

1 PUBLIC PROTECTION CABINET

2 Department of Insurance

3 Division of Property and Casualty Insurance

4 (New Administrative Regulation)

5 806 KAR 2:220. Subsequent Reinspection Procedures for the Strengthen Kentucky Homes
6 Program.

7 RELATES TO: KRS 304.2-450

8 STATUTORY AUTHORITY: 304.2-450

9 NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-450 authorizes the commissioner
10 to promulgate administrative regulations to establish any rules and eligibility requirements that
11 are necessary for the proper implementation and administration of the Strengthen Kentucky
12 Homes program. This administrative regulation establishes subsequent reinspection rules,
13 procedures, and requirements which are necessary to carry out the provisions of KRS 304.2-450,
14 relating to the Strengthen Kentucky Homes Program.

15 Section 1. Definitions.

16 (1) "Applicant" means a real property owner seeking, or who has been approved for, a financial
17 grant pursuant to KRS 304.2-450.

18 (2) "Commissioner" is defined by KRS 304.1-050(1).

19 (3) "Department" means the Kentucky Department of Insurance as defined in KRS 304.1-050(2).

20 (4) "Evaluator" means a person certified to act as an evaluator by IBHS and who is approved to
21 work with the SKH program pursuant to 806 KAR 2:210.

(5) “Grant recipient” means an Applicant who has received a financial grant pursuant to KRS 304.2-450.

(6) “IBHS” means the Insurance Institute for Business and Home Safety.

(7) “SKH” means the Strengthen Kentucky Homes Program as established by KRS 304.2-450.

Section 2. Subsequent Reinspections.

(1) All completed SKH mitigation projects are subject to subsequent reinspection by the Department.

(2) If selected for reinspection, a grant recipient shall be contacted by an evaluator to schedule the reinspection.

(3) Grant recipients shall have sixty (60) days in which to schedule a reinspection from the date he or she is contacted by an evaluator.

(4) Upon written request, the Department shall provide up to two sixty (60) day extensions.

(5) Extension requests may be sent by email to skh.doi@ky.gov.

(6) Evaluator services shall be procured by the Department in accordance with KRS Chapter 45A.

(7) The evaluator for the reinspection shall be paid through SKH at no cost to the grant recipient.

(8) Failure to comply with a required reinspection may result in penalties pursuant to KRS 304.99-010.

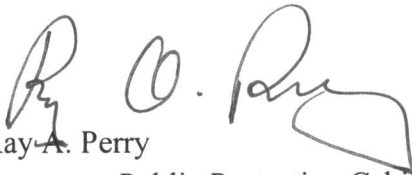
(9) Suspected criminal activities shall be reported to the Kentucky Department of Insurance Division of Insurance Fraud Investigation in accordance with KRS 304.47-050.

READ AND APPROVED:



Sharon P. Clark
Commissioner, Department of Insurance

7-9-2025
Date



Ray A. Perry
Secretary, Public Protection Cabinet

7-9-2025
Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held at 9:00 AM on September 22, 2025, at 500 Mero Street, Frankfort, KY 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. If held, this hearing will be open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through 11:59 PM on September 30, 2025. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person below.

Contact Person: Shaun T. Orme

Title: Executive Advisor

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REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

806 KAR 2:220

Contact Person: Shaun T. Orme

Phone: 502-782-1698

Email: shaun.orme@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does:

806 KAR 2:220 provides the process for subsequent reinspection of mitigated properties, and grant award procedures for the Strengthen Kentucky Home Program.

(b) The necessity of this administrative regulation:

KRS 304.2-450 mandates the Department promulgate regulations for administering the Strengthen Kentucky Homes Program.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

KRS 304.2-450 provides that the Department shall establish by regulation the Strengthen Kentucky Homes Program. This regulation is intended to combat potential attempts to defraud the program.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

806 KAR 2:220 provides the process for subsequent reinspection of mitigated properties in an effort to combat fraud for the Strengthen Kentucky Home Program.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: N/A

(b) The necessity of the amendment to this administrative regulation: N/A

(c) How the amendment conforms to the content of the authorizing statutes: N/A

(d) How the amendment will assist in the effective administration of the statutes: N/A

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

This regulation impacts an unknown number of homeowners receiving financial assistance from the Strengthen Kentucky Homes Program whose homes are subject to reinspection and the evaluators performing the reinspection. Furthermore, contractors engaged in fraudulent activity may be affected if their criminal activity is discovered during a reinspection.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

Homeowners receiving a grant under the SKH program would need to schedule a reinspection of their homes within the specified timeframes, if contacted for reinspection. Failure to do so may result in penalties.

Evaluators hired to perform the reinspection will receive compensation from the SKH fund after receiving a contract pursuant to KRS Chapter 45A.

Contractors may be subject to criminal penalties if discovered engaging in fraudulent activity.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

The cost to comply with the regulation is de minimis.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

Evaluators hired to perform re-inspections will benefit from receiving additional income. Otherwise, all parties benefit to the extent this regulation protects the program from fraudulent activity.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: The initial cost of implementing this regulation is not significant as there are currently no homes subject to reinspection.

(b) On a continuing basis: As more homes are mitigated, the cost of this regulation will increase over time. The cost will depend on the 1.) evaluator(s) rate for services; and 2.) frequency of reinspection.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

HB 256 appropriated an initial five million (\$5,000,000.00) dollars from the Insurance Regulatory Trust Fund to the Strengthen Kentucky Home Program. Funding in the future will come from interest earned on investments, additional appropriations, and/or grants.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

There will not be an increase in fees related to this administrative regulation. If the program is successful, additional funding in the future may be appropriate.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

This administrative regulation does not establish any fees.

(9) TIERING: Is tiering applied? (Explain why or why not):

Tiering is not applied as the provisions of this administrative regulation apply to all entities equally.

FISCAL IMPACT STATEMENT

806 KAR 2:220

Contact Person: Shaun T. Orme

Phone: 502-782-1698

Email: shaun.orme@ky.gov

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation:

KRS 304.2-450

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:

KRS 304.2-450

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions:

Department of Insurance

(b) Estimate the following for each affected state unit, part, or division identified in

(3)(a):

1. Expenditures:
For the first year: *< \$5,000,000.00*
For subsequent years: *Unknown*
2. Revenues:
For the first year: *\$0.00*
For subsequent years: *Unknown*
3. Cost Savings:
For the first year: *\$0.00*
For subsequent years: *Unknown*

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts):

This regulation will not affect any local entities.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:
For the first year: *N/A*
For subsequent years: *N/A*
2. Revenues:
For the first year: *N/A*
For subsequent years: *N/A*

- a. Cost Savings:
For the first year: *N/A*
For subsequent years: *N/A*

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):

This regulation will not affect any regulated entities.

(b) Estimate the following for each regulated entity identified in (5)(a):

- 1. Expenditures:
For the first year: *N/A*
For subsequent years: *N/A*
- 2. Revenues:
For the first year: *N/A*
For subsequent years: *N/A*
- 3. Cost Savings:
For the first year: *N/A*
For subsequent years: *N/A*

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation:

The Department of Insurance is tasked with promulgating regulations related to the administration and operation of the Strengthen Kentucky Homes Program pursuant to KRS 304.2-450. Accordingly, the General Assembly has appropriated five million (\$5,000,000.00) dollars for this program.

(b) Methodology and resources used to reach this conclusion: *N/A*

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(13):

This regulation will not have a major economic impact as defined by KRS 13A.010(13).

(b) The methodology and resources used to reach this conclusion: *N/A*