

CHAPTER 83**(HB 260)**

AN ACT relating to motor vehicles.

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

Section 1. KRS 190.033 is amended to read as follows:

A motor 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 shall have on file with the commission an approved indemnifying bond or insurance policy issued by a surety company or insurance carrier authorized to transact business within the Commonwealth of Kentucky. The term of the bond or policy shall be continuous and shall remain in full force until canceled under proper notice. All bonds or policies shall be issued in the name of the holder or applicant for the dealer's license or wholesaler's license. The bond or policy for all dealers except automotive recycling dealers shall 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 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***~~[The property damage coverage mandated by this section shall be in excess of the property damage coverage under a customer's or other person's own coverage for that person's own negligence].~~ The amount of insurance shall be one hundred thousand dollars (\$100,000) for bodily injury or death of any one (1) person; three hundred thousand dollars (\$300,000) for bodily injury or death in any one (1) accident; and fifty thousand dollars (\$50,000) property damage. The bond or policy for automotive recycling dealers shall provide commercial general liability coverage in the amount of one hundred thousand dollars (\$100,000) for bodily injury or death of any one (1) person; three hundred thousand dollars (\$300,000) for bodily injury or death in any one (1) accident; and fifty thousand dollars (\$50,000) property damage. A bond or insurance policy shall not be canceled unless fifteen (15) days' notice by the bondsman or insurance carrier has been given in writing to the commission. Upon the cancellation of any bond or insurance policy required, the right to engage in the business of a motor vehicle dealer or wholesaler shall immediately abate. 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.

Section 2. KRS 304.20-065 is amended to read as follows:

Every motor vehicle insurance policy insuring a motor vehicle with *coverage for collision, bodily injury, and property damage liability, or all three (3)*,~~[coverage]~~ licensed in this state shall extend *these coverages*~~[its property damage coverage]~~ to cover the insured *individual's negligence*~~[individual]~~ while operating a motor vehicle which is loaned, with or without consideration, to the insured individual as a replacement vehicle while the insured's vehicle is out of use because of breakdown, repair, or servicing and if the other motor vehicle is loaned by a person, firm or corporation engaged in the business of selling, repairing, *and*~~[or]~~ servicing motor vehicles. Such extension of ~~[property damage]~~ coverage shall include coverage for damage to or loss of the loaned vehicle as a result of the negligence of the insured.

Approved March 28, 2002