Regulatory Activity Bulletin 2025-04

BULLETIN

2025-04

The following Bulletin is to advise the reader of the current position of the Kentucky Department of Insurance ("Department"), on the specified issue.

THIS BULLETIN IS FOR INFORMATIONAL PURPOSES ONLY. IT DOES NOT AMEND OR INTERPRET PROVISIONS OF THE KENTUCKY REVISED STATUTES OR THE KENTUCKY ADMINISTRATIVE REGULATIONS.

TO: ALL LICENSED PROPERTY AND CASUALTY INSURANCE COMPANIES

FROM: SHARON P. CLARK, COMMISSIONER

RE: FEDERAL GOVERNMENT SHUTDOWN–GRACE PERIOD FOR FEDERAL EMPLOYEES

DATE: October 29, 2025

The Kentucky Department of Insurance (the "Department") is urging that all property and casualty insurers voluntarily implement protective measures for policyholders who are federal employees impacted by the most recent federal government shutdown.

A lapse in federal appropriations ("federal shutdown") occurred on October 1, 2025, impacting more than 23,449 Kentucky consumers who are employees of the federal government. These consumers may be subject to uncompensated furlough or may be required to continue working without compensation. These consumers may consequently experience financial hardship while on uncompensated status during the federal shutdown.

Given the ongoing federal shutdown, the Department has determined that certain safeguards are necessary to ensure Kentucky insurance consumers who are federal employees are protected and do not suffer unnecessary hardship during these trying times. The Department hereby requests that insurers writing property and casualty insurance, including motor vehicle and homeowners insurance policies, as defined in KRS 304.5-050 and KRS 304.5-070 ("insurers"), implement various safeguards, including those set forth herein. These measures will help to ensure these consumers do not lose important insurance coverage during this difficult time.

The Department hereby requests all insurers implement the following protective measures for policyholders who are federal employees. Insurers need not file policy or rating manual changes to implement these measures:

1. **Deferment on cancellations**. Insurers should seek to postpone or withdraw termination notices occurring on or after October 1, 2025 on any in-force policy due to any federal employees' non-payment of premium. Insurers are urged to continue coverage in cases of unpaid premium for at least 30 days, or 30 days following the end of the federal shutdown, whichever is longer. If following the end of the federal shutdown an affected consumer indicates to an insurer that they have not yet received their guaranteed compensation for the period of the federal shutdown, the Department requests that insurers continue coverage, even in cases of unpaid premium, for at least an additional 30 days.

2. **Time-period extension for payments**. Insurers are permitted by the insurance code to extend payment time periods for affected consumers to pay premiums, copayments, deductibles, and other charges that, when extended, will benefit their customers. Such extensions should be for reasonable time periods that will not result in consumers' financial hardship when the payments become due after the federal shutdown ends. Insurers may provide for recoupment of unpaid premiums from claims occurring during the forbearance period.

3. **Time-period extension for repairs**. If an affected consumer indicates to an insurer that repairs cannot be completed within the time required under any policy, the Department requests that insurers provide consumers with an extension of at least 30 days to make such repairs, or such additional time as is necessary.

Any insurer intending to offer extensions to consumers should advise the Department of such by sending an email to Shaun Orme at Shaun.Orme@ky.gov or by letter delivered to:

Attn: Shaun Orme

Commissioner's Office

Kentucky Department of Insurance

P.O. Box 517

Frankfort, Kentucky 40602

If you have any questions or concerns regarding this bulletin, please contact the Department's Consumer Protection Division:

- Phone (502) 564-6034;
- Toll Free (800) 595-6053 (option 1);
- Fax: (502) 564-6090; or
- Email: DOI.ConsumerComplaints@ky.gov.

	10/29/2025
Sharon P. Clark, *Commissioner*	Date
Kentucky Department of Insurance	

Value Added Table	
Description	Dated October 29, 2025. The DOI addresses the impact of the federal government shutdown, which began on October 1, 2025, on federal employees residing in Kentucky who hold property and casualty insurance policies. The DOI is urging all property and casualty insurers to voluntarily implement protective measures for policyholders who are federal employees impacted by the shutdown. Requests that insurers writing property and casualty insurance, including motor vehicle and homeowners' insurance policies (insurers), implement various safeguards in order to help ensure federal employees do not lose important insurance coverage. The DOI requests insurers to defer cancellations for policies in force as of October 1, 2025, due to non-payment of premiums by federal employees impacted by the shutdown. Insurers are urged to continue coverage for at least 30 days or 30 days following the end of the shutdown, whichever is longer. If a consumer indicates that they have not received their guaranteed compensation after the shutdown ends, insurers are further requested to extend coverage for an additional 30 days, even in cases of unpaid premiums. Insurers are also permitted to extend payment time periods for premiums, copayments, deductibles, and other charges to avoid financial hardship for affected consumers. These extensions should be reasonable and allow for recoupment of unpaid premiums from claims occurring during the forbearance period. Insurers are requested to provide extensions of at least 30 days for repairs if consumers indicate that repairs cannot be completed within the time required under their policies. Insurers may extend this period further if necessary. Insurers intending to offer these extensions are asked to notify the DOI via email or letter as specified.
Lines of Business	**Personal P&C** Personal Automobile, Personal Credit, Personal Earthquake, Personal Flood, Personal Homeowner Warranty, Personal Homeowners, Personal Inland Marine, Personal Liability, Personal Property, Personal Title, Personal Umbrella/Excess Liability, Personal Vehicle Service Contract, Personal Watercraft **Commercial P&C** Commercial Aircraft, Commercial Automobile, Commercial Boiler and Machinery, Commercial Credit, Commercial Crime, Commercial Crop/Hail, Commercial Earthquake, Commercial Farmowners, Commercial Fidelity, Commercial Financial Guaranty, Commercial Flood, Commercial General Liability, Commercial Inland Marine, Commercial Medical Malpractice, Commercial Mortgage, Commercial Ocean Marine, Commercial Professional Liability, Commercial Property, Commercial Surety, Commercial Title, Commercial Umbrella/Excess Liability, Workers' Compensation
Functions	Actuarial Claims General Compliance Policy Management Underwriting
Subject Category	100 - Property and fire insurance / insurers 120 - Casualty and liability insurance / insurers 300 - The policy 700 - Trade practices 720 - Information practices 760 - Premium rates / rating organizations 840 - Government agencies
Status	New
Actions	New

CitationsAffected	Bulletin 2025-04
Proposed	10/29/2025
Adopted	10/29/2025
Effective	10/29/2025
Last Modified	10/31/2025