

304.33-300 Fraudulent transfers after petition.

Except as provided in KRS 304.33-055:

- (1) Effect of petition: real property. After a petition for rehabilitation or liquidation, a transfer of any of the real property of the insurer made to a person acting in good faith shall be valid against the receiver if made for a present fair equivalent value or, if not made for a present fair equivalent value, then to the extent of the present consideration actually paid therefor, for which amount the transferee shall have a lien on the property so transferred. The recording of a copy of the petition for or order of rehabilitation or liquidation with the county clerk in the county where any real property in question is located shall be constructive notice of the commencement of a proceeding in rehabilitation or liquidation. The exercise by a court of the United States or any state of jurisdiction to authorize or effect a judicial sale of real property of the insurer within any county in any state shall not be impaired by the pendency of such a proceeding unless the copy is recorded in the county prior to the consummation of the judicial sale;
- (2) Effect of petition: personal property. After a petition for rehabilitation or liquidation and before either the receiver takes possession of the property of the insurer or an order of rehabilitation or liquidation is granted:
 - (a) A transfer of any of the property of the insurer, other than real property, made to a person acting in good faith shall be valid against the receiver if made for a present fair equivalent value or, if not made for a present fair equivalent value, then to the extent of the present consideration actually paid therefor, for which amount the transferee shall have a lien on the property so transferred;
 - (b) A person indebted to the insurer or holding property of the insurer may, if acting in good faith, pay the indebtedness or deliver the property or any part thereof to the insurer or upon his or her order, with the same effect as if the petition were not pending;
 - (c) A person having actual knowledge of the pending rehabilitation or liquidation shall be deemed not to act in good faith unless he or she has reasonable cause to believe that the petition is not well founded; and
 - (d) A person asserting the validity of a transfer under this section shall have the burden of proof. Except as elsewhere provided in this section, no transfer by or in behalf of the insurer after the date of the petition for liquidation by any person other than the liquidator shall be valid against the liquidator;
- (3) Every person receiving any property from the insurer or any benefit thereof which is a fraudulent transfer under this section shall be personally liable therefor and shall be bound to account to the liquidator; and
- (4) Negotiability. Nothing in this subtitle shall impair the negotiability of currency or negotiable instruments.

Effective: June 27, 2025

History: Amended 2025 Ky. Acts ch. 67, sec. 9, effective June 27, 2025. -- Amended 2010 Ky. Acts ch. 24, sec. 1449, effective July 15, 2010. -- Amended 1990 Ky. Acts ch. 422, sec. 21, effective July 13, 1990. -- Amended 1978 Ky. Acts ch. 384, sec. 472, effective June 17, 1978. -- Created 1970 Ky. Acts ch. 301, subtit. 33, sec. 30, effective June 18, 1970.