BOARD MEETING MATERIALS

TAB 1

NOTICE OF MEETING

Annual Meeting and Board Meeting

Kentucky Insurance Arbitration Association

Notice of Annual Meeting

Pursuant to Article 2, of the Plan of Operations the Annual Meeting of the Kentucky Insurance Arbitration Association will be held on Wednesday, September 30, 2026 at 10:30 a.m. via in person and teleconference.

The Agenda follows:

1. Call to Order
2. Roll Call
3. Anti-Trust Preamble
4. Approval of Minutes
5. Election of Board Members
6. Any Other Business
7. Adjournment

Sincerely,

Mark Hillis
Panel Secretary

Cc: Board Members
Rodney Hugle, Kentucky Department of Insurance

Kentucky Insurance Arbitration Association

A meeting of the Kentucky Insurance Arbitration Association Board of Directors will be held at 327 Townepark Circle, Louisville, KY 40243 on Wednesday, September 30, 2026 at 10:30 AM.

1. Call To Order
2. Roll Call
3. Anti-Trust Preamble
4. Approval of Minutes
5. Panel Secretary's Report
    a. Status Report
    b. Financial Report
    c. 2026 Budget and Administrative Assessment
6. Other Business
7. Adjournment

If you unable to attend, please consider giving your proxy to another Board Member.

Sincerely,

Mark Hillis
Panel Secretary

Cc: Board of Directors
Rodney Hugle, Kentucky Department of Insurance

BOARD MEETING MATERIALS

TAB 2

ANTI-TRUST

Anti-Trust Preamble

ANTITRUST PREAMBLE

Kentucky Insurance Arbitration Association

This statement applies to the members of the Kentucky Insurance Arbitration Association Board and Kentucky Insurance Arbitration Association Staff.

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

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

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

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

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

BOARD MEETING MATERIALS

TAB 3

MINUTES

Annual Meeting and Board Meeting

Kentucky Insurance Arbitration Association
Annual Meeting
September 24, 2025
Minutes

The Kentucky Insurance Arbitration Association held its Annual Meeting on Wednesday, September 24, 2025, via in person and by virtual platform at 10:30 am.

Those in attendance were:

Board of Directors:	
Ericka Gocke (Chair)	Kentucky Farm Bureau Insurance Co.
Clarissa Villanueva-Medina	Liberty Mutual Ins. Co
Scot McFarland (Vice-Chair)	Allstate Insurance Co.
McKenzie Carter	Shelter Insurance Co.
Kristi Parker	Progressive Insurance Co.
Kyle Young	State Farm Insurance Co.
Taylor Martin	Nationwide Mutual Ins. Co.
Vivian Judy	Travelers Insurance Co.
Andrew Bursh	Grange Ins. Co.
Allan Faber	Kentucky National Ins. Co.
Staff:	
Mark Hillis	Secretary Treasurer
Carrie Manor	Claims Manager
Owen Caster	Claims Manager
Erin Lux	Assistant Plans Manager
Tina Faleide	Senior Accounting Manager
Guests:	
Sarah Antle	Deming, Malone, Livesay & Ostroff
Emily Whatley	Deming, Malone, Livesay & Ostroff
Alan Finn	Liberty Mutual Ins. Co.
Brad Erdman	Kentucky National Ins. Co.
Nicolee Saulsbury	State Farm Ins. Co.

Department of Insurance:
Shawn Boggs, Deputy Commissioner

1. **KIAA Annual Meeting Called to Order**
   KIAA Board chair Ms. Gocke called the Annual meeting to order.

2. **Roll Call**
   Ms. Gocke took roll call and advised that a quorum was established for the Annual meeting.

3. **Anti-Trust Preamble**
   Ms. Gocke reminded the Committee that it was bound by the anti-trust preamble provided in the meeting documents.

4. **Approval of Minutes**
   Ms. Gocke called for the approval of minutes for the September 25, 2024, Annual meeting that were included with the meeting documents. Ms. Villanueva-Medina motioned, and Mr. McFarland seconded, that the minutes be approved. The motion carried.

5. **Election of Board Members**
   Mr. Hillis advised that the Plan has new Board members that have been approved. The Kentucky DOI approved new members Kyle Young of State Farm Insurance, who replaced Kimberly McCollom and Kristi Parker of Progressive Insurance, who replaced Owen Caster. Additionally, an extension of the three-year term for members Vivian Judy of Travelers, Scot McFarland of Allstate, McKenzie Carter of Shelter Insurance, and Ericka Gocke of Kentucky Farm Bureau would need to be considered. Mr. McFarland made a motion to approve the members as presented and extend the three-year term. Ms. Villanueva-Medina seconded the motion. All members approved and the motion carried.

6. **Other Business and Adjournment**
   Ms. Gocke asked if there was any other business to discuss. Hearing none, a motion was made by Mr. Carter to adjourn the meeting which was seconded by Ms. Parker. The meeting was adjourned.

Respectfully submitted,

Mark Hillis
Panel Secretary

Kentucky Insurance Arbitration Association
Board of Director's Meeting
September 24, 2025
Minutes

The Kentucky Insurance Arbitration Association held its Board of Director's Meeting immediately following the Annual Meeting on Wednesday, September 24, 2025, via in person and by virtual platform.

Those in attendance were:

Board of Directors:	
Ericka Gocke (Chair)	Kentucky Farm Bureau Insurance Co.
Clarissa Villanueva-Medina	Liberty Mutual Ins. Co
Scot McFarland (Vice-Chair)	Allstate Insurance Co.
McKenzie Carter	Shelter Insurance Co.
Kristi Parker	Progressive Insurance Co.
Kyle Young	State Farm Insurance Co.
Taylor Martin	Nationwide Mutual Ins. Co.
Vivian Judy	Travelers Insurance Co.
Andrew Bursh	Grange Ins. Co.
Allan Faber	Kentucky National Ins. Co.
Staff:	
Mark Hillis	Secretary Treasurer
Carrie Manor	Claims Manager
Owen Caster	Claims Manager
Erin Lux	Assistant Plans Manager
Tina Faleide	Senior Accounting Manager
Guests:	
Sarah Antle	Deming, Malone, Livesay & Ostroff
Emily Whatley	Deming, Malone, Livesay & Ostroff
Alan Finn	Liberty Mutual Ins. Co.
Brad Erdman	Kentucky National Ins. Co.
Nicolee Saulsbury	State Farm Ins. Co.

Department of Insurance:
Shawn Boggs, Deputy Commissioner

1. **KIAA Board Meeting Called to Order**

   Ms. Gocke called to order the KIAA Board Meeting, noting that roll was called and a quorum established in the prior Annual meeting. Ms. Gocke reminded the Board that it continues to be bound by the anti-trust preamble.

2. **Approval of Minutes**

   Mr. McFarland moved, and Ms. Villanueva-Medina seconded to approve the minutes of September 25, 2024, Board meeting.

3. **Election of Officers**

   Ms. Martin, of the Nominating Committee, moved to nominate Ms. Gocke as Chair, Mr. McFarland as Vice Chair and Mr. Hillis as Panel Secretary. Ms. Martin asked for other nominations from the floor, to which there were none. Mr. Bursh motioned to accept the nominations as outlined by Ms. Taylor. Ms. Judy seconded. The motion carried.

4. **Auditors Report and Financial Statement**

   Mr. Hillis recognized Emily Whatley of the accounting firm Deming, Malone, Livesay & Ostroff, CPA, (DMLO) for her knowledge and understanding of the Plans and their operations. Ms. Whatley discussed the 2024 Independent Auditor's Report and Financial Statement as described in the Financial Highlights, prepared by DMLO, which was distributed to Board Members prior to the meeting.

   Ms. Whatley noted the Plan uses Cash Basis Accounting. The Plan has adequate controls in place, and the audit firm was reporting a clean, unmodified opinion with no irregularities noted. Ms. Whatley reminded those in attendance that there is a cost sharing agreement in effect with FAIR Plan Cost Sharing Alliance. There were no questions for Ms. Whatley.

5. **Panel Secretary's Report**

   Mr. Hillis presented the 4th quarter report which had previously been provided to the Board and the Kentucky Department of Insurance.

6. **KIAA Arbitration Report**

   Mr. Caster presented information showing the new arbitration filings for the years 2022 through 2024. In addition, data was presented showing the number of filings received through mid-year in 2025 and the previous 2 years to provide context. He indicated that new filings are nearly 13% less this year in comparison to last year.

   Mr. Caster discussed the number of arbitration hearing assignments assigned to carriers over the past few years, including the number as of mid-year 2025, noting that 248 files have been set for hearing through July. Mr. Caster mentioned that hearing assignments are primarily based on the servicing carrier's market share with adjustments for conflicts, etc. as necessary.

   Mr. Hillis shared his experience of being an alternate arbitrator, reminding the committee that it is both a great learning opportunity as well as a development opportunity for qualified claims individuals.

7. **Financial Report**

Mr. Hillis reported that the balance at Republic Bank as of July 31, 2025, was $417,107.05.

Budget, Assessment, and System Update:

Mr. Hillis advised that through July 2025, the Association has used approximately 76% of the 2025 budget and is projected to end 2025 slightly under budget. The proposed 2026 budget of $507,681 is lower than the prior year mainly due to wage allocation and health coverage. Mr. Hillis explained how the Cost Sharing Alliance can strategically share labor and costs among various segments. This engenders cost efficiency that allows the Plans to work-balance as needed.

Ms. Gocke moved, and Ms. Villanueva-Medina seconded to approve the 2026 administrative budget of $507,681. The motion carried.

8. **Other Business**

Mr. Caster led the KIAA arbitration hearing assignment methodology and ways that it could potentially be made more equitable. Currently, assignments are primarily based on market share with manual adjustments made when necessary. By including the number of filings a carrier submits to the KIAA, a more equitable assignment regimen could be achieved. A robust discussion ensued. Feedback in support of a 50/50 metric was voiced by Mr. Erdman of Kentucky National, Mr. Young of State Farm and Ms. Gocke of Kentucky Farm Bureau. Mr. Finn made a motion to accept the recommendation of making arbitration hearing assignments using a 50/50 ratio based on a carrier's market share and arbitration filings, to take effect on April 1, 2026. Ms. Villanueva-Medina seconded, and the motion carried.

Mr. Caster shared a future plan to review the Plan of Operations and Rules. The goal would be to bring language current and to ensure clarity around the rules. A discussion was held around intercompany arbitrations and if those should be included in the KIAA. This will become a part of the conversation as the review gets underway in 2026.

Ms. Gocke thanked Deputy Commissioner Boggs for attending the meeting and solicited feedback. Mr. Boggs thanked the Plan and Committee for the invitation and for the work to support those in Kentucky. The Kentucky Department of Insurance is available if companies have questions or need assistance.

Ms. Gocke noted the next meeting will be held in-person on September 30, 2026, at the Plans office building.

9. **Adjournment**

There being no further business, Mr. Carter motioned, Ms. Villanueva-Medina seconded, and the meeting was adjourned.

Respectfully submitted,

Mark Hillis
Panel Secretary

BOARD MEETING MATERIALS

TAB 4

BOARD MEMBERS & ALTERNATES

KIAA Board Members and Alternates

Board Member	**Alternate**
ALLSTATE	
Scot McFarland (2022) -Vice Chair	Vreni Yahnke
Scot.McFarland@Allstate.com	Andrea Wharton
PO Box 660636	Sara Coburn
Dallas, TX 75266	Clara Rodriguez
954-956-3707	Shauna Vaughan
	Jesus Alvarado
	Steven Bobjak
	Mark McPhail
	Hanan Afrad
	Heather Hinson
	Jennifer Burch
	Ross Phillips
	Alexandra Vera
	Jenny Bolt
	Guillermo Callejas
	Kanika Davis
	Timothy Westergard
	Nicole Baldwin

Board Member	**Alternate**
GRANGE	
Andrew Bursh - (2024)	Cathryn Tomlinson
bursha@grangeinsurance.com	Tracy Senovitz
PO Box 183243	
Columbus, OH 43218	
614-593-7261	

Board Member	**Alternate**	
KENTUCKY FARM BUREAU		
Ericka Gocke - (2022) Chair	Christopher	Douglas
ericka.gocke@kyfb.com	Amy	Hall
P O Box 20700	Mark	Hildebrandt
Louisville, Kentucky 40250-0700	Wendy	Bray
502-495-5000	Brad	Handley
	Weston	Smoot
	Michele	Reed
	Christopher	Westerfield
	Jason	Woods
	Charlie	White
	Angela	Crouch
	Tiffany	Ross
	Pat	Hansel
	Richard	Holt
	Beth	Moore
	Daniel	Rogers
	Scott	Collins
	Jill	Benningfield
	Anthony	Strode
	Christal	Beard
	Donna	Richmond
	Wiley	Hendricks
	Clay	Hinton
	Gary	Hale
	Christi	Whaley
	Luke	Stoltz

Board Member
KENTUCKY NATIONAL
Stacie Darnell- (2029)
stdarnell@kynat.com
PO Box 55108
Lexington, KY 40555
859-367-5215

Board Member

LIBERTY MUTUAL

Clarissa Villanueva-Medina - (2023)

clarissa.villanueva-medina@libertymutual.com

9450 Seward Road

Fairfield, OH 45069

484-795-2459

Alternate

Sandra	Scott
Kimberly	Berlin
Marissa	Casella
Caitlin	Cline
Patricia	Kenny
Stacy	Dunnuck
Stephanie	Dolsen
Erin	Heinlen
Daniel	Weeast
Erin	Nespor
Judd	Leonard
Debbie	Russell
Benjamin	Van De Grift
Jacob	Bignell
Jeremy	Bixler
Lisa	Lesher
Ryan	Tuberty
Anna	Jeziorski
Timothy	Allison
Jacquelyn	Strunk

Board Member	**Alternate**	
NATIONWIDE		
Taylor Martin - (2023)	Natalie	Lewis
taylor.martin@nationwide.com	Dianne	Spalding
3300 SW Williston Road	Cheryl	Gardner
Gainesville, FL 32608	Kathleen	Kwasnik
352-384-5935	Ruth	Osborne
	Beth	Freeman
	Jeffrey	Stokes
	Martha	Vazquez
	Sarah	Ascher

Board Member	Alternate	
PROGRESSIVE		
Kristi Parker - (Temporary)	Amy	Hillenbrand
Kristi_Parker@Progressive.com	Scott	Vannatta
9520 Ormsby Station Road	Amanda	Clemons
Suite 200 Louisville	Kristi	Parker
Louisville, Kentucky 40223		
502-909-3623		

Board Member	**Alternate**
SHELTER MUTUAL INS. CO.	
McKenzie Carter - (2022)	Michelle Peterson
McKenzieCarter@ShelterInsurance.com	Heather Schmidt
1121 Monarch Street	Catherine Bail
Lexington, KY 40513	Melinda Hughes
859-260-3490	Janelle Wieland
	Alexi Mueller
	Tammy Newsome
	Christa Bowers

Board Member	Alternate
STATE FARM	
Nicolee Saulsbury- (2029)	
nicolee.saulsbury.h55u@statefarm.com	
1 State Farm Plz	
Bloomington, IL 61710	
770.418.6635	
	David Johnson
	Gregory Alverides
	Phillip Vandiver
	Donna Parslow
	Brandi Osborne
	Sibyl Lapinski
	Albert Rahal
	Richard Spruell
	Sandy Williamson
	Bonnie Winslow
	Kelle Taylor
	John Brewer
	Penny Kang-Polly
	Laura Graham
	Courtney Hyson
	Angela Guillory
	Mendy Cole

Board Member	**Alternate**	
TRAVELERS		
Vivian Judy - (2022)	Nikki	Brunello
vjudy@travelers.com	Lindsey	Beasley
PO Box 950293	Austin	Faust
Dallas, TX 75265	Bart	Morton
317-818-5208	Jeff	Wong
	Brent	Mason
	Sabrina	Sutherland
	Amanda	Clemons
	Rebecca	Trice
	Jessica	Brown
	Griff	Grissom
	Karen	Cardella
	Susan	Hutchinson
	Jessica	Mackie
	Alex	Anneken
	Dawn	Gray

BOARD MEETING MATERIALS

TAB 5

BOARD MEMBER & ARBITRATOR APPROVAL

Nicolee Saulsbury and Stacie Darnell

A

PUBLIC PROTECTION CABINET

Andy Beshear
GOVERNOR

Jacqueline Coleman
LIEUTENANT GOVERNOR

Kentucky Department of Insurance
500 Mero Street, 2SE11
Frankfort, Kentucky 40601
Phone: (502) 564-3630
Toll Free: (800) 595-6053

DJ Wasson
SECRETARY

Brian Raley
DEPUTY SECRETARY

Sharon P. Clark
COMMISSIONER

June 12, 2026

Mr. Stephen Mark Hillis

Kentucky Insurance Arbitration Association
PO Box 436509
Louisville, KY 40243

Re: Nicolee Saulsbury, State Farm Insurance
Appointment to KIAA as Board Member and Arbitrator

Dear Mr. Hillis,

Pursuant to your communication of June 1, 2026, Nicolee Saulsbury is hereby appointed as a Board Member and arbitrator for the Kentucky Insurance Arbitration Association.

Sincerely,

Sharon P. Clark, Commissioner

Shawn Boggs, Deputy Commissioner

Kentucky Department of Insurance

(502) 564 3630

Shawn.Boggs@ky.gov

PUBLIC PROTECTION CABINET

Andy Beshear
GOVERNOR

Jacqueline Coleman
LIEUTENANT GOVERNOR

Kentucky Department of Insurance
500 Mero Street, 2SE11
Frankfort, Kentucky 40601
Phone: (502) 564-3630
Toll Free: (800) 595-6053

DJ Wasson
SECRETARY

Brian Raley
DEPUTY SECRETARY

Sharon P. Clark
COMMISSIONER

May 19, 2026

Mr. Stephen Mark Hillis

Kentucky Insurance Arbitration Association
PO Box 436509
Louisville, KY 40243

Re: Stacie Darnell, Kentucky National Insurance
Appointment to KIAA as Board Member and Arbitrator

Dear Mr. Hillis,

Pursuant to your communication of May 14, 2026, Stacie Darnell is hereby appointed as a Board Member and arbitrator for the Kentucky Insurance Arbitration Association.

Sincerely,

Sharon P. Clark, Commissioner

Shawn Boggs, Deputy Commissioner

Kentucky Department of Insurance

(502) 564 3630

Shawn.Boggs@ky.gov

BOARD MEETING MATERIALS

TAB 6

FINANCIAL REPORTS

Financial Highlights, Financial Report and Summary

DMLO
CPAS+ADVISORS

KENTUCKY INUSRANCE ARBITRATION ASSOCIATION
Year Ended December 31, 2025

Financial Highlights	**12/31/2025**	**12/31/2024**
Cash	$ 301,685	$ 245,450
Assessments	$ 515,426	$ 454,785
Filing fees	$ 45,232	$ 48,992
Interest income	$ 3,341	$ 8,197
Membership fees	$ 60	$ 80
Total cash receipts	$ 564,059	$ 512,054
Change in cash receipts	10.16%	
System build	$ -	$ 552,138
Contract services	$ 339,939	$ 430,950
Computer	$ 7,484	$ 34,168
Insurance	$ 14,298	$ 10,349
Payment to (advance from) Alliance	$ 122,057	$ (122,057)
Other	$ 24,046	$ 37,773
Total cash disbursements	$ 507,824	$ 943,321
Change in cash disbursements	-46.17%	
Excess cash receipts (disbursements)	$ 56,235	$ (431,267)

Comments

- Financial statements are prepared on the cash basis of accounting
- No new accounting policies adopted or changed during the year
- No internal control related findings to report
- Advance from Alliance in 2024 was reimbursed in 2025

KENTUCKY INSURANCE ARBITRATION ASSOCIATION

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Years Ended December 31, 2025 and 2024

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Notes to statements of cash receipts and disbursements	4 - 6

D M
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CPAS+ADVISORS

Independent Auditors' Report

To the Board of Directors
Kentucky Insurance Arbitration Association

Opinion

We have audited the accompanying statements of cash receipts and disbursements of Kentucky Insurance Arbitration Association (a not-for-profit organization) for the years ended December 31, 2025 and 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of Kentucky Insurance Arbitration Association for the years ended December 31, 2025 and 2024, in accordance with the cash basis of accounting as described in Note 1.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

CREATE A BETTER FUTURE.

9300 Shelbyville Road, Suite 1100
Louisville, Kentucky 40222
502.426.9660

www.dmlo.com

702 North Shore Drive, Suite 500
Jeffersonville, Indiana 47130
812.945.5236

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kentucky Insurance Arbitration Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentucky Insurance Arbitration Association's ability to continue as a going concern for a reasonable period of time.

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

Louisville, Kentucky
March 3, 2026

KENTUCKY INSURANCE ARBITRATION ASSOCIATION

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Receipts		
Assessments	$ 515,426	$ 454,785
Filing fees	45,232	48,992
Interest income	3,341	8,197
Membership fees	60	80
Total cash receipts	564,059	512,054
Cash Disbursements		
Contract services	339,939	430,950
Payment to (advance from) Alliance	122,057	(122,057)
Insurance	14,298	10,349
Rent	11,200	11,200
Computer	7,484	34,168
Professional services	5,304	7,544
Telephone	3,278	5,361
Miscellaneous	2,834	6,613
Office supplies	906	3,253
Travel and meetings	408	3,543
Postage	116	259
System build		552,138
Total cash disbursements	507,824	943,321
Excess cash receipts (disbursements)	56,235	(431,267)
Cash at beginning of year	245,450	676,717
Cash at end of year	$ 301,685	$ 245,450

See Notes to Statements of Cash Receipts and Disbursements.

KENTUCKY INSURANCE ARBITRATION ASSOCIATION

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

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

Nature of organization:

Kentucky Insurance Arbitration Association (Association) was formed as a not-for-profit unincorporated legal entity to provide a mechanism for the arbitration of controversies involving reparation obligors and persons having the rights and obligations of a reparation obligor.

Summary of significant accounting policies:

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

Basis of accounting:

The Association prepares its financial statements on the cash basis, which presents a summary of the cash activity of the Association and does not present certain transactions (accrued revenues and expenses) that would be included in financial statements of the Association presented on the accrual basis of accounting. Cash basis statements are not in conformity with accounting principles generally accepted in the United States of America.

Assessments:

The Association assesses all member insurance companies for their pro-rata share of operating expenses.

Reclassifications:

Certain cash disbursements in the 2024 statement of cash receipts and disbursements have been reclassified to conform to current year presentation. These reclassifications have no impact on previously reported excess cash disbursements.

Subsequent events:

Subsequent events have been evaluated through March 3, 2026, which is the date the financial statements were available to be issued.

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Note 2. Tax Status

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

As of December 31, 2025 and 2024, the Association did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

Note 3. Related Party Transactions

Kentucky Automobile Insurance Plan, Kentucky Assigned Claims Plan (KACP), Kentucky FAIR Plan Reinsurance Association (KFP), and FAIR Plan Cost Sharing Alliance, LLC (Alliance) are related organizations under a cost sharing agreement. KFP and Alliance furnish personnel and administrative support for the Association and the above entities and allocate the charges to each. Cash disbursements during 2025 and 2024 for these administrative services are included in the statements of cash receipts and disbursements.

Following is a summary of transactions and balances under the cost sharing agreements for the years ended December 31:

	2025	2024
Payable at beginning of year	$ 179,097	$ 59,138
Expenses allocated during the year	361,063	1,060,574
Payments made during the year	(507,500)	(940,615)
Payable at end of year	$ 32,660	$ 179,097

KACP collects assessments and holds cash in its account on behalf of the Association. Cash receipts of assessments from KACP during 2025 and 2024 are included in the statements of cash receipts and disbursements. An analysis of cash activity in 2025 and 2024 by KACP on behalf of the Association follows:

	2025	2024
Receivable from KACP, beginning of year	$ 515,426	$ 454,785
Assessments collected by KACP	507,681	515,426
Payments received from KACP	(515,426)	(454,785)
Receivable from KACP, end of year	$507,681	$515,426

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Note 4. Retirement Plan

The Association's contracted personnel participate in a 401(k) defined contribution plan sponsored by the Alliance. Participants in the plan receive a discretionary matching contribution and a discretionary profit sharing contribution. Cash disbursements for retirement are allocated to the Association in accordance with the cost sharing agreement as described in Note 3 and are included in contract services on the statements of cash receipts and disbursements.

Note 5. Operating Lease

The Association leases office space from the Kentucky FAIR Plan Reinsurance Association under an operating lease through December 31, 2025. The lease has an automatic renewal provision which allows for the lease to automatically renew and extend an additional year unless either party gives written notice of intent not to renew at least 30 days prior to expiration of the term of the lease. Future minimum rental commitments under the lease are $11,200 for the year ending December 31, 2026. Cash disbursements for rent expense allocated to the Association were $11,200 for each of the years ended December 31, 2025 and 2024.

Note 6. Concentration of Credit Risk

The Association maintains its cash at various financial institutions. The total balance at each institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2025, the Association had approximately $52,000 of uninsured cash balance.

To the Board of Directors
Kentucky Insurance Arbitration Association

We have audited the statement of cash receipts and disbursements of Kentucky Insurance Arbitration Association (Association) for the year ended December 31, 2025, and have issued our report thereon dated March 3, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 20, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Kentucky Insurance Arbitration Association are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We detected no such misstatements as a result of our audit procedures.

Disagreements with Management

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

CREATE A BETTER FUTURE.

9300 Shelbyville Road, Suite 1100
Louisville, Kentucky 40222
502.426.9660

www.dmlo.com

702 North Shore Drive, Suite 500
Jeffersonville, Indiana 47130
812.945.5236

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 3, 2026.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

This information is intended solely for the use of the Board of Directors and management of Kentucky Insurance Arbitration Association and is not intended to be, and should not be, used by anyone other than these specified parties.

Deming, Malone, Livesay & Ostroff

Louisville, Kentucky
March 3, 2026

BOARD MEETING MATERIALS

TAB 7

REPORT TO BOARD & BUDGET

Fourth Quarter 2025 Report, 2025 Results and 2027 Budget

Category	4th Quarter 2024	2024	4th Quarter 2025	2025	YTD % Change
Files Received	263	1232	278	1139	-8%
Decision Rendered	117	515	90	490	-5%
Files Withdrawn	166	756	155	696	-8%
Files Rejected	11	78	22	77	-1%
Files Deferred	105	659	113	435	-34%
Files Opened	287	1243	425	1437	16%
Files Set for Hearing	226	858	316	893	4%
Total: Currently Deferred		616		545	
Total: Currently Open		52		98	
Total: Currently Set for Hearing		126		155	
Filing Fees	$11,540.00	$48,940.00	$12,160.00	$45,372.00	

Kentucky Insurance Arbitration Association				
Budget Status				
	2023 Budget	**2024 Budget**	**2025 Budget**	**2025 Final**
Wages	$ 222,276	$ 229,183	$ -	$ -
Cost Sharing Alliance	$ -	$ -	$ -	$ 103,082
Contract Services	$ -	$ -	$ 428,185	$ 342,131
Payroll Taxes	$ 22,228	$ 22,918	$ -	$ -
401K Match and Defined Contribution Benefits	$ 36,009	$ 37,128	$ -	$ -
Office Supplies and Equip.	$ 3,000	$ 2,700	$ 3,640	$ 906
Professional Services	$ 7,700	$ 7,900	$ 8,395	$ 5,304
Human Resources	$ 1,500	$ 1,500	$ 1,800	$ 1,262
Rent	$ 11,200	$ 11,200	$ 11,200	$ 11,200
Telephone	$ 3,128	$ 7,234	$ 6,400	$ 3,278
Travel	$ 4,200	$ 7,550	$ 5,500	$ 211
Meals and Entertainment	$ 1,200	$ 1,200	$ 1,200	$ -
Insurance - P & C	$ 9,400	$ 9,400	$ 10,800	$ 14,298
Health and Employee Benefits	$ 68,433	$ 79,984	$ -	$ -
Postage	$ 4,900	$ 5,100	$ 3,400	$ 116
Computer and Systems	$ 38,720	$ 29,688	$ 32,806	$ 7,484
Dues & Subscriptions	$ 500	$ 500	$ 500	$ 1,193
Board Meetings	$ 300	$ 300	$ 300	$ 197
Education	$ 300	$ 300	$ 300	$ -
Miscellaneous	$ 1,000	$ 1,000	$ 1,000	$ 50
Total	$ 435,994	$ 454,785	$ 515,426	$ 490,712

Kentucky Insurance Arbitration Association

Budget

	2026 Budget	2026 as of 6/2026	2026 Proj.	2026 Projected as % of Total	2027 Budget
Contract Services	409,531	193,057	386,114	94.28%	524,583
Human Resources	2,000	1,821	2,000	100.00%	2,000
Insurance	10,200	-	10,000	98.04%	10,608
Board Meetings	500	-	50	10.00%	500
Travel	3,000	584	3,000	100.00%	3,000
Meals & Ent.	1,000	-	1,000	100.00%	1,000
Computer Expense	56,000	13,117	26,234	46.85%	41,500
Office Supplies	2,000	526	1,000	50.00%	2,000
Dues & Subscriptions	1,000	1,211	1,500	150.00%	1,500
Education	-	-		#DIV/0!	-
Postage	500	11	100	20.00%	500
Legal & Professional	7,000	11,254	6,000	85.71%	18,000
Telephone	3,000	2,162	4,000	133.33%	4,000
System Enhancements	-	-		#DIV/0!	30,000
Rent Expense	11,200	5,600	11,200	100.00%	11,200
Miscellaneous	750	281	750	100.00%	750
Totals	$ 507,681	$ 229,623	$ 452,948	89.22%	$ 651,141

BOARD MEETING MATERIALS

TAB 8

KIAA Discussion Topics

KIAA Discussion Topics

- ❖ **KIAA Plan of Operations and Rules Key Updates**

<u>KIAA Plan of Operations</u>

- Language has been re-constructed in a more modern approach and mirrors the processes of the KIAA currently.
- The claim handling experience required to become an arbitrator has been revised and expanded
- Several Articles were eliminated for redundancy or because they are no longer are relevant. These include:
    - Article 3 (D)
    - Article 5 (A) (B) & (C) eliminated and replaced with new ones that clarify the arb adjudication process.
- Clarifications on what constitutes a "companion" claim and stipulations as to when such claims can be included in the KIAA arbitration hearing
- Clarifications on parties the plan will indemnify and under what circumstances

Below is a more detailed explanation of these key changes the revised **2026 KIAA Plan of Operations** compared to the **2022 Plan of Operations:**

Key Updates in the 2026 KIAA Plan of Operations

- **Organizational Definition (Article 1):** Explicitly designates the KIAA as a *non-profit unincorporated legal entity* created by the 1974 General Assembly, tying the Plan and subsequent rules directly to KRS 304.39-290.
- **Stricter Arbitrator Qualifications (Article 2):** Introduced rigorous, explicit experience criteria for alternate arbitrators designated by board members, requiring:
    - A minimum of **3 years** of claims experience.
    - Specifically, **2 years of Kentucky PIP claims handling** experience plus **1 year of casualty/liability/subrogation** experience (or 3 years of tort/bodily injury experience with subrogation exposures).
    - An active Kentucky adjuster license and approval by the Insurance Commissioner.
- **Modernized Meeting & Technology Standards (Article 2):** Explicitly allows for **video conferencing** to be utilized in coordination with board meetings (held at KIAA offices or an alternate designated location) and requires that a summary of annual meetings be promptly provided to the Commissioner and all members.
- **Clarified Intercompany Deductible Rules (Article 4):** Refined the application of the **$1,000 intercompany deductible**, specifying that it applies as a single aggregate deductible per accident regardless of how many parties received PIP benefits. It also

outlines that the deductible is **disallowed** if a respondent exhausts bodily injury (BI) limits, prioritizing injured persons' recoveries under KRS 304.39-140(3).

- **Companion Claims Protocol (Article 4):** Added a clear process for handling companion claims (e.g., PIP combined with Collision or Med Pay). If a member wants non-PIP coverages included in arbitration, a **written agreement** must be signed by all named members and submitted to the Plan at least **7 days prior** to the hearing date.
- **Arbitration Forums Contact & Reporting (Article 4):** Updated the address for Arbitration Forums, Inc. (Suite 115, Tampa, FL) and added an expectation that the forum will provide basic statistical and demographic data regarding Kentucky PIP subrogation hearings back to the KIAA.
- **Pre-Arbitration Negotiation & Good Faith Requirements (Article 4):** Retained requirements for a 60-day reimbursement request prior to filing, adding an explicit warning that **failure to show good faith negotiation/certification can result in the rejection** of the arbitration filing.
- **New Technical Corrections Provision (Article 5):** Added a provision explicitly giving the KIAA the right to return final decisions for **technical or clerical errors** that impact final adjudication.
- **New Indemnification Article (Article 6):** Added a comprehensive indemnification framework protecting KIAA members and associated personnel against defense expenses for actions taken under their duties (barring gross negligence, bad faith, or willful misconduct), operating as a supplement to statutory immunity.
- **Statutory Conformity (Article 7):** Added an explicit clause ensuring that KRS 304.39-290 (as written or amended) is fully incorporated into the Plan.

<u>Rules Updates</u>

- Language has been re-constructed in a more modern approach and mirrors the processes of KIAA currently.
- Clarifications as to the timelines of when arbitration can be filed as well as on supplemental PIP payments
- Clarifications on filing companion claims
- Updated Filing fee schedules for 2027 ($50) and 2029 ($60)
- Important clarifications on when evidence must be filed to be included at the schedule hearing
- A pattern of delays by an arbitrator in submitting their decision can result in their suspension for hearing cases for a period of time

Below is a more detailed explanation of these key changes the revised **2026 KIAA Rules** compared to the **2019 Plan of Operations**

Key Updates in the 2026 KIAA Rules

- **Expanded Jurisdiction & Scope:** The 2026 rules explicitly allow for voluntary arbitration on losses *outside* the general jurisdiction of Chapter 304.39 if all members mutually agree. It

also covers out-of-state accidents where all involved vehicles carry Kentucky policies with basic reparations benefits.

- **Three-Member Panel Threshold Increased:** The damage threshold required to request a hearing by a panel of three arbitrators has been raised from $10,000 (2019) to $30,000 (2026).
- **Filing Fee Adjustments: Single-arbitrator filing fees are structured for future increases:** set at $50.00 effective January 1, 2027, and $60.00 effective January 1, 2029 (up from a baseline minimum of $40 in 2019). The three-member panel fee remains $100.00**.**
- **Statute of Limitations Clarification:** The 2026 rules explicitly clarify that *only* the Kentucky PIP statute of limitations is tolled/preserved by a KIAA filing. Other coverage types (such as property damage liability or collision) operate independently and are not preserved by the submission.
- **Virtual Hearings:** The 2026 rules officially incorporate modern practices by stating that video conferencing options may be utilized for hearings when practical**.**
- **Notice and Timeline Changes:**
    - **Hearing Notice:** Extended from at least 15 days in advance (2019) to at least 30 days in advance (2026), delivered via electronic notification with delivery receipt confirmation.
    - **Continuances:** Requests for continuances changed from 10 days prior (2019) to 7 days prior to the scheduled hearing.
- **Strict Evidence Guidelines for Medicals:** The 2026 rules add specific requirements for medical evidence, noting that medical reports should include PIP logs, bills, and medical records, and explicitly stating that Explanation of Benefits (EOBs) are not deemed adequate proofs of loss.
- **Arbitrator Decision Deadline:** A new performance expectation requires arbitrators to submit their written decisions within 30 days of the hearing date, with potential loss of standing for consistent delays.

❖ **Arbitration Forums vs. KIAA for PIP – Any Preference and why?**

❖ **Any restrictions on an insurer filing arbitration against itself, basically? (The Respondent insurer is the same as the Applicant another words)**

- **Any discernible impacts on your business regarding the implementation of the filing fee required by HB 627 that went into effect 7.15.2026?**

- **Feedback on electronic filing fee payments – a "no go" for now?**

- **Some Common issues we see on KIAA Application filings:**
  - **The Respondent's email address is missing or incorrect. The email address drives where communications to the Respondent are sent, so it must be correct.**
  - **The damages claimed are not clarified in the "Damages" section of the Application. They are also sometimes not updated as needed when additional PIP payments have been made prior to the hearing date. This causes confusion for the arbitrator and can result in diminished subrogation collection.**
  - **Supporting evidence is lacking, such as:**
    - **Medical records**
    - **Transcribed statements from the Applicant driver, witnesses and Respondent driver on disputed liability claims**
    - **Respondent's sometimes think they can argue that because the damages are minimal, the treatment is not owed. That type of argument fails. If there is evidence that the treatment the Applicant paid PIP benefits for was not related to an injury sustained in the accident, that type of evidence is more compelling.**
  - **For arbitrator's, we often see the following:**
    - **Decisions that are more than 30 days overdue**
    - **Decisions that do not adequately address liability and damages. The decision should briefly explain what occurred in the accident, the evidence each party offered to support their contentions and what the basis was for the arbitrator's liability decision. Similarly, the Arbitrator should comment on what evidence was provided to support the damages claim, and if the medical records support that the treatment the Applicant paid was all related to the MVA**
    - **The Arbitrator fails to review the KIAA application so they are aware of any changes or updates to damages, for example.**
    - **The arbitrator fails to calculate the damages and liability properly**

- **Is the use of the arbitrators who are volunteers from our servicing carriers still the best option for the arbitrator role? Is there any appetite for brining arbitrations “in house” and handled by KIAA staff?**

- **What Role, if any, should A/I factor in the arbitration process?**

- **Any feedback on what we can improve?**

- **Vote on the updates to the KIAA Plan of Operations and Rules**

KENTUCKY INSURANCE ARBITRATION ASSOCIATION

PLAN OF OPERATION

~~Revised and Restated~~ ~~June 1st 2022~~

PO Box 436509
Louisville, KY ~~40243~~ 40253
Telephone: (502) 327-7105 E-mail: ~~kyauto@kaip.org~~ kyauto@fairplanalliance.com

Website: http://www.kyinsplans.org/arbitration/

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN OF OPERATION

Article 1. Plan of Operation

~~This Plan of Operation, hereinafter referred to as the Plan, has been promulgated pursuant to Chapter 385 of the 1974 Acts of the General Assembly (H.B. 314), hereinafter referred to as the Act, as specified in Chapter 304, Subtitle 39, of the Kentucky Revised Statutes, and shall become effective pursuant to KRS 304.39-290. The Kentucky Insurance Arbitration Association shall be known and hereinafter referred to as the Association.~~

The Kentucky Insurance Arbitration Association ("KIAA") was created by an Act of the Kentucky General Assembly in 1974 as a non-profit unincorporated legal entity, to provide a mechanism for the reimbursement of losses paid by reparation obligors. This Plan of Operations ('the Plan"), along with subsequent Plan Rules, seeks to define the framework for the KIAA to meet the intent of the Act, which is codified in KRS 304.39-290.

Article 2. Board of Directors

A. There shall be a Board of Directors consisting of not less than five (5) nor more than ten (10) members who are full- time employees of writers of automobile insurance in Kentucky.

1. ~~All members of the Board of Directors shall serve for staggered terms of three years.~~

   1.Members of the Board of Directors are appointed for a three (3) year term.

2. ~~Each member of the Board of Directors shall designate qualified persons who are employed by his/her company in claims administration and who are licensed adjusters in the Commonwealth of Kentucky, who, upon approval of the Insurance Commissioner, Kentucky Department of Insurance, may serve as his/her alternate at any time for the purpose of claims arbitration as specified in Article 5. The number of Alternates designated by each member shall be determined by the needs of the Association.~~

   2.Each Board Member shall designate an alternate(s), from qualified staff within their Company, to serve as a claims arbitrator. The number of alternates will be determined by the needs of the KIAA. Qualifications for arbitrators are defined in Article 2. (3) below.

3. ~~Any member of the Board may designate an alternate representative to serve from time to time in place and instead of the actual selected representative. Such alternate shall be a licensed adjuster in the Commonwealth of Kentucky. Any member designating an alternate shall so notify the Chairman, the Secretary of the Board and the Insurance Commissioner, Kentucky Department of Insurance.~~

   3.Alternate arbitrators must meet the following criteria:
   a. Must possess a minimum of three (3) years claims experience, to include:
      i. Two (2) years of Kentucky PIP claim~~s~~ handling experience and,
      ii. One (1) year of Casualty claims experience which involve liability decisions and subrogation exposures; or,
   b. Or hold a minimum of three (3) years tort/bodily injury experience which involve subrogation exposures.
   c. Be a licensed adjuster in the Commonwealth of Kentucky;
   d. Approved by the Commissioner of Insurance; and,
   e. Provided proper notification to the chairman and secretary of the Board to act as an alternate;

~~4. At each annual meeting, the Board of Directors shall elect a Chairman from among its members and such other officers, as it deems necessary. The Board shall promptly notify the Insurance Commissioner, Kentucky Department of Insurance of all newly elected directors and officers, the designated alternates specified in subsection (3) hereof, and shall request his written approval of such Board and Alternates.~~

4.The Board of Directors shall elect a Board Chair, and other relevant officer positions as required, at each Annual Meeting. The Board shall promptly notify the Commissioner of elected officers and alternates (specified in Article 2. (2)(3) above), and seek proper approval.

5. ~~If the Board members present at any meeting fail to act on any matter, except issues in an actual arbitration proceeding pursuant to Article 5, the Insurance Commissioner, Kentucky Department of Insurance shall be empowered to decide the issue causing the deadlock~~.

5.In the event of a Board deadlock for matters outside of actual arbitration proceedings, the final arbiter shall be the Kentucky Commissioner of Insurance.

~~6. The Board shall meet annually to report to the Insurance Commissioner, Kentucky Department of Insurance and participating members of the Association. Such meetings will be held at the office of the Kentucky Insurance Arbitration Association at such time and location as directed. (Call the Association Office to confirm the time and place of the meeting.) At each Annual meeting the Board shall:~~

~~a. Review the Plan and proposed amendments, if any.~~

~~b. Review, consider, and act on any other matters deemed by it to be necessary and proper for the administration of the Association.~~

~~c. Review the Association's financial condition, consider funds received and receivable from membership and arbitration fees, expenses incurred, each member's equitable share of the cost to provide compensation to reparations obligors for the actual cost of travel and time by their employees in performing duties for the Association and develop plans to fund a budget for the ensuing years projected needs.~~

6.The Board shall meet no less than annually , but as often as reasonably required to perform the general duties of the administration of the KIAA.

7.Annual meetings will occur at:

a. The KIAA offices in Louisville, KY; or,
b. An alternate location if so determined by the Board

Video Conferencing may be utilized in coordination with a. and b. above when practical.

8.At the annual meeting, the Board shall:

a. Review and act on matters deemed relevant for the administration of the KIAA
b. Review the KIAA's financial condition
c. Discuss the financial position of the Association and develop the following year's budget
d. Any other matter(s) as determined by the Board Chair

A summary of the Annual Meeting shall be promptly provided to the Commissioner and all KIAA members for review.

7. When a vacancy occurs on the Board of Directors due to death or resignation, the remaining members of the Board, acting at a regular or special meeting, may fill the vacancy for the remainder of the unexpired term, subject to the approval of the Insurance Commissioner, Kentucky Department of Insurance.

9.In the event of a vacancy on the Board of Directors, the remaining members may appoint a replacement to fill the void for the remainder of the unexpired term, subject to the approval of the Commissioner.

Article 3. Membership

~~A. Insurance companies and self insurers, which are admitted and approved as of July 1, 1975 to provide the kinds of insurance required by Chapter 304, Subtitle 39 of the Kentucky Revised Statutes, shall be members of the Association. Each Insurer and self-insurer approved by the Insurance Commissioner, Kentucky Department of Insurance after July 1, 1975, shall automatically become members of this Association.~~

A.Licensed insurers and self-insurers providing reparation benefits as defined in KRS 304.39-020(13) shall be members of the KIAA pursuant to KRS 304.39-290(2).

~~B. Other persons, associations, organizations and agencies of government may by written application and upon approval of the Board and the Insurance Commissioner, Kentucky Department of Insurance become members of this Association.~~

B.Entities that do not meet the definition stated in one (1) above may, by written application, become members of the KIAA by approval of the Commissioner, and members of the Board.

~~C. Each member of the Association shall pay an initial membership fee of ten dollars ($10.00). Thereafter each member shall pay its part of the annual cost of administering the Association, which the Board may establish as each member's fair and equitable share of the cost.~~

C.After an initial membership fee of $10.00, each member shall pay its fair and equitable share of the cost of administering the KIAA, as established by the Board.

~~D. There will be an annual meeting of the membership to receive a report of the Association's activities during the preceding calendar year.~~
(Handled in Article 2(6/Redlined))

Article 4. Operations

~~A. The official address of the Board shall be PO Box 436509, Louisville, Kentucky, 40243~~

A. The KIAA shall be a nonprofit, unincorporated association. The principal office shall be located in Louisville, Kentucky.

~~B. The Board may employ or contract with one or more persons, firms or corporations to perform such administrative functions as are necessary for the Board's performance of its duties. Such persons shall keep such records of their activities as may be required by the Board.~~

B. The Board may employ or contract with others to perform administrative functions for the Board's performance of its duties. Such entities shall keep records of their activities as required by the Board.

~~C. A claim may be submitted to arbitration not later than two (2) years after the last basic reparation payment made by any reparation obligor, or two (2) years after the settlement of the last bodily injury claim arising out of the same accident; or if there is no settlement, two (2) years after the expiration of the statute of limitations of the last bodily injury claim arising out of the same accident, whichever later occurs.~~

C. A claim may be submitted to arbitration:

1. Not later than two (2) years after the last reparation payment is made by any reparation obligor, or two (2) years after the settlement of the last bodily injury claim arising out of the same accident: or,
2. If there is no settlement, two (2) years after the expiration of the statute of limitations of the last bodily injury claim arising out of the same accident, whichever is later.

~~D. For the purpose of resolving inter-company (membership) disputes arising from subrogation rights as specified in but not limited to KRS 304.39-070, the Board endorsed the principles of voluntary arbitration sponsored by Arbitration Forums Inc., 3820 Northdale Blvd. Suite 200A, Tampa Fl. 33624 subject to any such voluntary arbitration held there under being in compliance with the rules and procedures regarding licensed arbitrators, arbitration filings, hearing and evidence and decisions included in the Association's Plan of Operations and Rules.~~

D. For the purpose of resolving inter-company (membership) disputes arising from subrogation rights as specified in Chapter KRS 304.39, the Board has endorsed the principles of voluntary arbitration sponsored by Arbitration Forums Inc., 3820 Northdale Blvd. Suite 115, Tampa Fl. 33624. This endorsement is subject to voluntary arbitrations involving Kentucky PIP actions heard in that forum, being in compliance with the rules and procedures regarding licensed arbitrators, arbitration filings, hearing and evidence and decisions included in the Association's Plan of Operations and Rules. Additionally, it is expected Arbitration Forums, Inc. will provide basic demographic information regarding the amount and dispositions of actions heard, to allow the KIAA to fully understand how arbitration is being utilized in the resolution of Kentucky PIP Subrogation.

~~E. In order that there be fair allocation of significant losses, while at the same time eliminating the unnecessary costs in the handling and shifting of insignificant losses, no member shall make application for or be entitled to receive, and no arbitration award shall be made for damages paid or payable by the member reparations obligor for the first $1,000 in the aggregate of loss so paid arising from a single occurrence without regard to the number of persons to whom basic or added reparations benefits were paid or payable.~~

E. To create a process that reflects the fair allocation of significant losses between members, and also attempts to avoid unnecessary member expenditures, the following rules apply:

a. a $1,000 intercompany deductible shall be applied to the aggregate amount of PIP subrogation damages paid by the reparation obligor for each accident, or if arbitrated via hearing, allowed by the arbitrator, without regard to the individual amounts or number of persons PIP benefits were paid by the applicant. (e.g. If multiple parties exist in one PIP claim, only one $1,000 deductible can be taken for the entire claim.

b. Under KRS 304.39-070(4), a reparation obligor's subrogation recovery cannot exceed the available liability limits. If a respondent exhausts the bodily injury (BI) limits by paying BI and PIP subrogation claims leaving insufficient funds to fully repay all claims, the $1,000 intercompany deductible is disallowed.

Priority of recovery is defined in KRS 304.39-140(3), which states liability payments owing to injured person(s) takes priority over reparation obligor subrogation rights.

F. ~~When there are companion claims or suits arising out of the same accident from which the controversy arose, arbitration may be stayed, a decision modified on the issue of fault and damage or invalidated in part or in total as provided herein~~.

F.Companion claims are claims involving the same loss but different coverages. (e.g. A claim that involves both PIP Collision coverages, or PIP and Med Pay coverages, etc.) If a member wishes to include damages for non-PIP coverage(s) in their arbitration filing, a written agreement to do so must be obtained from all other named members and submitted to the Plan no later than seven (7) days prior to the hearing date. Otherwise, the hearing will only include the PIP portion of the claimed damages by the Applicant and Counter-Applicant.

~~1. By providing reasonable proof to the prevailing member and the Insurance Commissioner, Kentucky Department of Insurance, a member shall be relieved of paying damages awarded by an Arbitration Panel to the extent that its financial resources available for payment of its policyholders' liabilities, to natural persons and signatory members, is determined to be inadequate to cover its policyholders' liabilities.~~

G. By providing reasonable proof that an member's financial resources are proven inadequate to cover its policyholder's liabilities, a member may be absolved from satisfying an arbitration award by agreement of the KIAA and its members, and approval by the Commissioner.

~~2 The Insurance Commissioner, Kentucky Department of Insurance shall determine, if the members cannot agree, the extent to which an award shall be modified in order to protect a member with multiple occurrence liabilities from paying more in the aggregate than the extent of its liability coverage.~~

H.KRS 304.39-070(4) prohibits the ability of a reparation obligor to recover amounts in excess of the limits of automobile bodily injury liability coverage available to the secured party after priority of entitlement as provided in this section and KRS 304.39-140(3). If an arbitration award for PIP or additional PIP subrogation exceeds the available limit of liability applicable to the loss which involves more than one reparation obligor, and an agreement cannot be reached regarding apportionment, the final arbiter of resolution will be the Commissioner of Insurance (or his/her designee).

~~G. An Association member must make a good faith attempt to settle a controversy by negotiations prior to application for arbitration.~~

I.If the Applicant is filing arbitration for a reason other than to protect the expiration of its PIP subrogation rights in accordance with the timeline in Article 4(C) above, arbitrating parties must:

1. Provide proof that a good faith effort to settle a dispute by negotiation was attempted prior to application for arbitration; and,
2. Provide certification that a request for reimbursement was sent at least 60 days prior to application for arbitration, and the request was denied or ignored.

NOTE!!: Failure to do (1) & (2) could result in a rejection of the arbitration filing.

~~1. Notwithstanding the provisions of Section D, of this Article, nothing contained in the Plan shall be construed to prevent members from entering into formal agreement to:~~

~~(a)Mutually honor subrogation claims for any amount when fault has been determined or is reasonable determinable, or~~

~~(b)Waive all rights to subrogation as respects such members.~~

J.Nothing in this Plan shall be construed to prevent members from entering into agreements to:

1. Mutually honor subrogation claims when fault has been determined; and,
2. Waive subrogation rights with other KIAA members

~~2. .An applicant shall attach to its application a certification or other evidence of having requested reimbursement at least 60 days prior to such application and that such request has been ignored or denied.~~
(Handled in H.(2) above)

Article 5. Arbitration

A. ~~A member of the Association may apply to the Association for arbitration of a controversy involving other members. A member may also apply to the Association for arbitration of a controversy existing with a non-member who so consents to Arbitration.~~

Removed this rule. There's no statutory jurisdiction for non members, and the benefit of a $1,000 inter-company deductible does not apply for non-members.

B. ~~Arbitration of controversies between insurers including self-insurers who are members of the Association and who are also signatories to the principles of arbitration as prescribed in the rules, procedure and agreements sponsored by Arbitration Forums Inc., may have the forum as the arbitration remedy available to such signatory members.~~ (Handled in "Operations" C.)

1. ~~Every member of the Association shall be extended an opportunity by the Insurance Commissioner, Kentucky Department of Insurance to become a signatory member to the Arbitration Agreement sponsored by the Committee on Insurance Arbitration for Kentucky Automobile Accident Reparations.~~ (Handled in Article 3 (A))

2. ~~Arbitration of controversies between members of the Association who, collectively, are not signatory members may be submitted with the common consent of all controverting insurers.~~ (Handled "Operations" C.)

3. ~~Any member of the Association who makes application for arbitration and any Respondent who agrees to arbitration under this article shall be deemed to have consented to be bound by the decision of the arbitration panel. A decision of an Arbitrator or Arbitration Panel is final and binding with no right of rehearing or appeal.~~

A.All decisions are final and binding.

B.The KIAA reserves the right to return final decisions for technical or clerical errors that impact final adjudication of the action.

C. ~~An application for submission to arbitration shall conform to the rules of arbitration as established or amended from time to time by the Board of Directors of the Association and approved by the Insurance Commissioner, Kentucky Department of Insurance. The Association shall furnish every member of the Association a copy of such rules or procedure and any amendments thereto.~~

C.Members shall follow the Rules of Arbitration developed by the KIAA when arbitrating a matter with the Plan. These rules are filed with the Kentucky Department of Insurance for approval, and are made available to any member upon request.

The Plan of Operations and supporting Rule documents are available on the KIAA website here:

https://kyinsplans.org/arbitration/

Article 6. Indemnification

A. All members and persons described in KRS 304.39-290, except the ~~Insurance Commissioner~~ Kentucky Department of Insurance Commissioner and department ~~his~~ representatives, shall be indemnified by the KIAA ~~Association~~ against all expenses incurred in the defense of any action, suit, or proceeding brought against such member and/or person on account of any action taken by a member and/or person ~~him/her~~ in the performance of ~~his/her~~ those powers and duties outlined in ~~under~~ KRS 304.39-290, unless such member and/or person shall be finally adjudged to have committed a breach of duty involving gross negligence, bad faith, dishonesty, willful misfeasance or reckless disregard of the responsibilities required by this statute ~~of his office~~. In the event of settlement before final adjudication, such indemnity shall be provided only if the KIAA ~~Association~~ is advised by independent counsel that such member and/or person did not, in counsel's opinion, commit such a breach of duty.

B. This Article is intended to operate as a supplement and additional safeguard to, and not in place of, the immunity granted by KRS 304.39-290.

Article 7. Conformity to Statute

A. KRS 304.39-290 as written, and as may be amended, attaches and is incorporated ~~as part of the Plan and as such is attached hereto~~ into the Plan as written.

Drafting Notes

- Language was re-constructed in a more modern approach and mirrors the processes of the KIAA currently.
- Article 3 – Membership Rule D was eliminated since it was redundant with Article 2 – Board of Directors Rule 6.
- Article 5 – Arbitration Rule A was eliminated. The KIAA has no statutory control over non members and there's no benefit of the $1,000 intercompany deductible for non members as well
- Article 5 – Arbitration Rule B was eliminated. Redundant with Operations Rule C.
- Article 5 – Arbitration Rule B(1) was eliminated. Redundant with Article 3 - Membership Rule A.
- Article 5 – Arbitration Rule B(2) was eliminated. Redundant with Operations Rule C.

Kentucky Insurance Arbitration Association
Plan of Operation

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kyauto@fairplanalliance.com

https://kyinsplans.org/arbitration/

Version 1.6 9/2026

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN OF OPERATION

Article 1. Plan of Operation

The Kentucky Insurance Arbitration Association ("KIAA") was created by an Act of the Kentucky General Assembly in 1974 as a non-profit unincorporated legal entity, to provide a mechanism for the reimbursement of losses paid by reparation obligors. This Plan of Operations ('the Plan"), along with subsequent Plan Rules, seeks to define the framework for the KIAA to meet the intent of the Act, which is codified in KRS 304.39-290.

Article 2. Board of Directors/Arbitrators/Annual Meeting

A. There shall be a Board of Directors consisting of not less than five (5) members, and no more than ten (10) members. The members will be created from full time employees of automobile insurers writing in Kentucky.

1. Members of the Board of Directors are appointed for a three (3) year term.

2. Each Board Member shall designate an alternate(s), from qualified staff within their Company, to serve as a claims arbitrator. The number of alternates will be determined by the needs of the KIAA. Qualifications for arbitrators are defined in Article 2. (3) below.

3. Alternate arbitrators must meet the following criteria:

    a. Must possess a minimum of three (3) years claims experience, to include:
        i. Two (2) years of Kentucky PIP claims handling experience and,
        ii. One (1) year of Casualty claims experience which involve liability decisions and subrogation exposures; or,
    b. Or hold a minimum of three (3) years tort/bodily injury experience which involve subrogation exposures.
    c. Be a licensed adjuster in the Commonwealth of Kentucky;
    d. Approved by the Commissioner of Insurance; and,
    e. Provided proper notification to the chairman and secretary of the Board to act as an alternate;

4. The Board of Directors shall elect a Board Chair, and other relevant officer positions as required, at each Annual Meeting. The Board shall promptly notify the Commissioner of elected officers and alternates (as specified in Article 2. (2) and (3) above), and seek proper approval.

5. In the event of a Board deadlock for matters outside of actual arbitration proceedings, the final arbiter shall be the Kentucky Commissioner of Insurance.

6. The Board shall meet no less than annually, but as often as reasonably required to perform the general duties of the administration of the KIAA.

7. Annual meetings will occur at:

    a. The KIAA offices in Louisville, KY; or,
    b. An alternate location if so determined by the Board

Video Conferencing may be utilized in coordination with a. and b. above when practical.

8. At the annual meeting, the Board shall:

    a. Review and act on matters deemed relevant for the administration of the KIAA
    b. Review the KIAA's financial condition
    c. Develop the following year's budget
    d. Any other matter(s) as determined by the Board Chair

A summary of the Annual Meeting shall be promptly provided to the Commissioner and all the KIAA members for review.

9. In the event of a vacancy on the Board of Directors, the remaining members may appoint a replacement to fill the void for the remainder of the unexpired term, subject to the approval of the Commissioner.

Article 3. Membership

A. Licensed insurers and qualified self-insurers providing reparation benefits as defined in KRS 304.39-020(13) shall be members of the KIAA pursuant to KRS 304.39-290(2).

B. Entities that do not meet the definition stated in one (1) above may, by written application, become members of the KIAA by approval of the Commissioner, and members of the Board.

C. After an initial membership fee of $10.00, each member shall pay its fair and equitable share of the cost of administering the KIAA, as established by the Board.

Article 4. Operations

A. The KIAA shall be a nonprofit, unincorporated association. The principal office shall be located in Louisville, Kentucky.

B. The Board may employ or contract with others to perform administrative functions for the Board's performance of its duties. Such entities shall keep records of their activities as required by the Board.

C. A claim may be submitted to arbitration:

1. Not later than two (2) years after the last reparation payment is made by any reparation obligor, or two (2) years after the settlement of the last bodily injury claim arising out of the same accident: or,
2. If there is no settlement, two (2) years after the expiration of the statute of limitations of the last bodily injury claim arising out of the same accident, whichever is later.

D. For the purpose of resolving inter-company (membership) disputes arising from subrogation rights as specified in Chapter KRS 304.39, the Board has endorsed the principles of voluntary arbitration sponsored by Arbitration Forums Inc., 3820 Northdale Blvd. Suite 115, Tampa Fl. 33624. This endorsement is subject to all actions held in this venue, which involve Kentucky PIP arbitration, being in compliance with the rules and procedures outlined in the KIAA Plan of Operations and Rules. Additionally, it is expected Arbitration Forums, Inc. will provide basic statistical and demographic information regarding the amount and dispositions of

actions heard, to allow the KIAA to fully understand how arbitration is being utilized in the resolution of Kentucky PIP Subrogation.

E. To create a process that reflects the fair allocation of significant losses between members, and also attempts to avoid unnecessary member expenditures, the following rules apply:

   a. A $1,000 intercompany deductible shall be applied to the aggregate amount of PIP subrogation damages paid by the reparation obligor for each accident, or if arbitrated via hearing, allowed by the arbitrator, without regard to the individual amounts or number of persons PIP benefits were paid by the applicant. (e.g. If multiple parties exist in one PIP claim, only one $1,000 deductible can be taken for the entire claim.
   b. Under KRS 304.39-070(4), a reparation obligor's subrogation recovery cannot exceed the available liability limits. If a respondent has insufficient funds remaining under bodily injury liability coverage to re-pay the amount owed to the applicant for its PIP subrogation claim, the respondent can not apply the $1,000 intercompany deductible.

   Priority of recovery is defined in KRS 304.39-140(3), which states liability payments owing to injured person(s) takes priority over reparation obligor subrogation rights.

F. Companion claims are claims involving the same loss but different coverages. (e.g. A claim that involves both PIP and Collision coverages, or PIP and Med Pay coverages, etc.). If a member wishes to include damages for non-PIP coverage(s) in their arbitration filing, a written agreement to do so must be obtained from all other named members and submitted to the Plan no later than seven (7) days prior to the hearing date. Otherwise, the hearing will only include the PIP portion of the claimed damages by the Applicant and Counter-Applicant.

G. By providing reasonable proof that a member's financial resources are proven inadequate to cover its policyholder's liabilities, a member may be absolved from satisfying an arbitration award by agreement of the KIAA and its members, and approval by the Commissioner.

H. KRS 304.39-070(4) prohibits the ability of a reparation obligor to recover amounts in excess of the limits of automobile bodily injury liability coverage available to the secured party after priority of entitlement as provided in this section and KRS 304.39-140(3). If an arbitration award for PIP or additional PIP subrogation exceeds the available limit of liability applicable to the loss which involves more than one reparation obligor, and an agreement cannot be reached regarding apportionment, the final arbiter of resolution will be the Commissioner of Insurance (or his/her designee).

I. If the Applicant is filing arbitration for a reason other than to protect the expiration of its PIP subrogation rights in accordance with the timeline in Article 4(C) above, arbitrating parties must:

   a. Provide proof that a good faith effort to settle a dispute by negotiation was attempted prior to application for arbitration; and,
   b. Provide certification that a request for reimbursement was sent at least sixty (60) days prior to application for arbitration, and the request was denied or ignored.

   NOTE!!: Failure to do (1) & (2) could result in a rejection of the arbitration filing.

J. Nothing in this Plan shall be construed to prevent members from entering into agreements to:

   a. Mutually honor subrogation claims when fault has been determined; and,
   b. Waive subrogation rights with other KIAA members

Article 5. Arbitration

A. All decisions are final and binding.

B. The KIAA reserves the right to return final decisions for technical or clerical errors that impact final adjudication of the action.

C. Members shall follow the Rules of Arbitration developed by the KIAA when arbitrating a matter with the Plan. These rules are filed with the Kentucky Department of Insurance for approval and are made available to any member upon request.

The Plan of Operations and supporting Rule documents are available on the KIAA website here:

https://kyinsplans.org/arbitration/

Article 6. Indemnification

A. All members and persons described in KRS 304.39-290, except the Kentucky Department of Insurance Commissioner and department representatives, shall be indemnified by the KIAA against all expenses incurred in the defense of any action, suit, or proceeding brought against such member and/or person on account of any action taken by a member and/or person in the performance of those powers and duties outlined in KRS 304.39-290, unless such member and/or person shall be finally adjudged to have committed a breach of duty involving gross negligence, bad faith, dishonesty, willful misfeasance or reckless disregard of the responsibilities required by this statute. In the event of settlement before final adjudication, such indemnity shall be provided only if the KIAA is advised by independent counsel that such member and/or person did not, in counsel's opinion, commit such a breach of duty.

B. This Article is intended to operate as a supplement and additional safeguard to, and not in place of, the immunity granted by KRS 304.39-290.

Article 7. Conformity to Statute

A. KRS 304.39-290 as written and as may be amended, attaches and is incorporated into the Plan as written.

Kentucky Insurance Arbitration Association
Plan Rules

P.O. Box 436509
Louisville, KY 40253
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kyauto@fairplanalliance.com

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KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN RULES

~~The Rules hereinafter set forth are promulgated pursuant to the authority of KRS 304.39-290.~~

Rules governing the functionality of the Kentucky Insurance Arbitration Association (KIAA) shown below are established pursuant to the authority granted in KRS 304.39-290.

A reparation obligor, as defined in KRS 304.39-020(13), means an insurer, self-insurer, or obligated government providing basic or added reparation benefits under this subtitle.

~~As a condition precedent to arbitration, local representatives of involved reparation obligors must make good faith attempts to settle controversies by direct negotiation.~~

Prior to filing for arbitration via the Kentucky Insurance Arbitration Association, participants must make good faith attempts to settle proceedings by direct negotiation.

General

1. ~~The Arbitration Plan of Operation & Rules shall be applicable to accidents, insured events of losses under the jurisdiction of the Kentucky Motor Vehicle Reparation Act giving subrogation recovery rights to reparation obligors for payments or benefits paid to insureds or third parties under such statute.~~

The Kentucky Insurance Arbitration Association, and the resulting Plan of Operations ("the Plan") and Rules, creates a voluntary venue of recovery as an alternative to litigation for losses occurring in the commonwealth which fall under the general jurisdiction of the Kentucky Motor Vehicle Reparation Act. Participating KIAA members who enter into this process may exercise subrogation recovery rights for payments or benefits paid to insureds or third parties under this statute. Additionally, this process includes accidents that occur outside of Kentucky, in which all vehicles involved are insured by Kentucky policies in which basic reparations benefits coverage was purchased. The KIAA also allows voluntary arbitration on losses that do not fall under the general jurisdiction of Chapter 304.39, with mutual agreement of all members.

2. Representatives of reparation obligors are entitled to copies of the KIAA ~~Arbitration~~ Plan of Operation and ~~the Arbitration~~ Rules, which are also posted at: https://kyinsplans.org/arbitration/.

3. The KIAA ~~Arbitration~~ Plan of Operation shall not be construed to create any causes of action or liabilities which do not exist ~~not existing~~ in law ~~or equity~~.

~~4. The KIAA Arbitration Plan of Operation is applicable to controversies involving reparation obligors and persons having the rights and obligations of a reparation obligor. The interests of other persons may not be arbitrated under the Plan. The fact that other persons may be insureds of reparation obligors does not alter this rule.~~

The KIAA is designed for the benefit of its members. Interests of others that are not members of the KIAA cannot be arbitrated in this venue without the mutual consent of all parties named as an applicant and respondent.

5. ~~In arbitration proceedings and practice~~ As a matter of procedure, the reparation obligor which initiates the proceedings ~~by filing a request for arbitration~~ shall be known as the "applicant", and the reparation obligor(s) ~~or reparation obligors against which such controverted claim or issue was asserted shall be known as~~ answering the action shall be known as the "respondent(s)". A "respondent" who files a counter-claim shall be known as a "counter applicant".

~~6. Any reparation obligor against whom a claim is being made shall promptly make known its identity .~~ Eliminate Handled by 4 above.

~~7. Submission of a case to arbitration under the Plan shall have the same force and effect as to reparation obligors with regards to the applicable Statute of Limitations as if litigation has been instituted.~~

The timeframe for which applications can viably be filed with the KIAA are outlined in the Plan of Operations in Article 4 Operations (C)(1)(2).

Once a case is filed with the KIAA, the statute of limitations is preserved for PIP loss, which is outlined in KRS 304.39-010 et seq. (the Kentucky Motor Vehicle Repartitions Act). This preservation of the statute of limitations applies individually for each case filed. In other words, if a subsequent case is filed for the same claim, the statute of limitations for the initial case filing has no relevance to the subsequent case filed; each case stands on its own merits.

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN RULES

NOTE!! – Only the Kentucky PIP statute of limitation is tolled by a KIAA filing. Other coverage types (Property damage liability, collision, etc) operate independently from a KIAA filing, and therefore, **are not** preserved by this submission.

7.Subsequent hearings may be allowed to contest supplemental PIP payments paid after the initial arbitration hearing. A new filing and subsequent fee is required, and the filing is subject to the parameters defined in the Plan of Operations Article 4 - Operations (C)(1)(2).

8. ~~The hearing of a matter pending before the arbitration panel under this Plan will be deferred when a reparation obligor provides written notice of the existence of pending claims or suits arising out of the same accident, occurrence or insured event, and further specifically requests a deferment in writing. Otherwise the matter will proceed to a hearing and the controverting parties will be deemed to have waived any right they may have had to deferment. The decision of the arbitrator(s) shall be deemed conclusive between the controverting parties as to the issues of liability and damages with respect to the claims heard, and it will not, except as provided in Article 4F of the Plan of Operations, be subject to or affected by any prior court decision, unless the claims had been asserted and adjudicated in the action by way of intervention as provided in KRS 304- 39-070(3), or by any subsequent court decision which directly or indirectly involves the same claims.~~

Filed arbitrations may be deferred when a reparation obligor requests a written deferment accompanied by a valid reason. Otherwise the matter will proceed to a hearing pursuant to Procedure/Rule 1. (Drafting note See Rule 11 below for further clarification. In part was removed from this rule and handled below)

9. A party may ~~at any time~~ challenge deferment by providing notice in writing as to why it believes the case should be moved to hearing. ~~Upon a determination by~~ If the ~~Arbitration Panel~~ KIAA determines that good cause for deferment does not or no longer exists, ~~the Association's Panel Secretary the KIAA shall schedule~~ a hearing will be scheduled in accordance with these Rules.

~~10. Deferment of a hearing under Rule 8, generally, does not relieve a respondent reparation obligor from the obligation to file its written answer asserting therein any affirmative defense once the subject case has been removed from a deferred status. All parties have the responsibility to determine correct current addresses, when requesting deferment removal.~~

In general terms, deferment of a hearing under Rule 8 does not relieve a respondent from the obligation to file a written answer, once the subject case has been removed from a deferred status. All contesting parties have a responsibility to confirm accurate contact information when requesting a deferment removal, to ensure proper notification.

~~11. Where there are companion claims arising out of the same accident each of which would be, or is subject to this Plan, only one filing is necessary to determine the issue of liability as to the drivers of the respective vehicles. A decision on the issue is res judicata on the liability issue in all companion matters involving the same reparation obligors under this Plan, except as to special defenses arising in companion claim or suit.~~

After a liability decision has been rendered on any action filed with the KIAA, that liability decision is final and binding on all associated companion claims and subsequent KIAA hearings (General – Rule 7) relating to that same accident on which the original KIAA filing was made.

A court's decision rendered on liability for the same accident on which a KIAA filing was made is binding for that KIAA case, so long as the adjudication of the court case occurs prior to the KIAA hearing.

Additionally, decisions rendered by other arbitration venues are non-binding to the KIAA.

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN RULES

Arbitrators

1. Arbitrators are selected under Article 2(3) ~~sub paragraph 3~~ of the Plan of Operations.

2. ~~The Arbitration Panel shall appoint a~~ A Secretary of the Plan shall be appointed, who is not required to ~~need not~~ be a member of ~~the Arbitration Plan~~ the KIAA.

3. The KIAA ~~The Secretary of the Panel~~ shall designate one disinterested member of the Plan, or an otherwise licensed Kentucky adjuster approved by the Kentucky Department of Insurance, and trained to arbitrate KIAA cases, to serve as an Arbitrator or an Alternate Arbitrator in each case.

However~~, either of the~~ ~~controverting~~ contesting parties may request a hearing by a panel of three (3) arbitrators ~~members of the Arbitration Panel in a~~ for a specific case, but only in the event ~~if~~ the damages exceed $~~1~~30,000.

~~(a) No one shall serve as an Arbitrator hearing a case in which the obligor represented by the Arbitrator is directly or indirectly interested.~~ (Handled in 4)

4. ~~If Arbitration Panel members are disqualified because of their reparation obligor's interest in a particular case, the Secretary of the Panel is authorized to appoint temporary substitutes.~~

If the assigned Arbitrator has a conflict of interest, the Arbitrator shall notify the KIAA promptly. The KIAA shall have the authority to re-assign the action to an impartial substitute.

5. The KIAA will set ~~The Arbitration Association is to select~~ the location ~~place or places~~ where the arbitration action shall be heard. ~~facilities are to be available~~. Video conferencing options may be utilized, when practical.

6. Arbitrators and designated Alternates shall be licensed Kentucky adjusters.

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN RULES

Jurisdiction

1. ~~Arbitration under the Plan applies to controversies arising out of motor vehicle accidents within the jurisdiction of KRS 304 Sub-Title 39.~~

The KIAA operates under the authority granted in KRS 304.39-290 and adjudicates disputes arising from motor vehicle accidents within the purview of Chapter KRS 304.39.

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN RULES

Filing Fees

~~1. The Board of Directors of the Association shall prescribe filing fees, which shall be no less than $40.00. An Applicant or Respondent who requests a hearing by a panel of three members shall pay a filing fee of $100.00 .~~

Fees for KIAA arbitration are:

a. Single arbiter
    i. $50.00 effective January 1, 2027
    ii. $60.00 effective January 1, 2029
b. Panel of three (3).
    i. $100.00
    ii. To request a panel of three, **damages must exceed $30,000.**

~~2. The obligation for the prescribed filing fee is incurred upon filing by the Applicant and by the Respondent who files a counterclaim. The filing fee shall be made payable to Kentucky Insurance Arbitration Association. Filing fees paid to the Association shall not be refunded.~~

Fees are collected from the:

a. Applicant that files the action at the time of filing
b. Counter Applicant that files a cross claim at the time of filing

Filing fees paid to the KIAA are **non-refundable**.

~~3. The Association's Secretary is the custodian of the filing fees collected and shall make expenditures there from to defray such arbitration expenses as may be authorized by the Association. (who is the Secretary?)~~

Filing fees are collected by the KIAA to defray the costs associated with the arbitration process.

~~4. The Association's Secretary will submit reports on fees collected and disbursed during such period as may be considered desirable by the Association.~~ (Handled in Procedure #7)

Procedure

~~1. An arbitration proceeding is commenced by a reparation obligor filing an "Arbitration Notice" with the Association's Arbitration Panel Secretary. At the same time a copy of the "Arbitration Notice" and supporting documentation are to be submitted by the applicant to the respondent or made available to the Respondent(s) in the Associations electronic filing system. If there is more than one respondent reparation obligor in a case, the Applicant shall so indicate on the "Arbitration Notice" and send a copy thereof to each respondent reparation obligor and a copy to the Secretary or make such copies available in the Association'. In the event an "Arbitration Notice" (application) is obsolete, not one prescribed by the Board of Directors or incomplete, the reparations obligor has 30 days from date of notice by the Association to correct the deficiency,~~

The following steps outline the arbitration filing process with the KIAA:

a. The Arbitration Application is filed online with the KIAA here: https://kyinsplans.org/arbitration
b. A filing fee is collected pursuant to Filing Fee/Rule 1 above;
c. After the Filing Fee has been processed, the arbitration action is available to be placed on the docket to be heard;
d. All information is to be uploaded by the Applicant supporting the claim, by this time;
e. The Respondent is then notified that an action exists.
    i. It is incumbent on the Applicant to ensure the Respondent contact information is accurate, (including the proper handling claim representative information) for proper notification. Failure to do so may result in protracted timelines to have the action heard.
f. The Respondent has 30 days to review the action and:
    i. Respond as it deems necessary;
    ii. Request a deferment in writing; or,
    iii. Not respond
        1. Which is treated as a denial of the Applicant's claim without any supporting evidence

~~2. Notice by applicants shall set forth the following information:~~
~~(a) Names and address of applicant and respondent reparation obligors together with names and email addresses of persons handling the claims or having supervision of the case in controversy.~~

~~(b) Name and address of respondent reparation obligor's insured.~~
~~(c) Claim file numbers of applicant and respondent, if known.~~
~~(d) Date and place of alleged accident, loss or other insured events.~~
~~(e) Amount of reparation obligors claim payment that it is requesting to be reimbursed.~~
~~(f) Certification that settlement efforts have been unsuccessful.~~
~~(g) Brief statement of allegation solely as to the issue in controversy.~~
~~(h) Place the name of the Signature of applicant's representative and the date completed in the field provided signed.~~

Notice by Applicants shall set forth the following information:

a. Name and address of both the Applicant and Respondent, along with contact information of Company personnel responsible for the oversight of the arbitration action;
b. Name and address of both the Applicant and Respondent insureds;
c. Applicable claim file numbers;
d. Date and place of the alleged accident, loss or other insured events;
e. The amount of damages claimed in the action;
f. Certification that settlement efforts have been unsuccessful;
g. A brief statement summarizing the issues to be arbitrated;
h. And lastly, enter the name of the ~~A~~pplicant's representative and date completed in the field provided;

~~3. Answers filed by respondent shall be made on the Association form as received from Applicant. One copy must be submitted to Panel Secretary and one copy to the Applicant along with a copy of all supporting documents. The respondent may also elect to respond and upload supporting documentation on the Association's electronic filing system.~~
~~(a) The respondent may supplement, if and as necessary, the information furnished by applicant as to respondent company's name, address, name of insured, file number or kind of policy coverage.~~
~~(b) The respondent may state whether there is an objection to arbitration and if so, the grounds on which the objection is based should be fully stated.~~
~~(c) The respondent should provide a brief statement of allegations as to the issue in controversy. The Association's Contention Form shall be used.~~
~~(d) Personal Representation will not be allowed when an answer has not been filed as required above.~~
~~(e) The response must include the signature of respondent's representative and date signed or electronic recognition of their response.~~

Answers filed by the Respondent shall be uploaded to the KIAA's electronic filing system here: https://kyinsplans.org/arbitration
Additional rules to consider:

a. The Respondent may supplement, if necessary, the information furnished by the Applicant as to the Respondent Company's name, address, name of insured, file number or policy coverage.
b. The Respondent may state whether there is an objection to arbitration and if so, the grounds on which the objection is based should be fully stated.
c. The Respondent should provide a brief statement of allegations as to the issue being arbitrated.
d. Personal representation will not be allowed when an answer has not been filed.
e. If the Respondent submits a response, the Respondent's representative should electronically submit their name and date in the field provided.

4. ~~The respondent has thirty days after the applicant's filing in which to file a written answer or response on the Association's electronic filing system. If a respondent fails to submit his/her answer within thirty days after an applicant files, it is presumed that the applicant's claim has been denied and the case is ready for hearing on the issues. Failure to file an answer will not operate to delay the arbitration hearing. However, if affirmative defenses are available to the respondent, and are not asserted by answer prior to notice of hearing, the applicant, on request, will be entitled to an adjournment to investigate such affirmative defenses.~~

The Repsondent will be notified of the Applicant's arbitration filing via email. After the KIAA deems the Applicant filing is complete, and notifies the Respondent of the same, the Respondent has thirty (30) days to respond to the Applicant's completed filing via the KIAA electronic filing system. If the Respondent fails to submit an answer within thirty (30) days, it is assumed that Applicant's claim has been denied, and the case is ready to hear on submitted merits. Failure to file an answer will not delay the arbitration hearing.

~~5. The procedure set out in the preceding paragraphs of this section is also applicable to counterclaims. The "Arbitration Notice" should clearly indicate that it is submitted as a counterclaim and the original arbitration case to which it pertains shall be plainly identified. Unless a counterclaim is filed by a respondent and heard with the original arbitration case, the respondent with the counterclaim is thereafter precluded from pursuing his/her claim against the adverse reparation obligor.~~

The steps outlined in Procedure – (Rules 1-4) above also applies to counterclaims. The filing should clearly indicate that it is submitted as a counterclaim and denote the original arbitration case to which it pertains. Counterclaims sought by the Respondent must be presented and heard with the original arbitration case. Failure to do so precludes the Respondent from pursuing accrued losses at a later date.

~~6. In the event settlement of a case is effected affected directly between the parties after it has been referred for arbitration, the applicant shall forthwith notify the Secretary of such settlement and withdraw the case from arbitration. The Respondent may provide confirmation of settlement and further, request the matter be withdrawn, should the Applicant fail to notify the Association and a period of 30 days or more has passed.~~

In the event settlement is reached between parties, the Applicant shall notify the KIAA of the settlement and formally withdraw the action. If a period of 30 days elapses between the settlement of both parties, and the Applicant fails to notify the KIAA, the Respondent shall make proper notification to the KIAA by providing a copy of the following:

a. The subrogation payment issued to the Applicant
b. Proof that the subrogation payment was cashed
c. An applicable Declarations page showing coverage amounts; and,
d. A copy of the bodily injury release

This information will allow the KIAA to remove the action from the active docket.

7~~. The Secretary of the Arbitration Panel will maintain a Docket of all cases filed with the Association and will maintain a record of all filing assessments. The Secretary will submit quarterly (March 31, June 30, September 30 and December 31) a report to the Board of Directors of all cases filed, cases heard and cases pending. The report will also show the amount of filing assessments received and the expenditures made.~~

The KIAA will maintain a docket of all cases filed, along with a record of all filing fees collected. The KIAA will submit quarterly reports to the Board regarding cases filed, heard and pending. Additionally, the report shall show the amount of fees collected and expenditures made.

~~8. If both Applicant and Respondent answer in the affirmative to the inquiry, "If not, do you waive formal notice of hearing?" on the Arbitration Statement form, the Secretary of the Arbitration Panel may set the matter for hearing as soon as the files of the respective parties have been received without any further notice to the parties as to the date and place of such hearing. If the files are not submitted within thirty days after the answer is filed, the matter will be processed for hearing in accordance with the procedures required where notice is not waived~~. Handled in Procedure Rule 4.

~~9. Since claim payments may extend over a considerable period of time, the Arbitrator, upon motion of either obligor, may by agreement, limit the Arbitration to the issue of fault. No monetary finding shall be made in such cases unless this issue is presented in an amended filing. (So would this entail the filing of another KIA application if necessary focused solely on damages? If so, should we add some verbiage noting this?)~~ Remove. The KIAA doesn't see this type of filing.

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN RULES

Hearing and Evidence

1. ~~When the Association's Arbitration Panel Secretary has received the essential facts and allegations from the controverting parties, the issue in the case shall be scheduled for hearing at the earliest practicable date.~~

Once the filing has been perfected, and the Respondent has given prompt rebuttal (if it chooses to do so) there shall be a 30 day review period (unless a deferment is requested). After the 30 day period has elapsed, the case will be placed on the docket for a hearing approximately 30 days later.

2. The ~~hearing~~ date and place of the hearing shall be determined by the KIAA. ~~the Association's Arbitration Panel Secretary and One or more cases may be considered at the scheduled hearing.~~

3. ~~The controverting~~ Arbitrating parties ~~shall~~ will be notified by the KIAA ~~the Association's Arbitration Panel Secretary~~ of the time and place of a scheduled hearing at least ~~15~~ 30 days in advance of the hearing date. ~~Notice of hearing shall be sent by certified mail, return receipt requested or by priority mail with proof of delivery or~~ Hearing notification will be given by electronic notification with delivery receipt confirmation. ~~to any respondent which has not filed a written answer. If a written response is not received by the Plan seven days prior to the hearing it will not be considered.~~ ~~Additional documentation by either party must be submitted 7 days prior to the hearing.~~ Submission of proof to support claims made must be submitted 7 days prior to the hearing date to be considered.

4. Requests for continuances must be received ~~10~~ 7 days prior to the scheduled hearing. Continuances may be granted at the sole discretion of the KIAA ~~the secretary~~ for good cause shown.

~~5. Evidence which controverting parties desire to submit in support of their allegations shall be made available for examination at the hearing. Such evidence may also be examined by the opposing parties at the hearing. The Arbitrator may at his discretion grant additional time to present rebuttal evidence. If one of the controverting parties fails to produce evidence at a scheduled arbitration hearing, after due notice thereof, the arbitrators may, at their discretion, consider the information in the "Arbitration Notice" of such party and render a decision accordingly.~~
Eliminated the Rule. The parameters are set in Rule 3.

6. Procedure at Arbitration Hearings shall be informal. ~~Controverting~~ Arbitrating parties are expected to present the facts of their respective cases in a ~~brief, frank and direct~~ concise manner.

7. ~~The controverting parties may submit for consideration to the arbitrators, briefs of the law involved.~~
Arbitrating parties have 7 days prior to the hearing date, to submit for consideration, as a matter of proof, briefs of opinions of appliable law.

8. ~~Upon 10 days notice to the adverse party and the Association's Panel Secretary, witnesses may be present at an Arbitration Hearing.~~

9. ~~Upon 10~~ With 7 days notice of the hearing date to the adverse party and to the KIAA, ~~the Association's Panel Secretary~~, parties may be represented at an arbitration hearing by ~~any~~ members of their staff~~s~~, an adjuster or by attorneys.

10. ~~Any~~ Eevidence submitted as part of the hearing shall be left with the Arbitrators.

11. The arbitrator shall be the judge of the relevancy and materiality of the evidence offered. ~~and c~~Conformity to legal rules of evidence shall not be necessary.

12. Original documents are not required. ~~and e~~Electronic or duplicate copies, properly authenticated where necessary, will be acceptable.

13. Documents which will be considered as evidence include, but are not limited to the following:

a. Statements (handwritten or transcribed recordings)
b. Police reports
c. Photographs
d. Coroner's reports
e. Medical reports (Should include but not limited to a PIP Log/Bills/Medical Records. EOB's are not deemed to be adequate proofs of loss)
f. Other investigative material cogent to the case as deemed necessary by the arbitrator

~~14. Any evidence including hearsay offered by the parties will be received and considered, but the arbitrator will give it only such weight as he deems appropriate~~. Eliminated/Handled by 11 and 13 above.

~~15. Additional evidence deem necessary, by the arbitrator, to reach a determination of the dispute shall be produced by the parties~~. Eliminated/Handled by 11 and 13 above.

16. If representatives of ~~controverting~~ arbitrating parties attend an arbitration hearing, they must withdraw after presentation of their cases. ~~and may not be present while arbitrators are considering their decision.~~

~~17. Formal rules of evidence shall not apply unless requested by one of the parties and upon notice to the other party.~~ Eliminated/Handled by 11 and 13 above.

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN RULES

Decisions

1. If a party fails to meet a burden of proof, a decision may be rendered ~~against him~~ without production of evidence by the other party.

2. Decisions rendered by ~~of~~ the ~~A~~arbitrators are final. ~~(except as otherwise provided in the Plan).~~ (See "General" - Rule 11 for more information)

The KIAA reserves the right to return final decisions for technical or clerical errors that impact final adjudication of the action.

3. A finding as to the amount of damages ~~in issue~~ shall be based upon the facts presented to the arbitrator.

~~4. The amount paid shall not be at issue unless pleaded specifically.~~ Eliminate Handled by Hearing and Evidence Rule 3

~~5. Decisions of the arbitrators shall be promptly rendered after consideration of the case.~~ Arbitrators are expected to submit their decisions within 30 days of the hearing date. Failure to do so on a consistent basis could result in the arbitrator losing standing to arbitrate cases.

6. ~~The arbitrators shall prepare a written decision in each case, copies of which shall be distributed by the Association's Arbitration Panel Secretary as follows. The original will be retained by the Association's Panel Secretary, and one copy shall be furnished to each party involved in the arbitration~~.

The arbitrators shall prepare a written decision in each case. Copies of the decision, ~~which~~ shall be distributed by the KIAA, and are allocated as follows:

a. The original will be retained by the KIAA the Association's Panel Secretary,
b. One copy shall be furnished to each party involved in the arbitration.

7. The decisions of the arbitrator(s) shall include the following minimum information:

a. Date and place of hearing.
b. Names of the arbitrator(s) ~~or Arbitrators.~~
c. Names of the applicant(s) and respondent(s) ~~reparation obligors~~ and the names of their respective insureds.
d. Names of respective ~~controverting~~ arbitrating party representatives, if any, attending the hearing.
e. Brief description of the claim or the reason for the case filing ~~controversy~~ and the amount of damages claimed ~~amount involved therein~~.
f. Name of the arbitrating party ~~controverting reparation obligor~~ in whose favor an award is rendered and the resulting amount ~~thereof~~.
g. Findings of fact and conclusions of law.
h. Signature of the arbitrator.

8. ~~Decisions shall be complied with as soon as practicable. Any unwarranted delay on the part of the parties concerned should be reported to the Association's Arbitration Panel Secretary by the prevailing party.~~

Resulting decisions rendered by the arbitrator shall be complied with as soon as practicable. Any unwarranted delay on the part of the parties concerned should be reported to the KIAA. ~~the Association's Arbitration Panel Secretary by the prevailing party.~~

Redundant unjustified delays by a participating reparation obligor to act upon final rendered decisions will result in additional action by the KIAA via the Kentucky Department of Insurance pursuant to KRS 304.39-290(6)(b).

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN RULES

Drafting Notes

- Language was re-constructed in a more modern approach and mirrors the processes of KIAA currently.
- General Rule 6 eliminated as redundant with General Rule 4.
- General Rule 8 – Part of that Rule was removed into Rule 11 for consistency.
- Arbitrators Rule 3(a) is removed as redundant with Arbitrators Rule 4.
- Filing Fees Rule 1 is updated
- Filing Fees Rule 4 eliminated as redundant with Procedure Rule 7.
- Procedure Rule 8 is eliminated as redundant with Procedure Rule 4.
- Procedure Rule 9 is eliminated. KIAA doesn't see or want to encourage this type of arbitration filing.
- Hearing and Evidence Rule 5 was eliminated as redundant with the parameters defined in Procedure Rules 1-3.
- Hearing and Evidence Rules 14, 15 and 17 were eliminated as being redundant with Hearing and Evidence Rules 11 and 13.
- Decisions Rule 4 is eliminated as redundant with the parameters defined in Procedure Rules 1-3.

Kentucky Insurance Arbitration Association
Plan Rules

P.O. Box 436509
Louisville, KY 40253
502-327-0372
kyauto@fairplanalliance.com

https://kyinsplans.org/arbitration/

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN RULES

Rules governing the functionality of the Kentucky Insurance Arbitration Association (KIAA) shown below are established pursuant to the authority granted in KRS 304.39-290.

A reparation obligor, as defined in KRS 304.39-020(13), means an insurer, self-insurer, or obligated government providing basic or added reparation benefits under this subtitle.

Prior to filing for arbitration via the Kentucky Insurance Arbitration Association, participants must make good faith attempts to settle proceedings by direct negotiation.

General

1. The Kentucky Insurance Arbitration Association, and the resulting Plan of Operations ("the Plan") and Rules, creates a voluntary venue of recovery as an alternative to litigation for losses occurring in the commonwealth which fall under the general jurisdiction of the Kentucky Motor Vehicle Reparation Act. Participating KIAA members who enter into this process may exercise subrogation recovery rights for payments or benefits paid to insureds or third parties under this statute. Additionally, this process includes accidents that occur outside of Kentucky, in which all vehicles involved are insured by Kentucky policies in which basic reparations benefits coverage was purchased. The KIAA also allows voluntary arbitration on losses that do not fall under the general jurisdiction of Chapter 304.39, with mutual agreement of all members.

2. Representatives of reparation obligors are entitled to copies of the KIAA Plan of Operation and Rules which are also posted at https://kyinsplans.org/arbitration/.

3. The KIAA Plan of Operation shall not be construed to create any causes of action or liabilities which are not in law.

4. The KIAA is designed for the benefit of its members. Interests of others that are not members of the KIAA cannot be arbitrated in this venue without the mutual consent of all parties named as an applicant and respondent.

5. As a matter of procedure, the reparation obligor which initiates the proceedings shall be known as the "applicant", and the reparation obligor(s) answering the action shall be known as the "respondent(s)". A "respondent" who files a counter-claim shall be known as a "counter applicant"

6. The timeframe for which applications can viably be filed with the KIAA are outlined in the Plan of Operations in Article 4 Operations (C)(1)(2).

   Once a case is timely filed with the KIAA, the statute of limitations is preserved for PIP loss, which is outlined in KRS 304.39-010 et seq. (the Kentucky Motor Vehicle Repartitions Act). This preservation of the statute of limitations applies individually for each case filed. In other words, if a subsequent case is filed for the same claim, the statute of limitations for the initial case filing has no relevance to the subsequent case filed; each case stands on its own merits.

   NOTE!! – Only the Kentucky PIP statute of limitation is tolled by a KIAA filing. Other coverage types (Property damage liability, collision, etc) operate independently from a KIAA filing, and therefore, **are not** preserved by this submission.

7. Subsequent hearings may be allowed to contest supplemental PIP payments paid after the initial arbitration hearing. A new filing and subsequent fee is required, and the filing is subject to the parameters defined in the Plan of Operations Article 4 - Operations (C)(1)(2).

8. Filed arbitrations may be deferred when a reparation obligor requests a written deferment accompanied by a valid reason. Otherwise the matter will proceed to a hearing pursuant to Procedure - Rule 1.

9. A party may challenge deferment by providing notice in writing as to why it believes the case should be moved to hearing. If the KIAA determines that good cause for deferment does not or no longer exists, a hearing will be scheduled in accordance with these Rules.

10. In general terms, deferment of a hearing under Rule 8 does not relieve a respondent from the obligation to file a written answer, once the subject case has been removed from a deferred status. All contesting parties have a responsibility to confirm accurate contact information when requesting a deferment removal, to ensure proper notification.

11. After a liability decision has been rendered on any action filed with the KIAA, that liability decision is final and binding on all associated companion claims and subsequent KIAA hearings (General – Rule 7) relating to that same accident on which the original KIAA filing was made.

A court's decision rendered on liability for the same accident on which a KIAA filing was made is binding for that KIAA case, so long as the adjudication of the court case occurs prior to the KIAA hearing.

Liability decisions rendered by other arbitration venues are non-binding to the KIAA. Additionally, a decision rendered on amounts owed under coverages being subrogated in Arbitration Forums Inc. or other arbitration venues can not be re-arbitrated by the KIAA, and vice versa.

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
PLAN RULES

Arbitrators

1. Arbitrators are selected under Article 2(3) of the Plan of Operations.

2. A Secretary of the Plan shall be appointed, who is not required to be a member of the KIAA.

3. The KIAA shall designate one disinterested member of the Plan, or an otherwise licensed Kentucky adjuster approved by the Kentucky Department of Insurance, and trained to arbitrate KIAA cases, to serve as an Arbitrator or an Alternate Arbitrator, in each case.

   However, contesting parties may request a hearing by a panel of three (3) arbitrators for a specific case, but only in the event the damages exceed $30,000.

4. If the assigned Arbitrator has a conflict of interest, the Arbitrator shall notify the KIAA promptly. The KIAA shall have the authority to re-assign the action to an impartial substitute.

5. The KIAA will set the location where the arbitration action shall be heard. Video conferencing options may be utilized, when practical.

6. Arbitrators and designated Alternates shall be licensed Kentucky adjusters.

Jurisdiction

1. The KIAA operates under the authority granted in KRS 304.39-290 and adjudicates disputes arising from motor vehicle accidents within the purview of Chapter KRS 304.39.

Filing Fees

1. Fees for KIAA arbitration are:
   a. Single arbiter
      i. $50.00 effective January 1, 2027
      ii. $60.00 effective January 1, 2029
   b. Panel of three (3).
      i. $100.00
      ii. To request a panel of three, **damages must exceed $30,000.**

2. Fees are collected from the:
   a. Applicant that files the action at the time of filing
   b. Counter Applicant that files a cross claim at the time of filing

   Filing fees paid to the KIAA are **non-refundable**.

3. Filing fees are collected by the KIAA to defray the costs associated with the arbitration process.

Procedure

1. The following steps outline the arbitration filing process with the KIAA:
   a. The Arbitration Application is filed online with the KIAA here: https://kyinsplans.org/arbitration
   b. A filing fee is collected pursuant to Filing Fee/Rule 1 above;
   c. After the Filing Fee has been processed, the arbitration action is available to be placed on the docket to be heard;
   d. All information is to be uploaded by the Applicant supporting the claim, by this time;
   e. The Respondent is then notified that an action exists.
      i. It is incumbent on the Applicant to ensure the Respondent contact information is accurate, (including the proper handling claim representative information) for proper notification. Failure to do so may result in protracted timelines to have the action heard.
   f. The Respondent has 30 days to review the action and:
      i. Respond as it deems necessary;
      ii. Request a deferment in writing; or,
      iii. Not respond
         1. Which is treated as a denial of the Applicant's claim without any supporting evidence

2. Notice by Applicants shall set forth the following information:
   a. Name and address of both the Applicant and Respondent, along with contact information of Company personnel responsible for the oversight of the arbitration action;
   b. Name and address of both the Applicant and Respondent insureds;
   c. Applicable claim file numbers;
   d. Date and place of the alleged accident, loss or other insured events;
   e. The amount of damages claimed in the action;
   f. Certification that settlement efforts have been unsuccessful;
   g. A brief statement summarizing the issues to be arbitrated;
   h. And lastly, enter the name of the ~~A~~pplicant's representative and date completed in the field provided;

3. Answers filed by the Respondent shall be uploaded to the KIAA's electronic filing system here: https://kyinsplans.org/arbitration
   Additional rules to consider:
   a. The Respondent may supplement, if necessary, the information furnished by the Applicant as to the Respondent Company's name, address, name of insured, file number or policy coverage.
   b. The Respondent may state whether there is an objection to arbitration and if so, the grounds on which the objection is based should be fully stated.
   c. The Respondent should provide a brief statement of allegations as to the issue being arbitrated.
   d. Personal representation will not be allowed when an answer has not been filed.
   e. If the Respondent submits a response, the Respondent's representative should electronically submit their name and date in the field provided.

4. The Repsondent will be notified of the Applicant's arbitration filing via email. After the KIAA deems the Applicant filing is complete, and notifies the Respondent of the same, the Respondent has thirty (30) days to respond to the Applicant's completed filing via the KIAA electronic filing system. If the Respondent fails to submit an answer within thirty (30) days, it is assumed that Applicant's claim has been denied, and the case is ready to hear on submitted merits. Failure to file an answer will not delay the arbitration hearing.

5. The steps outlined in Procedure – (Rules 1-4) above also applies to counterclaims. The filing should clearly indicate that it is submitted as a counterclaim and denote the original arbitration case to which it pertains. Counterclaims sought by the Respondent must be presented and heard with the original arbitration case. Failure to do so precludes the Respondent from pursuing accrued losses at a later date.

6. In the event settlement is reached between parties, the Applicant shall notify the KIAA of the settlement and formally withdraw the action. If a period of 30 days elapses between the settlement of both parties, and the Applicant fails to notify the KIAA, the Respondent shall make proper notification to the KIAA by providing a copy of the following:

   a. The subrogation payment issued to the Applicant
   b. Proof that the subrogation payment was cashed
   c. An applicable Declarations page showing coverage amounts; and,
   d. A copy of the bodily injury release

This information will allow the KIAA to remove the action from the active docket.

7. The KIAA will maintain a docket of all cases filed, along with a record of all filing fees collected. The KIAA will submit quarterly reports to the Board regarding cases filed, heard and pending. Additionally, the report shall show the amount of fees collected and expenditures made.

Hearing and Evidence

1. Once the filing has been perfected, and the Respondent has given prompt rebuttal (if it chooses to do so) there shall be a 30 day review period (unless a deferment is requested). After the 30 day period has elapsed, the case will be placed on the docket for a hearing approximately 30 days later.

2. The hearing date and place of the hearing shall be determined by the KIAA.

3. Arbitrating parties will be notified by the KIAA of the time and place of a scheduled hearing at least 30 days in advance of the hearing date. Hearing notification will be given by electronic notification with delivery receipt confirmation. Submission of proof to support claims made must be submitted 7 days prior to the hearing date to be considered.

4. Requests for continuances must be received 7 days prior to the scheduled hearing. Continuances may be granted at the sole discretion of the KIAA for good cause shown.

5. Procedure at Arbitration Hearings shall be informal. Arbitrating parties are expected to present the facts of their respective cases in a concise manner.

6. Arbitrating parties have 7 days prior to the hearing date, to submit for consideration, as a matter of proof, briefs of opinions of appliable law.

7. With 7 days notice of the hearing date to the adverse party and to the KIAA, parties may be represented at an arbitration hearing by members of their staff, an adjuster or by attorneys.

8. Evidence submitted as part of the hearing shall be left with the Arbitrators.

9. The arbitrator shall be the judge of the relevancy and materiality of the evidence offered. Conformity to legal rules of evidence shall not be necessary.

10. Original documents are not required. Electronic or duplicate copies, properly authenticated where necessary, will be acceptable.

11. Documents which will be considered as evidence include, but are not limited to the following:
    a. Statements (handwritten or transcribed recordings)
    b. Police reports
    c. Photographs
    d. Coroner's reports
    e. Medical reports (Should include but not limited to a PIP Log/Bills/Medical Records. EOB's are not deemed to be adequate proofs of loss)
    f. Other investigative material cogent to the case as deemed necessary by the arbitrator

12. If representatives of arbitrating parties attend an arbitration hearing, they must withdraw after presentation of their cases.

Decisions

1. If a party fails to meet a burden of proof, a decision may be rendered without production of evidence by the other party.

2. Decisions rendered by the arbitrators are final. (See "General" - Rule 11 for more information)

   The KIAA reserves the right to return final decisions for technical or clerical errors that impact final adjudication of the action.

3. A finding as to the amount of damages shall be based upon the facts presented to the arbitrator.

4. Arbitrators are expected to submit their decisions within 30 days of the hearing date. Failure to do so on a consistent basis could result in the arbitrator losing their standing to arbitrate cases.

5. The arbitrators shall prepare a written decision in each case. Copies of the decision, shall be distributed by the KIAA, and are allocated as follows:
   a. The original will be retained by the KIAA .
   b. One copy shall be furnished to each party involved in the arbitration.

6. The decisions of the arbitrator(s) shall include the following minimum information:
   a. Date and place of hearing
   b. Names of the arbitrator(s)
   c. Names of the applicant(s) and respondent(s) and the names of their respective insureds
   d. Names of respective arbitrating party representatives, if any, attending the hearing
   e. Brief description of the claim or the reason for the case filing and the amount of damages claimed
   f. Name of the arbitrating party in whose favor an award is rendered and the resulting amount
   g. Findings of fact and conclusions of law
   h. Signature of the arbitrator

7. Resulting decisions rendered by the arbitrator shall be complied with as soon as practicable. Any unwarranted delay on the part of the parties concerned should be reported to the KIAA.

   Redundant unjustified delays by a participating reparation obligor to act upon final rendered decisions will result in additional action by the KIAA via the Kentucky Department of Insurance pursuant to KRS 304.39-290(6)(b).