

342.817 Rating plans, rates, and underwriting standards for different classes of risks -- Competitive nature and filing requirement for rates -- Annual report on status of surplus. (Effective June 29, 2021)

- (1) The authority, through its board and manager, shall establish separate rating plans, rates, and underwriting standards for different classes of risks for the authority.
- (2) The rating plans, rates, and underwriting standards developed for the categories of risk shall be based on generally accepted actuarial practices and procedures as set forth in the Statement of Principles Regarding Property and Casualty Ratemaking of the Casualty Actuarial Society, in accordance with the actuarial standards of practice and compliance guidelines of the Actuarial Standards Board. The rates shall be actuarially sound for both the voluntary market and the market of last resort and set at levels which are expected, in the aggregate, to be sufficient to pay all workers' compensation claims incurred by the participating employer risks and other permitted expenses of the authority. The rates for the voluntary market and the market of last resort shall be filed individually with the commissioner of the Department of Insurance on forms prescribed by the commissioner by the promulgation of administrative regulations.
- (3) Multitiered premium or rating plans may be developed to provide workers' compensation coverage to insureds in the Commonwealth.
- (4) The manager shall develop statistical and other information as necessary to distinguish its writings in the voluntary market, and its writings as a market of last resort.
- (5) The rates established by the authority for its policyholders shall be based only on Kentucky loss experience data, except that other loss experience data may be utilized as a supplement to Kentucky data if supplemental or additional data are necessary to establish statistical credibility of an employment classification.
- (6) Any and all rates, whether for the voluntary market or the market of last resort, established by the board are deemed competitive and shall be filed with the commissioner of insurance in accordance with KRS Chapter 304 in the same manner as any other mutual insurance company writing workers' compensation in the Commonwealth.
- (7) Notwithstanding any provision of KRS Chapter 304 to the contrary, the surplus requirements for mutual insurance companies in the Commonwealth shall not apply to the authority until the authority has been in operation for eighty-four (84) months, unless modified by the General Assembly. In addition to other reporting requirements in KRS 342.809 and 342.821, the authority shall report to the Economic Development and Workforce Investment Committee of the General Assembly, no later than October 31 of each year, on the status of its efforts to build and maintain a surplus as required by KRS Chapter 304.

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History: Amended 2021 Ky. Acts ch. 124, sec. 10, effective June 29, 2021. -- Amended 2010 Ky. Acts ch. 24, sec. 1855, effective July 15, 2010; and ch. 166, sec. 15, effective July 15, 2010. -- Amended 1996 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 42, effective December 12, 1996. -- Created 1994 Ky. Acts ch. 181, Part 12, sec. 47, effective April 4, 1994.

Legislative Research Commission Note (7/15/2010). References to the "Office of Insurance" and the "executive director" of insurance in subsection (2) of this section, as amended by 2010 Ky. Acts ch. 166, sec. 15, have been changed in codification to the "Department of Insurance" and the "commissioner" of insurance, respectively, to reflect the reorganization of certain parts of the Executive Branch, as set forth in Executive Order 2010-535 and confirmed by the General Assembly in 2010 Ky. Acts ch. 24. These changes were made by the Reviser of Statutes pursuant to 2010 Ky. Acts ch. 24, sec. 1938.

Legislative Research Commission Note (12/12/96). The reference to KRS 342.809 that was created in subsection (7) of this statute by 1996 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 42 appears to be erroneous. It seems likely that a reference to KRS 342.811 may have been intended.