

CHAPTER 57

(HB 18)

AN ACT relating to insurance agents.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. KRS 304.9-270 is amended to read as follows:

- (1) Each insurer appointing an agent in this state shall ***obtain approval of the appointment from the commissioner by filing***~~file~~ with the commissioner the ***notice of*** appointment in writing, specifying the kinds of insurance or classifications thereof to be transacted by the agent for the insurer, and submit the license fee with the license application and the appointment fee with every appointment thereafter, or license fee in the case of limited licenses, as specified in KRS 304.4-010.
- (2) ***No agent shall claim to be an agent or representative of, or in any way imply a contractual relationship with, a particular insurer, or place applications for insurance with an insurer unless the agent becomes an appointed agent of that insurer and the agent's appointment has been approved by the commissioner.***
- (3) ***An agent may act as a representative of and place insurance with an insurer without first obtaining approval of the appointment by the commissioner for a period of thirty (30) days from the date the first insurance application is executed by the agent subject to the following criteria:***
 - (a) ***The agent has filed with the commissioner, and thereafter kept in force, evidence of financial responsibility in the sum of not less than one million dollars (\$1,000,000) per occurrence, and the sum of two million dollars (\$2,000,000) in the aggregate, for all such occurrences within one (1) year, either in the form of an errors and omissions insurance policy issued by an authorized insurer, a bond issued by an authorized corporate surety, a deposit, or any combination of these evidences of financial responsibility. Such a policy, bond, deposit, or combination shall not be terminated unless at least thirty (30) days' prior written notice is given to the licensee and the commissioner.***
 - (b) ***If the agent does not receive from the insurer acknowledgment that the agent's appointment has been approved by the commissioner within thirty (30) days from the date the first insurance application is executed, the agent shall immediately discontinue acting as an agent on behalf of the insurer until acknowledgment is received.***
- (4) ***(a) The insurer shall, no later than forty-five (45) days from the date the agency contract is executed or the first insurance application is submitted by an agent, whichever is earlier, file with the commissioner a written notice of appointment on a form prescribed by the commissioner.***
 - (b) ***If there is no executed agency contract, the insurer shall also mail to the agent, within the same forty-five (45) day period specified in paragraph (a) of this subsection, a copy of the notice of appointment form filed with the commissioner.***
- (5) ***Within fifteen (15) days of receipt of the notice of appointment, the commissioner shall determine and notify the insurer whether the agent is eligible for appointment. If the***

agent's license is in good standing and no other grounds exist to deny the appointment, the commissioner shall approve the appointment.

- (6) Subject to continuation by the insurer as provided in subsection (4)~~(3)~~ of this section, each appointment shall remain in effect until the agent's license is revoked or otherwise terminated, unless the insurer earlier terminates the appointment as provided in KRS 304.9280.
- ~~(7)(3)~~ Biennially, before January 31, the department shall distribute to each insurer a listing of the names and addresses of that insurer's agents whose appointment, or licenses in the case of limited licenses, were in effect during the preceding calendar year and who were not terminated on or prior to December 31 of that calendar year. Any appointment or license not expressly terminated shall remain in effect as to the kinds of insurance or classifications thereof for which the respective agents are currently appointed, and subject to the fees specified under KRS 304.4-010. On or before March 31, each insurer shall submit the continuation of appointment fee, or license fee in the case of limited licenses, as specified in KRS 304.4-010, for each appointment not terminated on or prior to December 31 of the preceding calendar year. Any appointment or license not expressly terminated shall continue, unless otherwise terminated, canceled, suspended, or revoked by the department of insurance.

Section 2. KRS 304.9-080 is amended to read as follows:

- (1) No person shall in this state be, act as, or hold himself out as an agent, solicitor, consultant, or adjuster unless then licensed as an agent, solicitor, consultant, or adjuster respectively.
- (2) No agent, or solicitor shall solicit or take applications for, procure or place for others any kind of insurance as to which he is not then licensed. No consultant shall act as such with respect to any kind of insurance as to which he is not then licensed as a consultant.
- (3) A consultant license must cover either or both of the following categories, as selected by the licensee:
 - (a) General lines;
 - (b) Life and health.

A consultant licensed in both categories shall qualify separately for, and be licensed in, each category.

- (4) No person licensed as a consultant shall act as a consultant until he has filed with the commissioner a bond or insurance as prescribed in KRS 304.9-330.
- (5) Except as provided in KRS 304.9-410 *and subsection (3) of Section 1 of this Act*, no agent shall place, and no insurer shall accept, any insurance with any insurer as to which he does not then hold a license and appointment as agent under this subtitle.
- (6) The commissioner shall prescribe and furnish all forms required under this subtitle as to licenses and appointments.

Approved March 3, 2000

