autos as follows:

- A. If an auto has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In such cases, use the lower rated classification. This does not apply to autos hired under contract by social service agencies as defined in paragraph C.2.m.(2)(c) below.
- B. **Fleet—Nonfleet Classification**
 - 1. Classify as fleet the autos of any risk that has five or more self-propelled autos of any type that are under one ownership.
 - 2. Do not include trailers in determining if the risk is a fleet, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.
 - 3. Classify the autos of any other risk as nonfleet.
 - 4. Do not change the fleet or nonfleet classification because of midterm changes in the number of owned autos except at the request of the insured. The policy must be canceled and rewritten in accordance with the Cancellations Rule ([Rule 9](#)).
- C. **Primary Classifications**
 - 1. Radius Class—Determine radius on a straight line from the street address of principal garaging.
 - a. Local—up to 50 Miles—The auto is not regularly operated beyond a radius of 50 miles from the street address where such auto is principally garaged.
 - b. Intermediate—51 to 200 Miles—The auto is operated beyond a radius of 50 miles but not regularly beyond a radius of 200 miles from the street address where such auto is principally garaged.
 - c. Long Distance—over 200 Miles—The auto is operated regularly beyond a 200-mile radius from the street address where such auto is principally garaged. Apply zone rates for all autos other than taxis, limousines, school, church, and urban buses, and van pools.

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- h. Charter Bus. An auto chartered for special trips, touring, picnics, outings, games, and similar uses.
- i. Sightseeing Bus. An auto accepting individual passengers for a fare for sightseeing or guided tours, making occasional stops at certain points of interest and returning the passengers to the point of origin.
- j. Transportation of Athletes and Entertainers. An auto owned by a group, firm, or organization that transports its own professional athletes, musicians, or other entertainers.

EXCEPTIONS:

- (1) An auto owned by a group, firm, or organization to transport its own nonprofessional athletes, musicians, or entertainers, rate as a public auto not otherwise classified.
- (2) If it is used to transport other professional athletes or entertainers, rate as a charter bus.
- k. Van Pools. An auto of the station wagon, van, truck, or bus type used to provide prearranged commuter transportation for employees to and from work and not otherwise used to transport passengers for a charge.
 - (1) Employer Furnished Transportation. Transportation is held out by the employer as an inducement to employment, a condition of employment, or is incident to employment.
 - (a) Employer Owned Autos. Autos owned or leased for one year or more by an employer and used to provide transportation only for his or her employees.
 - (b) Employee Owned Autos. Autos owned or leased for one year or more by an individual employee and used to provide transportation only for fellow employees of his or her employer.
 - (2) All Other. Autos that do not meet the eligibility requirements of paragraph (1) above.
- l. Transportation of Employees—Other than Van Pools. Autos of any type used to transport employees other than in van pools.
 - (1) Autos owned, or leased for one year or more, by an employer and used to transport only his or her own employees.
 - (a) Private Passenger Autos

Bodily Injury and Property Damage Liability Coverage—Charge Private Passenger Class 3 [rates](#) shown on the rate schedules in the Private Passenger Chapter of this Manual.
 - (b) All Other Autos. Rate as a van pool.
 - (2) Autos owned or leased for one year or more by a person or organization who is in the business of transporting employees of

one or more employers. Rate as public auto not otherwise classified.

- m. Social Service Agency Auto

An auto used by a government entity, civic, charitable, or social service organization to provide transportation to clients incident to the social services sponsored by the organization, including special trips and outings.

 - (1) This classification includes, for example, autos used to transport
 - (a) senior citizens or other clients to congregate meal centers, medical facilities, social functions, shopping centers;
 - (b) handicapped persons to work or rehabilitative programs;
 - (c) children to day care centers and Head Start programs;
 - (d) Boy Scout or Girl Scout groups to planned activities.
 - (2) The following autos are eligible for this classification:
 - (a) Autos owned or leased for one year or more by the social service agency
 - (b) Autos donated to the social service agency, without a driver
 - (c) Autos hired under contract and used 100% for social service agencies
 - (3) If an auto has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification. This does not apply to autos hired under contract by social service agencies.
 - (4) Separate codes and rating factors apply to
 - (a) employee-operated autos. Autos operated by employees of the social service agency. If a social service auto is also operated by volunteer drivers or other nonagency employees, use the all other classification unless 80% of the use is by agency employees;
 - (b) all other. Autos that do not meet the requirements of paragraph (a).
- n. Public Auto Not Otherwise Classified. This classification includes, but is not limited to, autos such as country club buses, cemetery buses, real estate development buses.
- o. Primary Classifications—Rating Factors and Classification Designators—See the following tables.

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**FLEET
PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS**

Taxicabs and Limousines		Radius		
		Local Up to 50 Miles	Intermediate 51 to 200 Miles	Long Distance Over 200 Miles
		BI and PD	BI and PD	BI and PD
Taxicab or Similar Passenger Carrying Service	Factor	1.00	1.15	1.25
	CD	4189	4199	4109
Limousine	Factor	.40	.45	.50
	CD	4289	4299	4209

School Buses and Church Buses				
School Bus Owned by Political Subdivision or School District	Factor	1.20	1.40	1.50
	CD	618	619	610
Other School Bus	Factor	1.50	1.75	1.90
	CD	628	629	620
Church Bus	Factor	1.00	1.15	1.25
	CD	638	639	630

Other Buses			
Urban Bus	Factor	.80	.90
	CD	518	519

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Airport Bus or Airport Limousine	Factor	.70	.80	1.10
	CD	528	529	5209
Intercity Bus	Factor	1.05	1.20	1.85
	CD	538	539	5309
Charter Bus	Factor	1.00	1.15	1.85
	CD	548	549	5409
Sightseeing Bus	Factor	.75	.85	1.65
	CD	558	559	5509
Trans. of Athletes and Entertainers	Factor	.45	.50	1.00
	CD	568	569	5609
Social Service Auto Employee-Operated	Factor	.55	.65	.95
	CD	648	649	6409
Social Service Auto All Other	Factor	.50	.60	.95
	CD	658	659	6509
Public Auto NOC	Factor	.55	.65	.95
	CD	588	589	5809

Van Pools		Seating Capacity			
		1 to 8	9 to 20	21 to 60	Over 60
		BI and PD	BI and PD	BI and PD	BI and PD
Employer Furnished	Factor	1.00	1.05	1.10	1.50
	CD	4111	4112	4113	4114
All Other	Factor	1.10	1.15	1.35	1.75
	CD	4121	4122	4123	4124

Note: For statistical coding information, refer to statistical plan in use by company.

**NONFLEET
PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS**

Taxicabs and Limousines		Radius		
		Local Up to 50 Miles	Intermediate 51 to 200 Miles	Long Distance Over 200 Miles
		BI and PD	BI and PD	BI and PD
Taxicab or Similar Passenger Carrying Service	Factor CD	1.00 4159	1.15 4169	1.25 4179
Limousine	Factor CD	.40 4259	.45 4269	.50 4279

School Buses and Church Buses				
School Bus Owned by Political Subdivision or School District	Factor CD	1.20 615	1.40 616	1.50 617
Other School Bus	Factor CD	1.50 625	1.75 626	1.90 627
Church Bus	Factor CD	1.00 635	1.15 636	1.25 637

Other Buses			
Urban Bus	Factor CD	.80 515	.90 516

ZONE RATED

Airport Bus or Airport Limousine	Factor CD	.70 525	.80 526	1.10 5279
Intercity Bus	Factor CD	1.05 535	1.20 536	1.85 5379
Charter Bus	Factor CD	1.00 545	1.15 546	1.85 5479
Sightseeing Bus	Factor CD	.75 555	.85 556	1.65 5579
Trans. of Athletes and Entertainers	Factor CD	.45 565	.50 566	1.00 5679
Social Service Auto Employee-Operated	Factor CD	.55 645	.65 646	.95 6479
Social Service Auto All Other	Factor CD	.50 655	.60 656	.95 6579
Public Auto NOC	Factor CD	.55 585	.65 586	.95 5879

Van Pools		Seating Capacity			
		1 to 8	9 to 20	21 to 60	Over 60
		BI and PD	BI and PD	BI and PD	BI and PD
Employer Furnished	Factor CD	1.00 4111	1.05 4112	1.10 4113	1.50 4114
All Other	Factor CD	1.10 4121	1.15 4122	1.35 4123	1.75 4124

Note: For statistical coding information, refer to statistical plan in use by company.

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D. Secondary Classifications—Seating Capacity

1. Use the seating capacity specified by the manufacturer of the auto unless a public authority rules otherwise.
2. Do not include the driver’s seat when determining seating capacity.

These classifications do not apply to taxicabs, limousines (except airport limousines), van pools, and zone rated autos.

**Secondary Factor
to Be Combined with
Primary Factor
Liability Factor**

Class Designator	Seating Capacity	School Buses and Church Buses	Other Buses
1	1 to 8	.00	-.20
2	9 to 20	+.10	-.15
3	21 to 60	+.25	+.15
4	Over 60	+.50	+.40
9	All Other—Not Secondary Rated		

B. Premium Development

1. Multiply the Other Bus base [rate](#) on the rate schedules for the highest rated territory in which or through which the auto will be customarily operated by the following factor:

Truck Types	.60
All Other Autos	.50

These rates contemplate the passenger hazard. The passenger hazard may not be excluded.

2. No secondary factors apply.
3. Refer to [Rule 51](#) in the Commercial General Rules Chapter of this Manual for further development of the total premium.

- C. Attach the Transportation of Seasonal or Migrant Agricultural Workers endorsement.

Rules 96–100. RESERVED FOR FUTURE USE

Rule 95. TRANSPORTATION OF SEASONAL OR MIGRANT FARM WORKERS

A. Eligibility

This Rule applies only to liability coverage for autos used to transport seasonal or migrant agricultural workers in accordance with the Migrant and Seasonal Agricultural Worker Protection Act.

PUBLIC TRANSPORTATION AUTOS OTHER THAN ZONE RATED WORKSHEET

COVERAGE	BASE RATE (Rate Schedules and Rule 58 and Rule 59)	PRIMARY RATING FACTOR (Rule 94)	SECONDARY RATING FACTOR (Rule 94)	INCREASED LIMITS FACTOR AND DEDUCTIBLES (Rule 52 and Rule 59)	ACCIDENT PREVENTION DISCOUNT (Rule 61)	EXPERIENCE RATING MODIFICATION OR ADDITIONAL CHARGE (Rule 54 or Rule 3)	WHOLE DOLLAR PREMIUM
Liability	x(	+/-	)x	x	x	=	
UM		NA	NA	NA	NA	NA	=
UIM		NA	NA	NA	NA	NA	=
PIP	x(	+/-	)x	x	x	=	
Added PIP		NA	NA	NA	x	x	=
Guest PIP*		NA	NA	NA	NA	NA	=

TOTAL

*Guest PIP coverage applies when the named insured and all regular operators of the insured's auto have rejected the tort limitation.

Note: Does not include any applicable municipal/county taxes and the Kentucky premium surcharge.

Refer to [Rule 4](#). Certified Risks—Financial Responsibility Filings;
[Rule 56](#). Motor Carrier Filings.

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ZONE RATED PUBLIC TRANSPORTATION AUTOS WORKSHEET

COVERAGE	BASE RATE (Rate Schedules and Rules 58, 59, and 73)	PRIMARY RATING FACTOR (Rule 94)	INCREASED LIMITS FACTOR AND DEDUCTIBLES (Rule 52 and Rule 59)	ACCIDENT PREVENTION DISCOUNT (Rule 61)	EXPERIENCE RATING MODIFICATION OR ADDITIONAL CHARGE (Rule 54 or Rule 3)	WHOLE DOLLAR PREMIUM
Liability	x	x	x	x	x	=
UM		NA	NA	NA	NA	=
UIM		NA	NA	NA	NA	=
PIP	x	x	x		x	=
Added PIP		NA	NA	x	x	=
Guest PIP*		NA	NA	NA	NA	=

TOTAL

*Guest PIP coverage applies when the named insured and all regular operators of the insured's auto have rejected the tort limitation.

Note: Does not include any applicable municipal/county taxes and the Kentucky premium surcharge.

Refer to [Rule 4](#). Certified Risks—Financial Responsibility Filings;
[Rule 56](#). Motor Carrier Filings.

AUTO DEALERS CHAPTER

Rule 101. ELIGIBILITY

- A. This Chapter applies only to risks whose business is primarily that of franchised and nonfranchised auto dealers and trailer dealers.
- B. This section does not apply to the following operations:
 - 1. Sale of auto parts unless incidental to an otherwise eligible operation
 - 2. Auto sales without an owned or leased commercial premises for office and display of autos, etc. as required by the Motor Vehicle Commission
 - 3. Restrictive/auto recycling dealer unless the risk is also an auto dealer and complies with the requirements of the Motor Vehicle Commission for auto dealers
- C. **Classifications**
 Only one of the following classifications applies to a risk for liability coverages.
 - 1. Franchised private passenger auto dealer (with or without any other type of franchise)
 - 2. Franchised truck or truck-tractor dealer (with or without any other type of franchise except private passenger auto franchise)
 - 3. Franchised motorcycle dealer (no private passenger or truck franchise)
 - 4. Franchised recreational vehicle dealer (no private passenger, snowmobile, or residence type mobile home trailer franchise)
 - 5. Other franchised self-propelled land motor vehicle dealer
 - 6. Nonfranchised dealer (any risk described above that is not a franchised dealer)
 - 7. Franchised and nonfranchised residence trailer dealers
 - 8. Franchised and nonfranchised commercial trailer dealers
 - 9. Other franchised and nonfranchised trailer dealers
- D. Operations not incidental to the above classifications may be excluded by use of Endorsement CA 25 07.
- E. Refer to the Rate Determination Section ([Section 47](#)) of the Plan if the hazard of the risk is greater than that contemplated by the rates.

Rule 102. PREMIUM DEVELOPMENT

- A. For each location, determine the rating territory from the territory definitions based on street address.
- B. Compute the advance premium at inception and the earned premium as developed by audit separately for each location according to the following procedures.
- C. **Without Full Covered Autos Liability and No-Fault Limit for Customers**
 - 1. Determine the base [rate](#) from the rate schedules according to the following criteria:

- a. Bodily Injury and Property Damage Liability Coverage
 - (1) Vehicles not eligible for PIP
 - (2) 0–49% of regular operators have accepted the tort limitation
 - (3) 50–99% of the regular operators have accepted the tort limitation
 - (4) All regular operators have accepted the tort limitation

- b. No-Fault Coverage
 Determine the base [rate](#) from the rate schedules according to the following criteria:
 - (1) PIP
 - (2) Guest PIP

Note: Guest PIP for persons other than the named insured and resident relatives applies only when the named insured and all regular operators of the insured's autos have rejected the tort limitation.

- 2. Franchised and Nonfranchised Trailer Dealers
 - a. Determine the number of rating units by multiplying the total number of employees by the following factor:

Factor
0.45

- b. Multiply the number of rating units determined above by the [Auto Dealer's rate](#) shown on the rate schedules.
- 3. All Other Auto Dealer Risks
 - a. Determine the total rating units as follows:
 - (1) Class I—Employees
 - (a) Determine the number of the following employees:
 - Proprietors, partners, and officers active in the business
 - Sales persons, general managers, service managers
 - Any employee whose principal duty involves the operation of autos or who is furnished a covered auto

Multiply the number of each type employee listed below by the appropriate factor:

	Factor
Full-time employees working 20 hours or more per week	1.00
Part-time employees working less than 20 hours per week	.50

AUTO DEALERS

- (b) Determine the number of all other employees not included in paragraph (a).

Multiply the number of each type employee listed below by the appropriate factor:

	Factor
All other full-time employees working an average of at least 20 hours per week	.40
All other part-time employees	.20

- (c) Add the results of (a) and (b) to determine the number of Class I rating units.

(2) Class II—Nonemployees

- (a) Determine the number of the following persons who are regularly furnished with a covered auto:

- Proprietors, partners, and officers who are not active in the business
- Family members of an employee
- Family members of an inactive proprietor, partner, and officer

- (b) Multiply each individual listed above by the appropriate factor in the following table, based on the age of each individual, and add the results to determine the number of Class II risks. If more than one person has use of the same furnished auto, use only the factor for the highest rated operator in determining rating units.

Age of Individual	Factor
Under Age 25	1.15
Age 25 or Over	.50

(3) Autos Held for Sale (at any one time)

Determine the number of rating units as follows:

Number of Autos for Sale at Any One Time	Rating Units
1– 5	.05
6– 15	.15
16– 25	.25
26– 50	.50
51– 75	.75
76–100	1.00
101–250	1.50
251–500	2.00
Over 500	Refer to Plan

- b. Add the number of Class I rating units in 3.a.(1)(c) to the number of Class II rating units in 3.a.(2)(b) and to the number of rating units in 3.a.(3) to determine the total number of rating units.

- c. Multiply the [Auto Dealer rates](#) shown on the rate schedules by the total rating units.

- d. The minimum liability premium is the Auto Dealer [rate](#) shown on the rate schedule for the highest rated location multiplied by the following factor:

Factor
2.00

This rating factor is to be increased by the number of rating units determined in paragraph a.(3) above.

4. Specifically Registered Autos, Including, but not Limited to, Private Passenger Autos, Tow Trucks, Vans, Flatbeds, etc.

Rate on a specified car basis in accordance with their appropriate classification.

5. Autos Furnished for Regular Use to Other than Class I or Class II Operators

Compute the premiums for all coverages by using the rating territory where the dealer is located for each owned auto as follows:

- a. Private Passenger Autos. Multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter.
- b. Trucks, Tractors, and Trailers. Charge the premiums developed by the applicable trucks, tractors, and trailers classification.

6. Pick Up or Delivery of Autos

- a. If the exposure for nonfranchised dealer includes the pick up or delivery of autos beyond a 50-mile radius of the limits of the city or town where operations are conducted, rate each driver per trip for such pick up or delivery operations as follows:

Mileage	Per Driver per Trip Liability Rates \$60,000 Combined Single Limit
51–200 miles	\$46
Over 200 miles	66

- b. To determine the minimum premium, multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter for the rating territory where the auto dealer is located.

- D. Refer to [Rule 51](#) in the Commercial General Rules Chapter of this Manual for further development of the total premium.

Rule 103. ADDITIONAL PROVISIONS FOR AUTO DEALERS AND TRAILER DEALERS

A. Elevators

1. Coverage for elevators is included. Make a charge for legally required inspections made by or for the company.
2. Rates

Elevator Inspection Charges

The following flat charges apply per elevator, per year, to all risks with an elevator exposure for legally required inspections made by or on behalf of the company:

	Passenger	All Other
Elevators with 3 landings or less; hoists, manlifts, and inclinators	\$ 84	\$41
4 to 10 landings	96	50
11 to 25 landings	125	63
Over 25 landings	163	84

These charges are not subject to adjustment.

B. Escalators

Coverage for escalators used for raising or lowering passengers may be added.

1. Escalator Bodily Injury and Property Damage Liability Rates

For bodily injury and property damage at a \$60,000 limit, charge \$5,557.

2. Inspection Charge

A flat charge of \$127 per landing per year applies for legally required inspections of escalators made by or on behalf of the company.

This charge is not subject to adjustment and is added to the total limits escalator bodily injury and property damage liability rate, referred to in paragraph 1 above.

Rules 104–120. RESERVED FOR FUTURE USE

AUTO DEALERS

AUTO DEALER RATING WORKSHEET

I. Operators with and without accidents and convictions based on the following categories:

Class I	Rating Unit Factors	Penalty Point Values (Rule 3)	Rating Units
Each proprietor, partner, and officer active in the business, sales person, general manager, service manager, and any employee whose principal duty involves the operation of autos or who is furnished a covered auto			
Full Time			
_____	1.00	X _____ =	_____
_____	1.00	X _____ =	_____
_____	1.00	X _____ =	_____
Part Time			
_____	0.50	X _____ =	_____
_____	0.50	X _____ =	_____
_____	0.50	X _____ =	_____
All other employees			
Full Time			
_____	0.40	X _____ =	_____
_____	0.40	X _____ =	_____
_____	0.40	X _____ =	_____
Part Time			
_____	0.20	X _____ =	_____
_____	0.20	X _____ =	_____
_____	0.20	X _____ =	_____
Class II			
All other people who are regularly furnished a covered auto			
Under Age 25			
_____	1.15	X _____ =	_____
_____	1.15	X _____ =	_____
_____	1.15	X _____ =	_____
Age 25 and Over			
_____	0.50	X _____ =	_____
_____	0.50	X _____ =	_____
_____	0.50	X _____ =	_____
Subtotal Rating Units			<input style="width: 100px; height: 20px;" type="text"/> (minimum of 2.00)

II. Number of autos held for sale at any one time

Number of Autos Held For Sale at Any One Time _____

Autos Held for Sale Rating Units _____

(1-5 = .05, 6-15 = .15, 16-25 = .25, 26-50 = .50, 51-75 = .75, 76-100=1.00,
101-250 = 1.50, 251-500 = 2.00)

Total Rating Units

III. Number of dealer plates

Refer to [Rule 102](#) for rating of minimum premium; autos furnished for regular use to other than Class I or Class II operators; specifically registered autos; and the exposure for nonfranchised auto dealer of the pick up or delivery of autos beyond a 50-mile radius of the location where operations are conducted.

AUTO DEALER RATING WORKSHEET

COVERAGE	BASE RATE (Rate Schedules and Rule 58 and Rule 59)	PIP DEDUCTIBLE PERCENTAGE (Rule 59)	RATING UNITS	NO. OF DEALER PLATES	INCREASED LIMITS FACTOR (Rule 52)	ACCIDENT PREVENTION DISCOUNT (Rule 61)	EXPERIENCE RATING MODIFICATION (Rule 54)	WHOLE DOLLAR PREMIUM
Liability		NA	x	NA	x	x	x	=
UM		NA	NA	x	NA	NA	NA	=
UIM		NA	NA	x	NA	NA	NA	=
PIP	x		x	NA	NA	x	x	=
Added PIP		NA	x	NA	NA	x	x	=
Guest PIP*		NA	x	NA	NA	NA	NA	=
TOTAL								<div style="border: 2px solid black; width: 80px; height: 30px; display: inline-block;"></div>

*Guest PIP coverage applies when the named insured and all regular operators of the insured's auto have rejected the tort limitation.

Note: Does not include any applicable municipal/county taxes and the Kentucky premium surcharge.

Refer to [Rule 4](#). Certified Risks–Financial Responsibility Filings.

NOTES

NONOWNED AUTO CHAPTER

Rule 121. PREMIUM DEVELOPMENT

- A. This Chapter contains the rules governing the writing of insurance for the operation of autos not owned by the insured.
- B. The bodily injury and property damage liability premiums for commercial nonowned auto exposures shall be determined as follows:
 - 1. Follow the rating instructions from the applicable rule.
 - 2. Refer to [Rule 51](#) in the Commercial General Rules Chapter of this Manual for further development of the total premium.

Rule 122. DRIVE OTHER CAR COVERAGE

- A. A policy may be extended to provide drive other car coverage to the following individuals for their liability arising out of the use of any other auto by them or by others:
 - 1. The named insured, if an individual and the owner or rentee of an auto covered by the policy, or if a married couple either or both of whom own or rent such auto
 - 2. The spouse of such individual if a resident of the same household
 - 3. One or more named coowners or partners, if the auto covered by the policy is owned jointly by two or more individuals, other than a married couple, or owned by a partnership
- B. Rates per Individual—\$57 for \$60,000 bodily injury and property damage limit.
- C. Attach the appropriate Drive Other Car Coverage endorsement.

Rule 123. HIRED AUTOS

- A. This Rule applies to risks other than truckers hiring autos for use in their trucking operations and public transportation autos.

For truckers hiring autos for use in their trucking operations, refer to [Rule 75](#), Truckers.

For moving van associations and freight forwarding operations, refer to [Rule 2](#) for rating.

Note: This is a supplementary coverage. This coverage should be written on the same policy that provides coverage for the applicant's/insured's owned or long-term leased autos. When such autos are insured in the voluntary market (i.e., other than through the Plan), excess coverage for nonowned autos is NOT available through the Plan. When there are no owned or long-term leased autos, excess coverage for nonowned autos is available through the Plan.

B. Premium Development—Bodily Injury and Property Damage Liability Coverage

- 1. Specified Auto Basis
 - a. Provide coverage for hired autos on a specified auto basis if
 - (1) an insured lessee or renter is providing primary liability coverage on the auto; and
 - (2) the term of the lease or agreement is for six months or more.
 - b. Rate and classify each auto as though owned by the insured lessee or renter according to the applicable rules in this manual.
 - c. If the policy is extended to cover the owner of the auto as an additional insured, multiply the otherwise applicable liability premium for each auto leased or rented by the additional insured by the following factor:

Factor

1.04

- d. Attach the appropriate Lessor—Additional Insured And Loss Payee endorsement.
- 2. Cost of Hire Basis
 - a. Provide coverage for hired autos on a cost of hire basis if the term of the lease or agreement is
 - (1) less than six months; or
 - (2) six months or more, when the owner of the auto is providing primary liability coverage.
 - b. Cost of hire is the total amount incurred by the insured for the leasing and hiring of autos the insured does not own. Cost of hire does not include charges for autos that are leased, hired, rented or borrowed from any of the insured's employees, partners, members (if the insured is a limited liability company) or members of their households.
 - c. For each state where the insured is expected to hire autos, separately estimate the annual cost of hire for each of the following, if applicable:
 - (1) Autos for which primary liability coverage is provided by the insured
 - (2) Autos for which excess liability coverage is provided by the insured
 - d. Determine the advance premium as follows:
 - (1) For each state where the insured is expected to hire autos, divide the estimated annual cost of hire by 100 for each category of risk described in B.2.c.
 - (a) Public Autos

Multiply the result developed in paragraph B.2.d.(1) by the following:

NONOWNED

	Primary Liability Coverage	Excess Liability Coverage
Taxicabs and Limousines	2% of the specified auto rates for the taxicab or limousine determined in accordance with the applicable Manual rule	Hired Auto rate on the Rate Schedules
All Buses	1% of the specified auto rate for the bus determined in accordance with the applicable Manual rule	

- (b) Other than Public Autos
 - (i) Multiply the result developed in paragraph B.2.d.(1) by the Hired Auto rate on the [rate schedules](#).
 - (ii) Multiply the result by the appropriate factor in the following table based on whether the insured provides primary or excess liability coverage:

Primary Liability Coverage	Excess Liability Coverage
6.00	1.00

(2) Add the total cost of hire premium for all states.

- e. Unless there is substantial change in exposures during the policy period, the advance premium is the earned premium.
- f. The minimum premium shall be \$67 for bodily injury and property damage at a \$60,000 limit.

3. Attach the appropriate Hired Autos Specified as Covered Autos You Own endorsement.

C. Contractual Liability

The insured is covered on a primary basis for liability assumed by contract for the rental or lease of any auto by the insured or by any of his or her employees except for

- 1. any auto rented with a driver; or
- 2. any truckers' hold harmless agreements.

If an employee rents or hires an auto in his or her own name for the purpose of performing duties related to the insured's business, use the applicable Employee Hired Autos endorsement.

Such coverage does not provide physical damage coverage for any auto rented or leased by the insured.

Rule 124. NONOWNED AUTO LIABILITY COVERAGE

- A. This Rule does not apply to auto dealer risks. Premium for liability coverage for nonowned autos for auto dealers is included in the premium developed for auto dealer risks under [Rule 102](#).
- B. This is a supplementary coverage. This coverage should be written on the same policy that provides coverage for the applicant's/insured's owned or long-term leased autos.

When such autos are insured in the voluntary market (i.e., other than through the Plan), nonowned auto liability coverage is NOT available through the Plan.

When there are no owned or long-term leased autos, nonowned auto liability coverage is available through the Plan.

C. Prepared Food Delivery Services

- 1. For prepared food delivery services, determine the average number of employees per day that operate their autos in the insured's business.
- 2. Multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Rate Chapter for the territory in which the risk is located.
- 3. Multiply the rate determined above by the average number of employees.

D. Service Operations

- 1. The term "service operations" as used in this Rule means auto repair shops, service stations, storage garages, public parking places, and tow truck operators.
- 2. For each location, determine the rating territory from territory definitions based on street address.
- 3. Multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter.
- 4. Multiply the rate determined above for each employee involved in the operation of autos by the following factor:

Factor
 .35

E. All Other Risks

- 1. Determine the total number of employees of the insured at all locations and select the advance premium from the following table:

Total Number of Employees	Bodily Injury and Property Damage \$60,000 Limit
0- 25	\$ 434
26- 100	1,659
101- 500	4,336
501-1,000	9,972
Over 1,000	21,010

- 2. If more than 50% of the insured's employees regularly operate their autos in the insured's business, multiply the otherwise applicable premium by 3.00.
- F. Unless there is substantial change in exposures during the policy period, the advance premium is the earned premium.

- B. For each active or inactive partner
 - 1. Multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter, regardless of the type of auto being used, for the territory in which the partnership is located;
 - 2. Multiply the rates determined above by the following factor:

Factor
.10

Rule 125. PARTNERSHIP AS THE NAMED INSURED NONOWNERSHIP LIABILITY

Bodily Injury and Property Damage Liability Coverage

- A. When nonowned auto liability coverage is afforded, coverage is provided to a partnership for the use of an auto that an individual partner owns and that is used in the business of the partnership.

Rules 126–130. RESERVED FOR FUTURE USE

NOTES

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL
SPECIAL TYPES AND OPERATIONS CHAPTER

Rule 131. ELIGIBILITY

This Chapter applies to all autos that are not classified and rated in other chapters.

Rule 132. PREMIUM DEVELOPMENT

The bodily injury and property damage liability and no-fault premiums for autos and equipment shall be determined as follows:

- A. Refer to the territory definitions to determine the rating territory in which the auto will be principally garaged.
- B. Follow the rating instructions from the applicable rule.
- C. Guest PIP coverage for persons other than the named insured and resident relatives applies only when the named insured and all regular operators of the insured's autos have rejected the tort limitation. In all other cases the full PIP applies.
- D. Refer to [Rule 51](#) in the Commercial General Rules Chapter of this Manual for further development of the total premium.

Note: Autos rated under this Chapter are subject to the all other risks increased limits factors in [Rule 52](#) irrespective of the base rate used in developing the premium.

Rule 133. AMBULANCE SERVICES

A. Eligibility

This Rule applies to autos used for rescue squad or ambulance corps operations.

- B. The policy must exclude coverage for bodily injury to any volunteer workers of the insured and bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations. Attach the appropriate Emergency Services—Volunteer Firefighters' and Workers' Injuries Excluded endorsement.
- C. The policy must exclude coverage for bodily injury or property damage that results from providing or failing to provide any professional service. Attach the appropriate Professional Services Not Covered endorsement.

D. Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages

Multiply the Trucks, Tractors, and Trailers [base rates](#) on the rate schedules by the following factor:

Factor
1.75

**Rule 134. DRIVER TRAINING PROGRAMS—
EDUCATIONAL INSTITUTIONS AND
COMMERCIAL DRIVING SCHOOLS**

A. Educational Institutions

1. Eligibility

This section applies to owned private passenger types used for driver training as part of a school curriculum.

2. Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages

- a. Multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter.
- b. Multiply the rates determined above by the appropriate factor:

Equipped With Dual Controls	Not Equipped With Dual Controls
.50	1.00

There must be dual brakes to qualify as dual controls.

- 3. A policy covering autos used by schools in driver training programs may be written on an annual term for liability coverage with premium prorated to reflect the actual school term. However, do not give credit for Saturdays, Sundays, or holidays or for any other periods of lay-up during the school term.

B. Commercial Driving Schools

1. Eligibility

This section applies to owned autos used by driving schools to give driving instruction.

2. Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages

- a. Private Passenger Types
 - (1) Multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter.
 - (2) Multiply the rates determined above by the appropriate factor:

Equipped With Dual Controls	Not Equipped With Dual Controls
1.00	2.00

There must be dual brakes to qualify as dual controls.

- b. All Other Types

Refer to [Rule 2](#) for rating.

C. Nonowned Coverages

- 1. The policy may provide excess liability coverage for driving instructors and their students while using nonowned autos for driver training.

SPECIAL TYPES

2. Premium Development
 - a. Determine the number of driving instructors and the number of owned autos used in driver training.
 - b. Use the address of the named insured to determine the rating territory.
 - c. If the number of driving instructors exceeds the number of owned autos used in driver training
 - (1) Multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter.
 - (2) Multiply the rates determined above by the following factor for each driving instructor in excess of the number of owned autos used in driver training:

Educational Insti- tutions	Commercial Driv- ing Schools
Refer to Rule 2 .	1.00

- d. If the number of driving instructors does not exceed the number of owned autos used in driver training, refer to [Rule 2](#).
- e. When a policy also affords coverage for nonowned autos under the Nonowned Auto Liability Coverage Rule ([Rule 124](#)), do not include driving instructors in the total number of employees when determining the liability premium under that Rule.
- f. Attach the Driving Schools—Nonowned Autos endorsement.

Rule 135. FIRE DEPARTMENTS

A. Eligibility

1. This Rule applies to autos used for firefighting purposes.
2. The policy must exclude coverage for bodily injury to any volunteer workers of the insured and bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations. Attach the appropriate Emergency Services—Volunteer Firefighters’ and Workers’ Injuries Excluded endorsement.
3. The policy must exclude coverage for bodily injury or property damage that results from providing or failing to provide any professional service. Attach the appropriate Professional Services Not Covered endorsement.

B. Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages

4. Private Passenger Types
 - a. Multiply the Private Passenger by the Class 3 factor determined from the Private Passenger Auto Rate Chapter.

- b. Multiply the rates determined above by the following factor:

Factor
.80

2. All Other Types

Multiply the Trucks, Tractors, and Trailers [base](#) rate on the rate schedules by the following factor:

Factor
.90

Rule 136. FUNERAL DIRECTORS

A. Eligibility

1. This Rule applies to autos owned or used by a funeral director.
2. The policy must exclude coverage for bodily injury or property damage that results from providing or failing to provide any professional service. Attach the appropriate Professional Services Not Covered endorsement.

B. Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages

1. Limousines
 - a. Multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter.
 - b. Multiply the rates determined above by the following factor:

Factor
.70

2. Hearses and Flower Cars

Multiply the Trucks, Tractors, and Trailers [base](#) rate on the rate schedules by the following factor:

Factor
.55

3. Combination Hearses and Ambulances

Classify and rate the auto according to the Ambulance Services Rule ([Rule 133](#)).

4. Autos Used for Other Purposes

Classify and rate the auto according to its regular use.

Rule 137. LAW ENFORCEMENT AGENCIES

A. Eligibility

1. This Rule applies to autos used by government agencies, or by public or private police or security services.
2. The policy must exclude coverage for bodily injury to any volunteer workers of the insured and bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in rescue squad

or ambulance corps operations. Attach the appropriate Emergency Services—Volunteer Firefighters' and Workers' Injuries Excluded endorsement.

3. The policy must exclude coverage for bodily injury or property damage that results from providing or failing to provide any professional service. Attach the appropriate Professional Services Not Covered endorsement.

B. Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages

1. Private Passenger Types
 - a. Multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter.
 - b. Multiply the rates determined above by the following factor:

Factor
1.15

2. Motorcycles
Rate according to the Motorcycles Rule ([Rule 141](#)) in the Special Types Chapter.
3. All Other Types
Multiply the Trucks, Tractors and Trailers [base](#) rate on the rate schedules by the following factor:

Factor
1.40

Rule 138. LEASING OR RENTAL CONCERNS

A. Eligibility

1. Autos Leased or Rented to Others with Drivers
Classify and rate trucks, tractors, and trailers under the Truckers Rule ([Rule 75](#)). Classify and rate all other autos according to the Public Transportation Chapter.
2. Autos Leased or Rented to Others Without Drivers
Classify autos leased by the insured that are to be rented to others as owned and rate under the provisions of this Rule.
3. For public autos leased or rented to bus or other public transportation operations, refer to [Rule 2](#).
4. This Rule does not apply to personal vehicle-sharing program facilitators.

B. Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages

1. Determine the territory based on the street address of principal garaging.
2. Autos Leased for Six Months or More—Coverage for Owner and Lessee
 - a. Rate autos and trailers as though owned by the lessee.

- b. Autos and Trailers For Which Lessees Are Required To Provide Primary Insurance For The Leasing or Rental Concern

Refer to [Rule 2](#).

Attach the applicable Leasing or Rental Concerns—Exclusion of Certain Leased Autos endorsement if any lessees or rentees are required to provide primary insurance for the leasing or rental concern.

3. Autos Rented by the Hour, Day, or Week—Coverage for Owner and Rentee

Rate each auto as follows:

- a. Private Passenger
 - (1) Multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter.
 - (2) Multiply the rates determined above by the following factor:

Factor
3.50

- b. Trucks, Tractors, and Trailers—Multiply the Trucks, Tractors, and Trailers base [rate](#) on the rate schedules by the following factors:

(1) Trucks	2.50
(2) Tractors	2.75
(3) Trailers	.10
(4) Semitrailers	.10
(5) Service Trailers	.10

- c. Motor Homes—Multiply the Trucks, Tractors, and Trailers base [rates](#) shown on the rate schedules by the following factors:

Overall Length In Feet

Up to 22 Feet	More than 22 Feet
1.20	1.50

- d. Motorcycles—Multiply the rate developed in the Motorcycles Rule ([Rule 141](#)) by 3.00.

Rule 139. REGISTRATION PLATES NOT ISSUED FOR A SPECIFIC AUTO

A. Eligibility

1. This Rule applies to risks other than those rated in the Auto Dealers Chapter and drive-away contractors that possess registration plates not issued for attachment to a specific auto. Attach the appropriate Registration Plates Not Issued for a Specific Auto endorsement.

Note: Risks with registration plates are not to be written on an auto dealers policy unless they are eligible for coverage under the Auto Dealers Chapter of this Manual.

2. A set of plates is the number of plates required to legally operate an auto on public roads.

SPECIAL TYPES

B. Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages

1. Determine the territory from the territory definitions ([Rule 19](#)) based on the street address of the named insured.
2. For each set of plates not assigned by the insured for exclusive use with a specific auto, multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter.
3. Multiply the rates determined above by the following factor:

Factor
1.50

4. Classify and rate each set of plates assigned by the insured for exclusive use with a specific auto according to the applicable rules in this manual, based on regular use of the auto.

- f. Self-propelled vehicles not described above with the following types of permanently attached equipment:

- (1) Equipment designed primarily for
 - (a) snow removal;
 - (b) road maintenance, but not construction or resurfacing;
 - (c) street cleaning.
- (2) Cherry pickers and similar devices mounted on auto or truck chassis and used to raise or lower workers
- (3) Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment

- g. Other commercial vehicles maintained primarily for purposes other than the transportation of persons or cargo

2. Farm Equipment

Farm equipment includes farm tractors, harvesting combines, power driven lawn mowers, and other self-propelled farm equipment used for farming purposes.

C. Premium Development—Bodily Injury and Property Damage Liability and No-Fault Coverages

1. Equipment Owned and Leased for Six Months or Longer

Multiply the Trucks, Tractors, and Trailers base rates displayed on the [rate schedules](#) by the following factor:

Mobile Equipment	Farm Equipment
1.000	0.150

2. Equipment Leased for Less than Six Months

Refer to [Rule 2](#).

Rule 140. MOBILE OR FARM EQUIPMENT

A. Eligibility

1. Coverage is only provided for mobile equipment and farm equipment that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where the vehicle is licensed or principally garaged.
2. Operations coverage is not provided for any equipment except equipment described in B.1.f.(1) below.

B. Definitions

1. Mobile Equipment

Mobile equipment includes the following vehicles:

- a. Bulldozers, forklifts, and other vehicles designed for use principally off public roads
- b. Vehicles maintained for use solely on or next to premises the insured owns or rents
- c. Vehicles that travel on crawler treads
- d. Vehicles maintained primarily to provide mobility to permanently mounted
 - (1) power cranes, shovels, loaders, diggers, or drills; or
 - (2) road construction or resurfacing equipment such as graders, scrapers, or rollers.
- e. Vehicles that are not self-propelled and are maintained primarily to provide mobility to permanently mounted
 - (1) air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment; or
 - (2) cherry pickers and similar devices used to raise or lower workers.

Rule 141. MOTORCYCLES

- A. For the purposes of this Rule, motorcycles refers to motorcycles, mopeds, motorscooters, motorbikes, and other similar motorized autos used for commercial purposes.

B. Motorcycles Used for Private Passenger Purposes

Refer to the Private Passenger Chapter.

C. Motorcycles Used for Commercial Purposes

1. Bodily Injury and Property Damage Liability and No-Fault Coverages
 - a. Multiply the Private Passenger [base rates](#) by the Class 3 factor determined from the Private Passenger Auto Rate Chapter.

- b. Multiply the rates determined above by the following applicable factor:

Engine Size	Factor
0–100cc	.29
101–200	.38
201–360	.59
361–500	.65
501–800	.76
Over 800	.85

The above rates contemplate the passenger hazard.

2. No-Fault Coverages
Refer to [Rule 59.](#)
3. Uninsured and Underinsured Motorists Coverage
Refer to [Rule 58.](#)

Rules 142–150. RESERVED FOR FUTURE USE

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL
COMMERCIAL AUTO LIABILITY AND PERSONAL INJURY PROTECTION RATES

NOTES

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

TRUCKS, TRACTORS, AND TRAILERS

(a) For vehicles NOT eligible for personal injury protection as well as for those risks where the insured and 0–49% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$3,781	\$4,159
02	2,099	2,309
03	2,783	3,061
04	1,765	1,942
05	1,924	2,116
06	2,279	2,507
07	1,976	2,174
09	1,816	1,998
10	2,148	2,363
12	1,420	1,562
13	2,731	3,004
14	2,017	2,219
15	1,952	2,147
16	2,391	2,630
17	2,310	2,541
18	1,633	1,796

(b) For risks where the insured and 50–99% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$3,452	\$3,797
02	1,916	2,108
03	2,541	2,795
04	1,612	1,773
05	1,757	1,933
06	2,081	2,289
07	1,804	1,984
09	1,658	1,824
10	1,961	2,157
12	1,297	1,427
13	2,494	2,743
14	1,842	2,026
15	1,782	1,960
16	2,183	2,401
17	2,109	2,320
18	1,491	1,640

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

TRUCKS, TRACTORS, AND TRAILERS

(c) For risks where the insured and all regular operators of the insured's motor vehicles have accepted the tort limitation.		
Territory	Nonfleet	Fleet
01	\$3,288	\$3,617
02	1,825	2,008
03	2,420	2,662
04	1,535	1,689
05	1,673	1,840
06	1,982	2,180
07	1,718	1,890
09	1,579	1,737
10	1,868	2,055
12	1,235	1,359
13	2,375	2,613
14	1,754	1,929
15	1,697	1,867
16	2,079	2,287
17	2,009	2,210
18	1,420	1,562

Personal Injury Protection			
Territory	Not Covered by Workers Compensation	Covered by Workers Compensation	Guest PIP
01	\$182	\$109	\$45
02	92	55	23
03	141	85	35
04	91	55	23
05	120	72	30
06	147	88	36
07	84	50	21
09	112	67	28
10	113	68	28
12	84	50	21
13	133	80	33
14	99	59	25
15	115	69	29
16	98	59	24
17	133	80	33
18	112	67	28

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

PUBLIC AUTOS—TAXICABS AND LIMOUSINES

(a) For vehicles NOT eligible for personal injury protection as well as for those risks where the insured and 0–49% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$23,092	\$25,401
02	12,820	14,102
03	17,000	18,700
04	10,777	11,855
05	11,754	12,929
06	13,920	15,312
07	12,064	13,270
09	11,089	12,198
10	13,119	14,431
12	8,677	9,545
13	16,678	18,346
14	12,315	13,547
15	11,919	13,111
16	14,605	16,066
17	14,111	15,522
18	9,976	10,974

(b) For risks where the insured and 50–99% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$21,084	\$23,192
02	11,705	12,876
03	15,522	17,074
04	9,840	10,824
05	10,732	11,805
06	12,709	13,980
07	11,015	12,117
09	10,125	11,138
10	11,978	13,176
12	7,922	8,714
13	15,228	16,751
14	11,244	12,368
15	10,882	11,970
16	13,335	14,669
17	12,884	14,172
18	9,109	10,020

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

PUBLIC AUTOS—TAXICABS AND LIMOUSINES

(c) For risks where the insured and all regular operators of the insured's motor vehicles have accepted the tort limitation.		
Territory	Nonfleet	Fleet
01	\$20,080	\$22,088
02	11,148	12,263
03	14,783	16,261
04	9,371	10,308
05	10,221	11,243
06	12,104	13,314
07	10,490	11,539
09	9,643	10,607
10	11,408	12,549
12	7,545	8,300
13	14,503	15,953
14	10,709	11,780
15	10,364	11,400
16	12,700	13,970
17	12,270	13,497
18	8,675	9,543

Personal Injury Protection			
Territory	Owner Operated	Other than Owner Operated	Guest PIP
01	\$1,106	\$630	\$608
02	559	319	307
03	851	485	468
04	557	317	306
05	729	416	401
06	897	511	493
07	511	291	281
09	679	387	373
10	683	389	376
12	511	291	281
13	808	461	444
14	600	342	330
15	695	396	382
16	598	341	329
17	809	461	445
18	680	388	374

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

PUBLIC AUTOS—VAN POOLS

(a) For vehicles NOT eligible for personal injury protection as well as for those risks where the insured and 0–49% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$5,774	\$5,774
02	3,206	3,206
03	4,252	4,252
04	2,693	2,693
05	2,937	2,937
06	3,479	3,479
07	3,015	3,015
09	2,775	2,775
10	3,279	3,279
12	2,172	2,172
13	4,172	4,172
14	3,079	3,079
15	2,982	2,982
16	3,649	3,649
17	3,531	3,531
18	2,493	2,493

(b) For risks where the insured and 50–99% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$5,272	\$5,272
02	2,927	2,927
03	3,882	3,882
04	2,459	2,459
05	2,682	2,682
06	3,176	3,176
07	2,753	2,753
09	2,534	2,534
10	2,994	2,994
12	1,983	1,983
13	3,809	3,809
14	2,811	2,811
15	2,723	2,723
16	3,332	3,332
17	3,224	3,224
18	2,276	2,276

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

PUBLIC AUTOS—VAN POOLS

(c) For risks where the insured and all regular operators of the insured's motor vehicles have accepted the tort limitation.		
Territory	Nonfleet	Fleet
01	\$5,021	\$5,021
02	2,788	2,788
03	3,697	3,697
04	2,342	2,342
05	2,554	2,554
06	3,025	3,025
07	2,622	2,622
09	2,413	2,413
10	2,851	2,851
12	1,889	1,889
13	3,628	3,628
14	2,677	2,677
15	2,593	2,593
16	3,173	3,173
17	3,070	3,070
18	2,168	2,168

Personal Injury Protection			
Territory	Employer Furnished	All Other	Guest PIP
01	\$67	\$154	\$31
02	33	77	15
03	52	119	24
04	33	77	15
05	43	99	20
06	55	126	25
07	30	70	14
09	40	91	18
10	40	92	18
12	30	70	14
13	48	111	22
14	37	84	17
15	41	94	19
16	37	84	17
17	49	112	22
18	40	91	18

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

SCHOOL AND CHURCH BUSES

(a) For vehicles NOT eligible for personal injury protection as well as for those risks where the insured and 0–49% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$2,645	\$3,174
02	1,471	1,612
03	1,950	2,137
04	1,236	1,355
05	1,347	1,476
06	1,599	1,752
07	1,379	1,511
09	1,273	1,394
10	1,508	1,652
12	996	1,091
13	1,909	2,092
14	1,415	1,550
15	1,364	1,494
16	1,670	1,830
17	1,615	1,769
18	1,145	1,255

(b) For risks where the insured and 50–99% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$2,415	\$2,898
02	1,343	1,612
03	1,781	2,137
04	1,129	1,355
05	1,230	1,476
06	1,460	1,752
07	1,259	1,511
09	1,162	1,394
10	1,377	1,652
12	909	1,091
13	1,743	2,092
14	1,292	1,550
15	1,245	1,494
16	1,525	1,830
17	1,474	1,769
18	1,046	1,255

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

SCHOOL AND CHURCH BUSES

(c) For risks where the insured and all regular operators of the insured's motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$2,300	\$2,760
02	1,279	1,535
03	1,696	2,035
04	1,075	1,290
05	1,171	1,405
06	1,390	1,668
07	1,199	1,439
09	1,107	1,328
10	1,311	1,573
12	866	1,039
13	1,660	1,992
14	1,230	1,476
15	1,186	1,423
16	1,452	1,742
17	1,404	1,685
18	996	1,195

Personal Injury Protection		
Territory	PIP	Guest PIP
01	\$175	\$167
02	88	79
03	132	123
04	88	79
05	114	105
06	140	132
07	79	70
09	105	97
10	106	97
12	79	70
13	129	114
14	97	88
15	108	97
16	96	88
17	123	114
18	105	97

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

OTHER BUSES

(a) For vehicles NOT eligible for personal injury protection as well as for those risks where the insured and 0–49% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$18,272	\$18,272
02	10,140	10,140
03	13,448	13,448
04	8,531	8,531
05	9,297	9,297
06	11,016	11,016
07	9,550	9,550
09	8,771	8,771
10	10,383	10,383
12	6,867	6,867
13	13,200	13,200
14	9,752	9,752
15	9,428	9,428
16	11,553	11,553
17	11,168	11,168
18	7,892	7,892

(b) For risks where the insured and 50–99% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$16,683	\$16,683
02	9,258	9,258
03	12,279	12,279
04	7,789	7,789
05	8,488	8,488
06	10,058	10,058
07	8,719	8,719
09	8,008	8,008
10	9,480	9,480
12	6,270	6,270
13	12,052	12,052
14	8,904	8,904
15	8,608	8,608
16	10,548	10,548
17	10,197	10,197
18	7,206	7,206

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

OTHER BUSES

(c) For risks where the insured and all regular operators of the insured's motor vehicles have accepted the tort limitation.

Territory	Nonfleet	Fleet
01	\$15,889	\$15,889
02	8,817	8,817
03	11,694	11,694
04	7,418	7,418
05	8,084	8,084
06	9,579	9,579
07	8,304	8,304
09	7,627	7,627
10	9,029	9,029
12	5,971	5,971
13	11,478	11,478
14	8,480	8,480
15	8,198	8,198
16	10,046	10,046
17	9,711	9,711
18	6,863	6,863

Personal Injury Protection		
Territory	PIP	Guest PIP
01	\$1,664	\$1,661
02	836	826
03	1,283	1,275
04	834	826
05	1,091	1,081
06	1,351	1,345
07	773	765
09	1,025	1,020
10	1,031	1,020
12	774	765
13	1,219	1,151
14	898	888
15	1,050	1,020
16	896	888
17	1,220	1,213
18	1,028	681

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

AUTO DEALERS

Territory	(a) For vehicles NOT eligible for personal injury protection as well as for those risks where the insured and 0–49% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.	(b) For risks where the insured and 50–99% of the regular operators of the insured’s motor vehicles have accepted the tort limitation.	(c) For risks where the insured and all regular operators of the insured’s motor vehicles have accepted the tort limitation.
01	\$3,764	\$3,437	\$3,273
02	2,032	1,855	1,767
03	2,782	2,540	2,419
04	1,857	1,696	1,615
05	1,950	1,781	1,696
06	2,313	2,112	2,011
07	1,930	1,762	1,678
09	1,842	1,682	1,602
10	2,114	1,930	1,838
12	1,450	1,324	1,261
13	2,689	2,455	2,338
14	1,945	1,776	1,691
15	2,509	2,291	2,182
16	2,318	2,117	2,016
17	2,313	2,112	2,011
18	1,613	1,473	1,403

General liability losses are subject to an aggregate limit equal to three times the displayed liability limit.

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

COMMERCIAL AUTO LIABILITY RATES

For Limits of \$60,000 Single Limit Bodily Injury and Property Damage

AUTO DEALERS

Personal Injury Protection		
Territory	PIP	Guest PIP
01	\$163	\$33
02	93	19
03	168	34
04	105	21
05	87	17
06	198	40
07	93	19
09	122	24
10	134	27
12	105	21
13	157	31
14	99	20
15	135	27
16	116	23
17	139	28
18	111	22

HIRED AUTO

\$60,000 Single Limit
\$4.76

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

EFFECTIVE DATES

INTRODUCTION

Preamble	January 1, 2019
How to Submit an Application to the Kentucky Automobile Insurance Plan	September 1, 2023
What to Send to the Plan	September 1, 2023
How to Apply for Additional Coverages or Changes in the Policy	April 1, 2024
Producer Responsibility	January 1, 2019
Availability of Forms, Manuals, Etc.	September 1, 2023
Definitions	September 1, 2023

PLAN OF OPERATION

PERSONAL AUTOMOBILE PART

Sec. 1.	August 1, 2019
Sec. 2.	September 1, 2023
Sec. 3.	January 1, 2019
Sec. 4.	Reserved for Future Use
Sec. 5.	February 1, 2021
Sec. 6.	October 1, 2019
Sec. 7.	April 1, 2024
Sec. 8.	Reserved for Future Use
Sec. 9.	January 1, 2019
Sec. 10.	Reserved for Future Use
Sec. 11.	Reserved for Future Use
Sec. 12.	January 1, 2019
Sec. 13.	September 1, 2022
Sec. 14.	September 1, 2022
Sec. 15.	April 1, 2024
Sec. 16.	Reserved for Future Use

COMMERCIAL AUTOMOBILE PART

Sec. 17.	September 1, 2022
Sec. 18.	September 1, 2023
Sec. 19.	January 1, 2023
Sec. 20.	Reserved for Future Use
Sec. 21.	January 1, 2023
Sec. 22.	September 1, 2023
Sec. 23.	April 1, 2024
Sec. 24.	Reserved for Future Use
Sec. 25.	April 1, 1996
Sec. 26.	September 1, 2022
Sec. 27.	Reserved for Future Use
Sec. 28.	January 1, 2023
Sec. 29.	April 1, 1996
Sec. 30.	September 1, 2022
Sec. 31.	March 1, 2023
Sec. 32.	Reserved for Future Use
Sec. 33.	April 1, 2024

APPENDIX

Sec. 34.	January 1, 2019
Sec. 35.	October 1, 2022
Sec. 36.	December 10, 2020
Sec. 37.	January 1, 2014
Sec. 38.	May 16, 2005
Sec. 39.	January 1, 2019
Sec. 40.	January 1, 2019
Sec. 41.	July 1, 2019
Sec. 42.	Reserved for Future Use
Sec. 43.	September 1, 2022
Sec. 44.	September 1, 2022
Sec. 45.	Reserved for Future Use
Sec. 46.	September 1, 2022
Sec. 47.	September 1, 2022
Sec. 48.	Reserved for Future Use
Sec. 49.	January 1, 2019
Sec. 50.	April 1, 1996
Sec. 51.	September 1, 2023
Sec. 52.	September 1, 2023

SUPPLEMENT

For use as of January 1, 2019

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

MANUAL OF RULES AND RATES

GENERAL RULES CHAPTER

- Rule 1. April 1, 1999
- Rule 2. May 16, 2005
- Rule 3. October 1, 2019
- Rule 4. February 1, 2021
- Rule 5. June 1, 2005
- Rule 6. April 1, 1999
- Rule 7. April 1, 1999
- Rule 8. April 1, 1999
- Rule 9. April 1, 1999
- Rule 10. Reserved for Future Use
- Rule 11. Reserved for Future Use
- Rule 12. Reserved for Future Use
- Rule 13. Reserved for Future Use
- Rule 14. Reserved for Future Use
- Rule 15. Reserved for Future Use
- Rule 16. Reserved for Future Use
- Rule 17. Reserved for Future Use
- Rule 18. Reserved for Future Use
- Rule 19. April 1, 1999

PRIVATE PASSENGER CHAPTER

- Rule 20. January 1, 2025
- Rule 21. February 1, 2021
- Rule 22. February 1, 2016
- Rule 23. August 1, 2019
- Rule 24. November 1, 2011
- Rule 25. February 1, 2021
- Rule 26. February 1, 2021
- Rule 27. April 1, 2018
- Rule 28. March 1, 2020
- Rule 29. February 1, 2021
- Rule 30. August 1, 2019
- Rule 31. November 1, 2011
- Rule 32. August 1, 2019
- Rule 33. February 1, 2021
- Rule 34. Reserved for Future Use
- Rule 35. Reserved for Future Use
- Rule 36. Reserved for Future Use
- Rule 37. Reserved for Future Use
- Rule 38. Reserved for Future Use
- Rule 39. Reserved for Future Use
- Rule 40. Reserved for Future Use
- Rule 41. Reserved for Future Use
- Rule 42. Reserved for Future Use
- Rule 43. Reserved for Future Use
- Rule 44. Reserved for Future Use
- Rule 45. Reserved for Future Use
- Rule 46. Reserved for Future Use
- Rule 47. Reserved for Future Use
- Rule 48. Reserved for Future Use
- Rule 49. Reserved for Future Use
- Rule 50. Reserved for Future Use

COMMERCIAL GENERAL RULES CHAPTER

- Rule 51. February 1, 2025
- Rule 52. August 1, 2019
- Rule 53. October 1, 2015
- Rule 54. August 1, 2019
- Rule 55. Reserved for Future Use

- Rule 56. April 1, 1999
- Rule 57. April 1, 1999
- Rule 58. January 1, 2025
- Rule 59. November 1, 2020
- Rule 60. April 1, 1999
- Rule 61. January 1, 2007
- Rule 62. August 1, 2019
- Rule 63. Reserved for Future Use
- Rule 64. Reserved for Future Use
- Rule 65. Reserved for Future Use
- Rule 66. Reserved for Future Use
- Rule 67. Reserved for Future Use
- Rule 68. Reserved for Future Use
- Rule 69. Reserved for Future Use
- Rule 70. Reserved for Future Use

TRUCKS, TRACTORS, AND TRAILERS CHAPTER

- Rule 71. January 1, 2018
- Rule 72. April 1, 1999
- Rule 73. January 1, 2007
- Rule 74. September 1, 2022
- Rule 75. January 1, 2025
- Rule 76. Reserved for Future Use
- Rule 77. Reserved for Future Use
- Rule 78. Reserved for Future Use
- Rule 79. Reserved for Future Use
- Rule 80. Reserved for Future Use
- Rule 81. Reserved for Future Use
- Rule 82. Reserved for Future Use
- Rule 83. Reserved for Future Use
- Rule 84. Reserved for Future Use
- Rule 85. Reserved for Future Use
- Rule 86. Reserved for Future Use
- Rule 87. Reserved for Future Use
- Rule 88. Reserved for Future Use
- Rule 89. Reserved for Future Use
- Rule 90. Reserved for Future Use

PUBLIC TRANSPORTATION CHAPTER

- Rule 91. April 1, 1999
- Rule 92. April 1, 1999
- Rule 93. January 1, 2007
- Rule 94. January 1, 2018
- Rule 95. October 1, 2015
- Rule 96. Reserved for Future Use
- Rule 97. Reserved for Future Use
- Rule 98. Reserved for Future Use
- Rule 99. Reserved for Future Use
- Rule 100. Reserved for Future Use

AUTO DEALERS CHAPTER

- Rule 101. April 1, 2018
- Rule 102. January 1, 2025
- Rule 103. January 1, 2025
- Rule 104. Reserved for Future Use
- Rule 105. Reserved for Future Use
- Rule 106. Reserved for Future Use
- Rule 107. Reserved for Future Use
- Rule 108. Reserved for Future Use

KENTUCKY AUTOMOBILE INSURANCE PLAN MANUAL

Rule 109. Reserved for Future Use
Rule 110. Reserved for Future Use
Rule 111. Reserved for Future Use
Rule 112. Reserved for Future Use
Rule 113. Reserved for Future Use
Rule 114. Reserved for Future Use
Rule 115. Reserved for Future Use
Rule 116. Reserved for Future Use
Rule 117. Reserved for Future Use
Rule 118. Reserved for Future Use
Rule 119. Reserved for Future Use
Rule 120. Reserved for Future Use

NONOWNED AUTO CHAPTER

Rule 121. April 1, 1999
Rule 122. February 1, 2016
Rule 123. January 1, 2025
Rule 124. January 1, 2025
Rule 125. October 1, 2015
Rule 126. Reserved for Future Use
Rule 127. Reserved for Future Use
Rule 128. Reserved for Future Use
Rule 129. Reserved for Future Use
Rule 130. Reserved for Future Use

SPECIAL TYPES AND OPERATIONS CHAPTER

Rule 131. April 1, 1999
Rule 132. April 1, 1999
Rule 133. October 1, 2015
Rule 134. October 1, 2015
Rule 135. October 1, 2015
Rule 136. October 1, 2015
Rule 137. October 1, 2015
Rule 138. May 1, 2018
Rule 139. January 1, 2018
Rule 140. November 1, 2005
Rule 141. April 1, 2018
Rule 142. April 1, 1999
Rule 143. Reserved for Future Use
Rule 144. Reserved for Future Use
Rule 145. Reserved for Future Use
Rule 146. Reserved for Future Use
Rule 147. Reserved for Future Use
Rule 148. Reserved for Future Use
Rule 149. Reserved for Future Use
Rule 150. Reserved for Future Use

WORKSHEETS

Experience Rating Worksheet	January 1, 2016
Trucks, Tractors, and Trailers Other than Zone Rated Worksheet	October 1, 2010
Zone Rated Trucks, Tractors, and Trailers Worksheet	October 1, 2010
Public Transportation Autos Other than Zone Rated Worksheet	October 1, 2010
Zone Rated Public Transportation Autos Worksheet	October 1, 2010
Auto Dealer Rating Worksheet	January 1, 2018

PRIVATE PASSENGER AUTO RATE CHAPTER

Private Passenger Auto Rating Worksheet	February 1, 2021
PAIP Risks (Application Effective 1/1/2019 or Later) Liability, Personal Injury Protection, Medical Payments Base Rates, and Uninsured and Underinsured Motorists Coverage	January 1, 2025
Direct Assigned Risks (Application Effective Prior to 1/1/2019) Liability, Personal Injury Protection, Medical Payments Base Rates, and Uninsured and Underinsured Motorists Coverage	January 1, 2019
Class Factors	November 1, 2011

RATES

Zone Rates	January 1, 2025
Commercial Auto Liability and Personal Injury Protection Rates	January 1, 2025