

FORMS/RULES – IMPLEMENTATION

JUNE 16, 2023

COMMERCIAL AUTOMOBILE

LI-CA-2023-204

KENTUCKY FORMS AND RULES REVISIONS ADDRESSING CANNABIS EXCLUSION ENDORSEMENTS TO BE IMPLEMENTED

KEY MESSAGE

We are implementing forms and rules revisions addressing cannabis exclusion endorsements in Kentucky.

Filing IDs: [CA-2023-OMJF1](#) (Forms), [CA-2023-OMJR1](#) (Rules)

Effective Date: 1/1/2024

BACKGROUND

In circular:

- [LI-CA-2023-191](#), we announced the filing of forms filing CA-2023-OMJF1, which introduces Commercial Auto endorsements for the exclusion of coverage of cannabis in Kentucky.
- [LI-CA-2023-192](#), we announced the filing of rules filing CA-2023-OMJR1, which revises a state exception in Division One – Automobile of the Commercial Lines Manual as a result of correspondence with the Kentucky Department of Insurance and to permit the multistate rule pertaining to the new cannabis exclusion endorsements to apply.

INSURANCE DEPARTMENT ACTION

We have received the necessary approvals or acknowledgments, as required by state laws and regulations, from the insurance department in Kentucky.

EFFECTIVE DATE

Forms and Rules:

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after January 1, 2024.

COMPANY ACTION

Forms:

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number [CA-2023-OMJF1](#) and SERFF Tracking Number [ISOF-133681777](#), not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

Rules:

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number [CA-2023-OMJR1](#) and SERFF Tracking Number [ISOF-133685228](#), not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- New forms are being introduced.

EFFECT OF ISO REVISION ON FLEX RATING

This revision does not result in any change which would increase or decrease supplementary rating information for any classification of risks within any territory more than 25%.

A company that decides to revise its supplementary rating information should determine the overall rate level impact of its revision and any other revision that it has implemented over the preceding 12 months. ISO has made the following revision(s) of supplementary rating information for Commercial Auto over the preceding 12 months which result in percent indications different than those contained in the filing:

- Filing CA-2022-RCP1: Revision of Rules
- Filing CA-2022-RLC1: Revision of Loss Costs
- Filing CA-2023-BRLA1: Revision of Loss Costs

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2023-005](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 1-24 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

We will issue a Notice to Portfolioholders with an edition date of 1-24 (or the earliest possible subsequent date), along with any new and/or revised forms.

REFERENCE(S)

- [LI-CA-2023-192](#) (06/13/2023) Kentucky Rules Revision Addressing Cannabis Exclusion Endorsements Being Filed
- [LI-CA-2023-191](#) (06/13/2023) Kentucky Forms Revision Addressing Cannabis Exclusion Endorsements Being Filed
- [LI-CL-2023-005](#) (02/21/2023) Commercial Lines Revised Lead Time Requirements Listing

ATTACHMENT(S)

Final copies of [CA 27 12 12 19](#), [CA 27 13 12 19](#) and [CA 27 14 12 19](#)

COPYRIGHT EXPLANATION

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner. Permission is hereby granted to members, subscribers and service purchasers to reprint, copy or otherwise use the enclosed material for purposes of their own business use relating to that territory or line or kind of insurance, or subdivision thereof, for which they participate, provided that:

- (A) Where ISO copyrighted material is reprinted, copied, or otherwise used **as a whole**, it must reflect the copyright notice actually shown on such material.
- (B) Where ISO copyrighted material is reprinted, copied, or otherwise used **in part**, the following credit legend must appear at the bottom of each page so used:
Includes copyrighted material of Insurance Services Office, Inc., with its permission.

IMPORTANT NOTICE FOR USERS OF ISO PRODUCTS AND SERVICES

Please make sure that your company has authorized your use of this product and has complied with the requirements applicable in the jurisdiction where you plan to use it.

We distribute both state-specific and multistate products and services. We do not distribute all the multistate products and services for use in every jurisdiction due to corporate policy, regulatory preference, or variations or lack of clarity in state laws.

We provide participating insurers with information concerning the jurisdictions for which our products and services are distributed. Even in those jurisdictions, each insurer must determine what filing requirements, if any, apply and whether those requirements have been satisfied.

Now, as in the past, all of our products and services are advisory, and are made available for optional use by participating insurers as a matter of individual choice. Your company must decide for itself which, if any, ISO products or services are needed or useful to its operation and how those selected for use should be applied. We urge that you be guided by the advice of your attorneys on the legal requirements.

CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular, please contact:
Joseph Ameen
Compliance & Product Services – Property
201-469-2589
property@verisk.com
Joseph.Ameen@verisk.com
- Other issues for this circular, please contact Customer Support:
E-mail: info@verisk.com
Phone: 800-888-4476

Callers outside the United States, Canada, and the Caribbean may contact us using our global toll-free number (International Access Code + 800 48977489). For information on all ISO products, visit us at www.verisk.com/iso. To keep abreast of the latest Insurance Lines Services updates, view www.verisk.com/ils.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANNABIS EXCLUSION FOR GENERAL LIABILITY COVERAGES

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. The following exclusion is added to Section II – General Liability Coverages:

This insurance does not apply to:

1. "Bodily injury", "property damage" or "personal and advertising injury" arising out of:
 - a. The design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis"; or
 - b. The actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, contact with, exposure to, existence of, or presence of "cannabis"; or
2. "Property damage" to "cannabis".

This exclusion applies even if the claims against any "insured" allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that "insured", if the "accident" which caused the "bodily injury" or the "property damage", or the offense which caused the "personal and advertising injury", involved that which is described in Paragraph **A.1.** or **A.2.** above.

However, Paragraph **A.1.b.** does not apply to "bodily injury" or "property damage" arising out of the actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, or contact with, "cannabis" by:

- (1) An "insured"; or
- (2) Any other person for whom you are legally responsible;

but only if the "bodily injury" or "property damage" does not arise out of your selling, serving or furnishing of "cannabis" to any person described above.

B. The exclusion in Paragraph A. does not apply to "personal and advertising injury" arising out of the following offenses:

1. False arrest, detention or imprisonment; or
2. The wrongful eviction from, wrongful entry into or invasion of the right or private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor.

C. Additional Definition

As used in this endorsement:

"Cannabis":

1. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.
2. Paragraph **C.1.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:
 - a. Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or
 - b. Any compound, by-product, extract, derivative, mixture or combination, such as:
 - (1) Resin, oil or wax;
 - (2) Hash or hemp; or
 - (3) Infused liquid or edible cannabis;whether or not derived from any plant or part of any plant set forth in Paragraph **C.2.a.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANNABIS EXCLUSION WITH HEMP EXCEPTION FOR GENERAL LIABILITY COVERAGES

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. The following exclusion is added to Section II – General Liability Coverages:

This insurance does not apply to:

1. "Bodily injury", "property damage" or "personal and advertising injury" arising out of:
 - a. The design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis"; or
 - b. The actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, contact with, exposure to, existence of, or presence of "cannabis"; or
2. "Property damage" to "cannabis".

This exclusion applies even if the claims against any "insured" allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that "insured", if the "accident" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved that which is described in Paragraph **A.1.** or **A.2.** above.

However, Paragraph **A.1.b.** does not apply to "bodily injury" or "property damage" arising out of the actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, or contact with, "cannabis" by:

- (1) An "insured"; or
- (2) Any other person for whom you are legally responsible;

but only if the "bodily injury" or "property damage" does not arise out of your selling, serving or furnishing of "cannabis" to any person described above.

B. The exclusion in Paragraph A. does not apply to:

1. "Bodily injury", "property damage" or "personal and advertising injury" arising out of goods or products containing or derived from hemp, including, but not limited to:
 - a. Seeds;
 - b. Food;
 - c. Clothing;
 - d. Lotions, oils or extracts;
 - e. Building materials; or
 - f. Paper.
2. "Property damage" to goods or products described in Paragraph **B.1.** above.

However, Paragraphs **B.1.** and **B.2.** above do not apply to the extent any such goods or products are prohibited under an applicable state or local statute, regulation or ordinance in the state wherein:

- (1) The "bodily injury" or "property damage" occurs;
 - (2) The "accident" which caused the "bodily injury" or "property damage" takes place; or
 - (3) The offense which caused the "personal and advertising injury" was committed;
3. "Personal and advertising injury" arising out of the following offenses:
 - a. False arrest, detention or imprisonment; or
 - b. The wrongful eviction from, wrongful entry into or invasion of the right or private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor.

C. Additional Definition

As used in this endorsement:

"Cannabis":

1. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.

2. Paragraph C.1. above includes, but is not limited to, any of the following containing such THC or cannabinoid:

a. Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or

b. Any compound, by-product, extract, derivative, mixture or combination, such as:

(1) Resin, oil or wax;

(2) Hash or hemp; or

(3) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in Paragraph **C.2.a.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANNABIS EXCLUSION WITH HEMP AND LESSOR RISK EXCEPTION FOR GENERAL LIABILITY COVERAGES

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. The following exclusion is added to Section II – General Liability Coverages:

This insurance does not apply to:

"Bodily injury", "property damage" or "personal and advertising injury" arising out of:

1. The design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis"; or
2. The actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, contact with, exposure to, existence of, or presence of "cannabis".

This exclusion applies even if the claims against any "insured" allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that "insured", if the "accident" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved that which is described in Paragraph **A.1.** or **A.2.** above.

However, Paragraph **A.2.** does not apply to "bodily injury" or "property damage" arising out of the actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, or contact with, "cannabis" by:

- (1) An "insured"; or
- (2) Any other person for whom you are legally responsible;

but only if the "bodily injury" or "property damage" does not arise out of your selling, serving or furnishing of "cannabis" to any person described above.

B. The exclusion in Paragraph A. does not apply to:

1. "Bodily injury", "property damage" or "personal and advertising injury" arising out of goods or products containing or derived from hemp, including, but not limited to:
 - a. Seeds;
 - b. Food;
 - c. Clothing;
 - d. Lotions, oils or extracts;
 - e. Building materials; or
 - f. Paper.
2. "Property damage" to goods or products described in Paragraph **B.1.** above.

However, Paragraphs **B.1.** and **B.2.** above do not apply to the extent any such goods or products are prohibited under an applicable state or local statute, regulation or ordinance in the state wherein:

- (1) The "bodily injury" or "property damage" occurs;
 - (2) The "accident" which caused the "bodily injury" or "property damage" takes place; or
 - (3) The offense which caused the "personal and advertising injury" was committed;
3. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the ownership, maintenance or use of a premises leased to others by you; or
 4. "Personal and advertising injury" arising out of the following offenses:
 - a. False arrest, detention or imprisonment; or

- b. The wrongful eviction from, wrongful entry into or invasion of the right or private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor.

C. Additional Definition

As used in this endorsement:

"Cannabis":

1. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.

- 2. Paragraph **C.1.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:

- a. Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or

- b. Any compound, by-product, extract, derivative, mixture or combination, such as:

- (1)** Resin, oil or wax;

- (2)** Hash or hemp; or

- (3)** Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in Paragraph **C.2.a.**