

1 AN ACT relating to unfair claims settlement practices.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 304.12-230 is amended to read as follows:

4 It is an unfair claims settlement practice for any person to commit or perform any of the
5 following acts or omissions:

- 6 (1) Misrepresenting pertinent facts or insurance policy provisions relating to coverages
7 at issue;
- 8 (2) Failing to acknowledge and act reasonably promptly upon communications with
9 respect to claims arising under insurance policies;
- 10 (3) Failing to adopt and implement reasonable standards for the prompt investigation of
11 claims arising under insurance policies;
- 12 (4) Refusing to pay claims without conducting a reasonable investigation based upon
13 all available information;
- 14 (5) Failing to affirm or deny coverage of claims within a reasonable time after proof of
15 loss statements have been completed;
- 16 (6) Not attempting in good faith to effectuate prompt, fair, and equitable settlements of
17 claims in which liability has become reasonably clear;
- 18 (7) Compelling insureds to institute litigation to recover amounts due under an
19 insurance policy by offering substantially less than the amounts ultimately
20 recovered in actions brought by such insureds;
- 21 (8) Attempting to settle a claim for less than the amount to which a reasonable **person**
22 ~~man~~ would have believed he **or she** was entitled by reference to written or printed
23 advertising material accompanying or made part of an application;
- 24 (9) Attempting to settle claims on the basis of an application which was altered without
25 notice to, or knowledge or consent of the insured;
- 26 (10) Making claims payments to insureds or beneficiaries not accompanied by statement
27 setting forth the coverage under which the payments are being made;

- 1 (11) Making known to insureds or claimants a policy of appealing from arbitration
2 awards in favor of insureds or claimants for the purpose of compelling them to
3 accept settlements or compromises less than the amount awarded in arbitration;
- 4 (12) Delaying the investigation or payment of claims by requiring an insured, claimant,
5 or the physician of either to submit a preliminary claim report and then requiring
6 the subsequent submission of formal proof of loss forms, both of which
7 submissions contain substantially the same information;
- 8 (13) Failing to promptly settle claims, where liability has become reasonably clear,
9 under one (1) portion of the insurance policy coverage in order to influence
10 settlements under other portions of the insurance policy coverage;
- 11 (14) Failing to promptly provide a reasonable explanation of the basis in the insurance
12 policy in relation to the facts or applicable law for denial of a claim or for the offer
13 of a compromise settlement;
- 14 (15) Failing to comply with the decision of an independent review entity to provide
15 coverage for a covered person as a result of an external review in accordance with
16 KRS 304.17A-621, 304.17A-623, and 304.17A-625;
- 17 (16) Knowingly and willfully failing to comply with the provisions of KRS 304.17A-
18 714 when collecting claim overpayments from providers;~~[-or]~~
- 19 (17) Knowingly and willfully failing to comply with the provisions of KRS 304.17A-
20 708 on resolution of payment errors and retroactive denial of claims; **or**
- 21 **(18) Altering an independent adjuster's, staff adjuster's, or public adjuster's report in**
22 **connection with a homeowner's insurance claim without providing the insured**
23 **the following for each alteration that has the effect of reducing or materially**
24 **altering the estimate of loss or any portion of the estimate of loss:**
- 25 **(a) A detailed description of the alteration that was made;**
- 26 **(b) A detailed explanation of why the alteration was made;**
- 27 **(c) The name of the person who ordered the alteration; and**

1 *(d) The date the alteration was made.*