

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2026 Regular Session**

Part I: Measure Information

Bill Request #:	2005	Bill #:	HB 627/SCS 1
Document ID #:	9172	Sponsor:	Rep. Josh Bray
Bill Title:	AN ACT relating to insurance.		

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local

Office(s) Impacted: Offices offering health insurance

Requirement: Mandatory Optional

Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Other Fiscal Statement(s) that may exist: Actuarial Analysis Corrections Impact
 Health Benefit Mandate State Employee Health Plan

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 627/SCS 1 amends Kentucky statutes related to motor vehicle insurance, personal injury protection (PIP) benefits, and insurance fraud enforcement. It updates definitions and coverage rules, maintaining the maximum basic reparation benefits at \$10,000 per person per accident for economic loss, while expanding what qualifies as medical expenses, including rehabilitation and funeral costs raised from \$1,000 to \$5,000. It also introduces fee limitations for medical expenses based on schedules under KRS 342.035 and presumes submitted medical bills are reasonable. Additionally, the bill increases weekly work loss benefits from \$200 to \$500. It establishes timely payment requirements for insurers, prohibits providers from charging beyond statutory limits or impairing a claimant’s credit for unpaid excess charges, and imposes interest penalties for overdue payments.

This legislation broadens the definition of fraudulent insurance acts to include false claims, misrepresentation, unauthorized insurance, and counterfeit documents, with penalties ranging from a Class A misdemeanor for amounts under \$500 to a Class B felony for amounts exceeding \$1,000,000, or involving organized crime.

The fiscal impact of HB 627/SCS 1 on local government is indeterminable but likely negative.

The fiscal impact is unchanged from the GA version of this bill. Local governments that self-insure their fleets or provide auto coverage for employees may see higher premium costs or claims payouts under the new benefit limits for policies issued or renewed after the effective date. By allowing the Attorney General to pursue insurance fraud cases statewide, the number of prosecutions for fraudulent insurance acts may rise. Since the bill establishes penalties ranging from Class A misdemeanors to Class B felonies, this could lead to more individuals being sentenced to local jails.

A person convicted of a Class A misdemeanor may be incarcerated for up to twelve months. Misdemeanants are housed in one of Kentucky's 74 full-service jails or three life safety jails. While the expense of housing inmates varies by jail, this estimated impact will be based on an average cost to incarcerate of \$47.43 per day. While the majority of misdemeanor defendants are granted bail, those who do not will also cost local jails an average cost to incarcerate of \$47.43 per day.

When a court denies bail to a Class D felony defendant, the local government is responsible for incarcerating the defendant until disposition of the case in one of Kentucky's 74 full service jails or three life safety jails. While the expense of housing inmates varies by jail, each additional inmate increases facility costs by an average cost to incarcerate of \$47.43, which includes the \$35.34 per diem and medical expenses that the Department of Corrections pays jails to house felony offenders. Upon sentencing, a Class D felon is housed in one of Kentucky's full service jails for the duration of his or her sentence. The Department of Corrections pays a jail \$35.34 per day to house a Class D felon. The per diem may be less than, equal to, or greater than the actual housing cost.

When a court denies bail to a Class C felony defendant, the local government is responsible for incarcerating the defendant until disposition of the case in one of Kentucky's 74 full service jails or three life safety jails. While the expense of housing inmates varies by jail, each additional inmate increases facility costs by an average cost to incarcerate of \$47.43, which includes the \$35.34 per diem and medical expenses that the Department of Corrections pays jails to house felony offenders. Class C felons are ineligible for placement in local jails until they are classified at the lowest custody level with 24 months or less to their minimum expiration date or parole eligibility date. The Department of Corrections pays local jails \$35.34 per day to house these Class C felons. The per diem may be less than, equal to, or greater than the actual housing cost.

When a court denies bail to a Class B felony defendant, the local government is responsible for incarcerating the defendant until disposition of the case in one of Kentucky's 74 full service jails or three life safety jails. While the expense of housing inmates varies by jail, each additional inmate increases facility costs by an average cost to incarcerate of \$47.43, which includes the \$35.34 per diem and medical expenses that the Department of Corrections pays jails to house felony offenders. Class B felons are

ineligible for placement in local jails until they are classified at the lowest custody level with 24 months or less to their minimum expiration date or parole eligibility date. The Department of Corrections pays local jails \$35.34 per day to house these Class B felons. The per diem may be less than, equal to, or greater than the actual housing cost.

Additional information was sought from the Kentucky Jailers Association regarding costs of local level incarceration for felony defendants. When that data is received, this mandate may be updated.

Data Source(s): LRC Staff, Department of Corrections

Preparer: HT **Reviewer:** MS (MDA) **Date:** 3/25/26