

299.018 Definition of "company" -- Dissolution of a company -- Duties of trustee -- Examination by commissioner -- Notification to Secretary of State.

- (1) As used in this section, "company":
 - (a) Means an entity organized under:
 1. This chapter; or
 2. Any law of this state for the purpose of transacting the business of insurance upon the cooperative or assessment plan, as set forth in KRS 299.020; and
 - (b) Includes a company as defined in KRS 299.010(3) or (4).
- (2) A solvent company that is not the subject of a delinquency proceeding under Subtitle 33 of KRS Chapter 304 may voluntarily dissolve in accordance with the requirements of this section.
- (3)
 - (a) A company seeking to voluntarily dissolve under this section shall dissolve under a dissolution plan that:
 1. Is in writing;
 2. Provides for:
 - a. The disposition, by bulk reinsurance or other lawful procedure, of all insurance in force with the company; and
 - b. Full discharge of all obligations of the company;
 3. Designates or provides for one (1) or more trustees to conduct and administer the settlement of the company's affairs;
 4. Is authorized by its board of directors;
 5. Is approved or adopted by policyholders or members by vote of not less than two-third (2/3) of the policyholders or members voting thereon at a special meeting of the policyholders or members called and held pursuant to any reasonable notice and information as the commissioner approves; and
 6. Is filed with and approved by the commissioner.
 - (b) The commissioner shall approve a dissolution plan that complies with paragraph (a) of this subsection unless the commissioner determines the plan is:
 1. Unlawful;
 2. Unfair;
 3. Inequitable; or
 4. Prejudicial to the interests of members, policyholders, or creditors.
- (4) The trustee or trustees designated in a dissolution plan filed by a company under subsection (3) of this section shall:
 - (a) Upon approval of the plan by the commissioner, execute the plan; and
 - (b) Certify, under oath and in writing, in articles of dissolution prepared in accordance with state law and filed with the commissioner, the date when all liabilities of the company have been discharged or otherwise adequately

provided for, and all assets of the company have been liquidated and distributed, in accordance with the plan.

- (5) (a) The commissioner shall make an examination, in a manner the commissioner deems advisable, of the affairs and liquidation of a company that voluntarily dissolves under this section.
- (b) If, upon examination, the commissioner finds that the facts set forth in, and form of, the articles of dissolution filed by the trustee or trustees under subsection (4)(b) of this section are accurate and in compliance with state law, the commissioner shall:
 - 1. Inscribe his or her approval on the articles; and
 - 2. Provide the approved articles to the company.
- (c) The company shall:
 - 1. Deliver the articles of dissolution approved by the commissioner under paragraph (b) of this subsection to the Secretary of State for filing; and
 - 2. Submit proof of the filing made under subparagraph 1. of this paragraph to:
 - a. The commissioner; and
 - b. The trustee or trustees.
- (d) The trustee or trustees that receive proof under paragraph (c)2. of this subsection of a filing made under paragraph (c)1. of this subsection shall:
 - 1. File, for recording, a copy of the articles of dissolution filed with the Secretary of State in the office of the county clerk of the county in which the company's principal place of business is or was located; and
 - 2. Retain a copy, including proof of filing, of the articles of dissolution filed with the Secretary of State under paragraph (c)1. of this subsection for the company's records.
- (6) The corporate existence of a company dissolved under this section shall forever be terminated upon the effective date of the articles of dissolution filed with the Secretary of State under subsection (5)(c)1. of this section.

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