

190.033 Insurance or bond required of licensees -- Exemption.

- (1) Except as provided in subsection (4) of this section, a motor vehicle dealer's license, new recreational vehicle dealer's license, motor vehicle auction dealer's license, or wholesaler's license shall not be issued or renewed unless the applicant or holder of the license has on file with the commission an approved indemnifying bond or insurance policy that complies with subsection (2) of this section.
- (2) An indemnifying bond or insurance policy shall:
 - (a) Be issued by:
 1. A surety company or insurance carrier authorized to transact business within the Commonwealth of Kentucky; or
 2. A nonadmitted insurer in accordance with the requirements of Subtitle 10 of KRS Chapter 304;
 - (b) Have a term that is continuous and remains in full force until canceled under proper notice;
 - (c) Be issued in the name of the holder or applicant for the dealer's license or wholesaler's license;
 - (d) For all dealers except automotive recycling dealers, provide public liability and property damage coverage for the operation of any vehicle owned or being offered for sale by the dealer or wholesaler when being operated by the owner or seller, his or her agents, servants, employees, prospective customers, or other persons. In circumstances where a customer's or other person's vehicle is out of use because of breakdown, repair, or servicing and a motor vehicle is loaned, with or without consideration, the coverage mandated by this section shall be in excess of, and be deemed secondary to, the collision, bodily injury, and property damage liability coverage under a customer's or other person's own coverage for that person's own negligence; otherwise the coverage mandated by this section shall be primary;
 - (e) Provide that the amount of coverage under the bond or policy is two hundred fifty thousand dollars (\$250,000) for bodily injury or death of any one (1) person; five hundred thousand dollars (\$500,000) for bodily injury or death in any one (1) accident; and two hundred fifty thousand dollars (\$250,000) property damage;
 - (f) For automotive recycling dealers, provide commercial general liability coverage in the amount of two hundred fifty thousand dollars (\$250,000) for bodily injury or death of any one (1) person; five hundred thousand dollars (\$500,000) for bodily injury or death in any one (1) accident; and two hundred fifty thousand dollars (\$250,000) property damage; and
 - (g) Provide that the bond or policy shall not be canceled unless fifteen (15) days' notice by the bondsman or insurance carrier has been given in writing to the commission.
- (3) (a) Upon the cancellation of any required indemnifying bond or insurance policy, the right to engage in the business of a motor vehicle dealer or wholesaler shall immediately abate.

- (b) If the bond or insurance policy is reinstated within thirty (30) days from the date of cancellation, the rights granted by the license shall again be in force and effect; otherwise, the license shall become void.
- (4) A dealer that has a certificate of authority from the Department of Insurance demonstrating proof of self-insurance is exempt from this section.

Effective: June 27, 2025

History: Amended 2025 Ky. Acts ch. 12, sec. 1, effective June 27, 2025. -- Amended 2014 Ky. Acts ch. 27, sec. 17, effective January 1, 2015; and ch. 83, sec. 2, effective July 15, 2014. -- Amended 2002 Ky. Acts ch. 83, sec. 1, effective July 15, 2002. -- Amended 1996 Ky. Acts ch. 111, sec. 2, effective July 15, 1996. -- Amended 1992 Ky. Acts ch. 452, sec. 3, effective July 14, 1992. -- Amended 1988 Ky. Acts ch. 65, sec. 2, effective July 15, 1988. -- Amended 1982 Ky. Acts ch. 373, sec. 4, effective July 15, 1982. -- Created 1966 Ky. Acts ch. 175, sec. 13.