

**CHAPTER 273****(HB 165)**

AN ACT relating to insurance licenses of individuals and business entities licensed under Subtitles 9 and 10 of KRS Chapter 304.

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

Section 1. KRS 304.2-160 is amended to read as follows:

Each written and signed complaint received by the Department of Insurance shall be recorded by the department, including the subsequent disposition thereof, and maintained for a period of not less than five (5) years. The records of such complaints shall be indexed whenever applicable both by the name of the insurer and by the name of the **licensee, including** agent,~~[-solicitor,-]~~ surplus lines broker, adjuster, **administrator, reinsurance intermediary broker or manager, rental vehicle agent or managing employee, specialty credit producer or managing employee, viatical settlement broker or provider,** or consultant involved. The commissioner shall consider such complaints before issuing or renewing any certificate of authority or license.

Section 2. KRS 304.2-220 is amended to read as follows:

For the purpose of ascertaining compliance with law, or relationships and transactions between any~~[-such]~~ person and any insurer or proposed insurer, the commissioner may as often as reasonably necessary examine the accounts, records, documents, and transactions pertaining to or affecting the insurance affairs or proposed insurance affairs and transactions of:

- (1) Any insurance holding company; or person holding the shares of voting stock or policyholder proxies of an insurer as voting trustee or otherwise, for the purpose of controlling the management thereof;~~[-]~~
- (2) Any insurance agent,~~[-solicitor,-general agent,-]~~ surplus lines broker, adjuster, consultant, **administrator, reinsurance intermediary broker or manager, rental vehicle agent or managing employee, specialty credit producer or managing employee,** or any person holding himself out as any of the foregoing;~~[-]~~
- (3) Any person having a contract under which he enjoys by terms or in fact the exclusive or dominant right to manage or control the insurer, as voting trustee, or otherwise; **and**~~[-]~~
- (4) Any person in this state engaged in, or proposing to be engaged in this state in, or holding himself out in this state as so engaging or proposing, or in this state assisting in the promotion, formation or financing of an insurer or insurance holding corporation, or corporation or other group to finance an insurer or the production of its business.

Section 3. KRS 304.4-040 is amended to read as follows:

The commissioner may revoke the certificate of authority, of any insurer which fails to pay when due, any taxes, fees, licenses and other charges owing to this state. The commissioner may likewise revoke the license of any agent, surplus lines broker,~~[-solicitor,-]~~ adjuster, **administrator, reinsurance intermediary broker or manager, rental vehicle agent or managing employee, specialty credit producer or managing employee, viatical settlement broker or provider,** or consultant, as to whom any tax or fee required under this code has not been paid when due.

Section 4. KRS 304.9-020 is amended to read as follows:

As used in this subtitle:

- (1) "Agent" means an individual or business entity ***appointed by an insurer to sell or to solicit applications for insurance or annuity contracts or to negotiate insurance or annuity contracts on its behalf;***~~required to be licensed and appointed under the laws of this state to sell, solicit, or negotiate insurance or annuity contracts.~~
- (2) "Business entity" means a corporation, association, partnership, limited liability company, limited liability partnership, employer group, professional employer organization, or other legal entity;~~[-]~~
- (3) "Home state" means the District of Columbia and any state or territory of the United States in which a licensee maintains his or her principal place of residence or principal place of business and is licensed by that state ***to act as an insurance producer;***~~[-]~~
- (4) ***"Insurance producer" means an individual or business entity required to be licensed under the laws of Kentucky to sell, solicit, or negotiate insurance or annuity contracts. Insurance producer includes agent, managing general agent, surplus lines broker, reinsurance intermediary broker and manager, rental vehicle agent and managing employee, specialty credit producer and managing employee, and consultant;***~~A "general lines" agent is an agent who transacts any one (1) or more of the following kinds of insurance:~~
  - ~~(a) — Property insurance;~~
  - ~~(b) — Casualty insurance;~~
  - ~~(c) — Surety insurance;~~
  - ~~(d) — Marine and transportation insurance;~~
  - ~~(e) — Health insurance, when transacted for an insurer also represented by the same agent as to property or casualty insurance; and~~
  - ~~(f) — Mortgage guaranty insurance.~~
- (5) "Limited line credit insurance" includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, ***guaranteed*** automobile ***protection***~~[-dealer gap-]~~ insurance, and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing that credit obligation that the commissioner determines should be designated a form of limited line credit insurance;~~[-]~~
- (6) "Limited line credit insurance agent" means an individual or business entity who sells, solicits, or negotiates one (1) or more forms of limited line credit insurance coverage to individuals through a master, corporate, group, or individual policy;~~[-]~~
- (7) "Negotiate" means the act of conferring directly with, or offering advice directly to, a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract;~~[-]~~
- (8) "Sell" means to exchange a contract of insurance by any means, for money or other valuable consideration, on behalf of an insurer;~~[-]~~
- (9) "Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company;~~[-]~~

- (10) "Terminate" means the cancellation of the relationship between an *insurance producer*~~[agent]~~ and the insurer or the termination of an *insurance producer's*~~[agent's]~~ authority to transact insurance;~~[-]~~
- (11) "Uniform business entity application" means the current version of the National Association of Insurance Commissioners Uniform Business Entity Application for resident and nonresident business entities; ~~and~~~~[-]~~
- (12) "Uniform *individual* application" means the current version of the National Association of Insurance Commissioners Uniform Application for resident and nonresident *individuals*~~[agent licensing]~~.

Section 5. KRS 304.9-030 is amended to read as follows:

- (1) Unless denied a license *according to Section 36 of this Act*~~[under this subtitle]~~, applicants who have met the requirements for the license in accordance with this subtitle, shall be issued the applicable license.
- (2) An insurance agent may receive qualification for a license in one (1) or more of the following *applicable* lines of authority:
  - (a) Life -- insurance coverage on human lives including benefits of endowment and annuities, and may include benefits in the event of death or dismemberment by accident and benefits for disability income;
  - (b) Health -- insurance coverage for sickness, bodily injury, or accidental death and may include benefits for disability income;
  - (c) Property -- insurance coverage for the direct or consequential loss or damage to property of every kind;
  - (d) Casualty -- insurance coverage against legal liability, including that for death, injury, or disability, or damage to real or personal property;
  - (e) Variable life and variable annuity products -- insurance coverage provided under variable life insurance contracts ~~and~~~~[-]~~ variable annuities~~[-]~~ ~~or any other life insurance or annuity product that reflects the investment experience of a separate account~~;
  - (f) Limited line -- insurance as identified in KRS 304.9-230;
  - (g) *Personal lines -- property and casualty insurance coverage sold to individuals and families for primarily noncommercial purposes*~~[Marine and transportation insurance as defined in KRS 304.5-080]~~;
  - ~~(h) Mortgage guaranty insurance as defined in KRS 304.5-100]; and~~
  - ~~(h)~~~~(i)~~ Any other line of insurance authorized by Kentucky law and deemed by the commissioner appropriate to be issued as a separate line of authority.

Section 6. KRS 304.9-035 is amended to read as follows:

Any insurer shall be liable for the acts of its agents when the agents are acting in their capacity as representatives of the insurer and are acting within the scope of their authority. *Licensed individuals designated by a business entity to exercise the business entity's agent license shall be deemed agents of the insurer if the business entity holds an appointment from the insurer.*

Section 7. KRS 304.9-040 is amended to read as follows:

- (1) A "consultant" is an individual, who as an independent contractor in relation to his client, for fee or compensation other than from an insurer, in any manner advises or purports to advise, any person actually or prospectively insured, or named or to be named as beneficiary, or having or to have any interest in or insured under, an insurance contract or annuity contract, existing or proposed, relative to coverage, advisability, rights, or interests under such contract, or relative to the retention, exchange, surrender, or exercise of rights thereunder. This subsection shall not apply as to an attorney while *acting under a license*~~[licensed]~~ to practice law in this state.
- (2) A "*property and casualty*~~[general lines]~~ consultant" is *an individual*~~[one]~~ licensed as a consultant as to *property insurance contracts, casualty insurance contracts, health insurance contracts issued by property or casualty insurers, and surety contracts*~~[any one (1) or more of the following kinds of insurance:~~
  - (a) ~~Casualty insurance.~~
  - (b) ~~Property insurance.~~
  - (c) ~~Surety insurance.~~
  - (d) ~~Marine and transportation insurance.~~
  - (e) ~~Health insurance.~~
  - (f) ~~Mortgage guaranty insurance]~~.
- (3) A "life and health consultant" is *an individual*~~[one]~~ licensed as a consultant as to life insurance contracts, annuity contracts and health insurance contracts.

Section 8. KRS 304.9-051 is amended to read as follows:

As used in KRS 304.9-052 and 304.9-371 to 304.9-377:

- (1) An "administrator" is *an individual or business entity*~~[a person]~~ who collects charges or premiums from or who adjusts or settles claims on, residents of this state in connection with life insurance, health insurance, annuities, nonprofit hospital, medical-surgical, dental, and health service corporation contracts, health maintenance organization contracts, or ~~prepaid dental plan organization contracts or~~ other life, health, or annuity benefit plans. The following are not considered to be acting as administrator:
  - (a) An employer acting on behalf of its employees or the employees of one (1) or more subsidiary or affiliated corporations of the employer;
  - (b) A union on behalf of its members;
  - (c) An insurer, which is *acting as the insurer with respect to the contract if the insurer is*~~[either]~~ authorized or permitted to transact business in Kentucky or *if the contract is*~~[acting as an insurer with respect to a contract]~~ lawfully delivered or issued for delivery by it in and pursuant to the laws of a state in which it was authorized or permitted to do business;
  - (d) A life or health insurance agent licensed in Kentucky whose activities are limited exclusively to the sale of insurance;
  - (e) A creditor on behalf of its debtors with respect to insurance covering a debt between the creditor and its debtors;

- (f) A trust, its trustees, agents, and employees acting thereunder, established in conformity with 29 U.S.C. sec. 186;
- (g) A trust exempt from taxation under 26 U.S.C. sec. 501(a), its trustees, and employees acting thereunder, or a custodian, its agents, and employees acting pursuant to a custodian account which meets the requirements of 26 U.S.C. sec. 401(f);
- (h) A bank, credit union, or other financial institution which is subject to supervision or examination by federal or state banking authorities;
- (i) A credit card issuing company which advances for and collects premiums or charges from its credit card holders who have authorized it to do so, provided such company does not adjust or settle claims; or
- (j) **An individual**~~[A person]~~ who adjusts or settles claims in the normal course of practice or employment as an attorney-at-law, and who does not collect charges or premiums in connection with coverages issued by insurers.

~~(2) [ "Insurance" is coverage issued by an insurer as defined herein.~~

~~(3) [ An "insured" is a person covered under an insurance contract, nonprofit hospital, medical-surgical, dental, and health service corporation contract, health maintenance organization contract, prepaid dental plan organization contract, or other source of benefits.~~

~~(4) [ An "insurer" is an insurer, nonprofit hospital, medical-surgical, dental, health service corporation, health maintenance organization, prepaid dental plan organization, or other sources of benefits.]~~

Section 9. KRS 304.9-052 is amended to read as follows:

- (1) No **individual or business entity**~~[person]~~ shall in this state be, act as, or hold himself out to be an administrator unless then licensed as an administrator by the commissioner.
- (2) For the protection of the people of this state, the commissioner shall not issue, continue, or permit to exist any administrator license for any person unless such person demonstrates to the satisfaction of the commissioner that the following standards are met:
  - (a) If **an individual**~~[a natural person]~~, the applicant has attained the age of twenty-one (21) years;
  - (b) The applicant is competent, trustworthy, reliable, and of good reputation;
  - (c) The applicant has attained an educational level acceptable to the commissioner;
  - (d) The applicant is financially responsible;
  - (e) The applicant has not had any license issued by the commissioner, or application therefor, terminated for cause;
  - (f) The applicant has paid the fee prescribed in KRS 304.4-010;
  - (g) If a **business entity**~~[corporation or firm]~~, each **individual**~~[person]~~ authorized to act for the **business entity**~~[corporation or firm]~~ under its administrator license **shall be designated with the commissioner in accordance with Section 24 of this Act**~~[must hold an administrator license]; and~~
  - (h) Administrator licenses shall be **renewed in accordance with Section 25 of this Act**~~[issued by the commissioner to expire on March 31, 1987, and to be renewed biennially thereafter].~~

- (3) ~~The license of an administrator may be suspended or revoked, a civil penalty imposed in lieu thereof, or both, for any reason an insurance agent's license could be suspended or revoked, a civil penalty imposed in lieu thereof, or both, pursuant to KRS 304.9-440. The procedures of KRS 304.9-440, 304.9-450, and 304.9-460 relating to suspended or revoked insurance agent licenses apply to administrator licenses.~~
- (4) ~~Nonresident administrators are deemed to have irrevocably appointed the Secretary of State as agent for the acceptance of service of process issued in Kentucky in any action or proceeding against the licensee arising out of such licensing or out of transactions under the license. The Secretary of State shall administer service of process on nonresident administrators in the manner of service of process on nonresident insurance agents].~~

Section 10. KRS 304.9-070 is amended to read as follows:

An adjuster is any person, who for fee or compensation as an employee of an insurer or an independent contractor investigates or settles claims arising under insurance contracts~~[or annuity contracts]~~, on behalf solely of either the insurer or the insured. The definition of adjuster shall not be deemed to include, and license as an adjuster shall not be required of:

- (1) Attorneys-at-law admitted to practice in this state, ***when acting in their professional capacity as attorneys***;
- (2) Licensed~~[resident]~~ agent of the insurer to whom claim authority has been granted by the insurer if the agent receives no compensation for performing adjusting services;
- (3) Salaried traveling representatives of a mutual or reciprocal insurer;
- (4) Persons employed only for the purpose of obtaining facts surrounding a loss or furnishing technical assistance to a licensed adjuster, including, but not limited to, photographers, estimators, private investigators, engineers, and handwriting experts; ***or***
- (5) Persons performing adjusting services under their limited insurance agent's licenses for crop-hail insurance pursuant to KRS 304.9-230.

Section 11. KRS 304.9-080 is amended to read as follows:

- (1) An individual or business entity shall not sell, solicit, or negotiate insurance in this state unless the individual or business entity is licensed ***as the appropriate insurance producer*** for that line of authority in accordance with this subtitle ***or Subtitle 10 of this chapter***.
- (2) No individual or business entity shall in this state be, act as, or hold himself or herself out as ~~*an*~~~~[a consultant or]~~ adjuster unless then licensed as ~~*an*~~~~[a consultant or]~~ adjuster~~[respectively]~~. ***No individual shall in this state be, act as, or hold himself or herself out as a consultant unless then licensed as a consultant.*** No consultant shall act as a consultant with respect to any kind of insurance as to which he or she is not then licensed as a consultant.
- (3) A consultant license ~~*shall*~~~~[must]~~ cover either or both of the following categories, as selected by the licensee:
  - (a) ***Property and casualty***~~[General lines]~~; ***and***
  - (b) Life and health.

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

- (4) No individual licensed as a consultant shall act as a consultant until he or she has filed with the commissioner a bond or insurance *in accordance with*~~[as prescribed in]~~ KRS 304.9-330.
- (5) Except as provided in KRS 304.9-410 and KRS 304.9-270(3), no agent shall place, and no insurer shall accept, any insurance with any insurer as to which the agent does not then hold a license and appointment as agent under this subtitle.
- (6) *No rental vehicle agent, rental vehicle managing employee, specialty credit producer, or specialty credit managing employee shall place, and no insurer shall accept, any insurance with any insurer as to which the licensee does not then hold a license and appointment under this subtitle.*
- (7) The commissioner shall prescribe and furnish all forms required under this subtitle as to licenses and appointments.

Section 12. KRS 304.9-085 is amended to read as follows:

- (1) A "managing general agent" is an individual or business entity appointed by an insurer to solicit applications from agents for insurance contracts or to negotiate insurance contracts on behalf of an insurer and, if authorized to do so by an insurer, to effectuate and countersign insurance contracts.
- (2) No individual or business entity shall in this state be, act as, or hold himself or herself out as a managing general agent unless then licensed as a managing general agent. In order to qualify for a managing general agent license, an individual shall:
  - (a) Hold ~~an~~~~[a general lines]~~ agent license *with property and casualty lines of authority* and be appointed by each authorized insurer the licensee holds the contract to represent;
  - (b) If a nonresident, hold a nonresident~~[general lines]~~ agent license *with property and casualty lines of authority* and be appointed by each authorized insurer the licensee *holds a contract to represent*~~[represents]~~ in Kentucky~~[. Nonresidents are subject to the restrictions of KRS 304.9-140]; and~~
  - (c) Hold a surplus lines broker license if any unauthorized insurers are represented or used.

In order for a business entity to qualify for a managing general agent license, all individuals acting on behalf of the *business entity*~~[corporation or firm]~~ under its license shall be licensed *agents with property and casualty lines of authority and shall be designated with the commissioner as to the license in accordance with all provisions of Section 24 of this Act except for subsection (2)(a)~~[general lines agents]~~.*

- (3) As used in this chapter, "agent" includes managing general agent unless the context requires otherwise.
- (4) A managing general agent is a representative of the insurers which the managing general agent holds a contract to represent. *Each insurer is*~~[Such insurers are]~~ liable for the acts of the managing general agent in representing *that insurer*~~[the insurers]~~.
- (5) The commissioner shall *renew managing general agent licenses in accordance with Section 25 of this Act*~~[issue managing general agent licenses to expire on March 31, 1988, and to be renewed biennially thereafter]~~.

Section 13. KRS 304.9-090 is amended to read as follows:

- (1) ~~The definition of consultant shall not be deemed to include the supervising managing general agent (except as defined in KRS 304.9-085) or supervising officer or employee of an insurer who solicits only with duly licensed resident agents of the insurer.~~
- (2) Nothing in this subtitle shall be construed to require an insurer to obtain **a license as an insurance producer** ~~[an agent license]~~. As used in this section, the term "insurer" does not include an insurer's officers, directors, employees, subsidiaries, or affiliates.
- (2) ~~(3)~~ A license as an **insurance producer** ~~[agent or consultant]~~ shall not be required of the following:
- (a) An officer, director, or employee of an insurer or of an **insurance producer** ~~[agent]~~, provided that the officer, director, or employee does not receive any commission or other valuable consideration on policies written or sold to insure risks residing, located, or to be performed in this state ~~and whose compensation is not varied by the volume of applications taken or received~~, and:
    - 1. The officer, director, or employee's ~~[full-time]~~ activities are devoted to functions that are executive, administrative, managerial, clerical, or a combination of these, and are only indirectly related to the sale, solicitation, or negotiation of insurance; or
    - 2. The officer, director, or employee's function relates to underwriting, loss control, inspection, or the processing, adjusting, investigating, or settling of a claim on a contract of insurance; or
    - 3. The officer, director, or employee is acting in the capacity of a special agent or agency supervisor assisting **insurance producers** ~~[agents]~~ where the officer's, director's, or employee's activities are limited to providing technical advice and assistance to licensed **insurance producers** ~~[agents]~~ and do not include the sale, solicitation, or negotiation of insurance;
  - (b) The individual secures and furnishes information for the purpose of group life insurance, group property and casualty insurance, group annuities, group or blanket accident and health insurance, or for the purpose of enrolling individuals under plans, issuing certificates under plans, or otherwise assisting in administering plans; or performs administrative services related to a mass marketed property and casualty insurance, where no commission is paid to the individual for the service;
  - (c) An employer or association or its officers, directors, employees, or the trustees of an employee trust plan, to the extent that the employers, officers, employees, directors, or trustees are engaged in the administration or operation of a program of employee benefits for the employer's or association's own employees or the employees of its subsidiaries or affiliates, which program involves the use of insurance issued by an insurer, as long as the employers, associations, officers, directors, employees, or trustees are not in any manner compensated, directly or indirectly, by the **insurer** ~~[company]~~ issuing the contracts;
  - (d) Employees of insurers or organizations employed by insurers who are engaging in the inspection, rating, or classification of risks, or in the supervision of the training of **insurance producers** ~~[agents]~~ who are not individually engaged in the sale, solicitation, or negotiation of insurance;



- (e) An individual or business entity whose activities in this state are limited to advertising without the intent to solicit insurance in this state through communications in printed publications or other forms of electronic mass media whose distribution is not limited to residents of the state, provided that the individual or business entity does not sell, solicit, or negotiate insurance that would insure risks residing, located, or to be performed in this state;
- (f) An individual or business entity who is not a resident of this state who sells, solicits, or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than one (1) state insured under that contract, provided that the individual or business entity is otherwise licensed as an **insurance producer**~~[agent]~~ to sell, solicit, or negotiate that insurance in the state where the insured maintains its principal place of business and the contract of insurance insures risks located in that state; **or**
- (g) A salaried full-time employee who counsels or advises his or her employer relative to the insurance interest of the employer or of the subsidiaries or business affiliates of the employer, provided that the employee does not sell, solicit, or negotiate insurance or receive a commission~~[- or~~
- ~~(h) Employees of an insurer or an agent who responds to requests from existing policyholders on existing policies, provided that those employees are not directly compensated based on the volume of premiums that may result from these services, and provided that those employees do not otherwise sell, solicit, or negotiate insurance].~~

Section 14. KRS 304.9-100 is amended to read as follows:

- (1) The purpose of a license issued under this subtitle to an **insurance producer**~~[agent, or solicitor]~~ is to authorize and enable the licensee actively and in good faith to engage in the business of insurance with respect to the general public, and to facilitate the public supervision of such activities in the public interest; and not for the purpose of enabling the licensee to receive a rebate of premium in the form of "commission" or other compensation upon his own interest or upon those of other persons with whom he is closely associated in capacities other than as an insurance **producer**~~[agent, or solicitor]~~.
- (2) The commissioner shall not grant, renew, continue, or permit to exist any license **of an insurance producer**~~[as agent, or solicitor]~~ as to any applicant therefor or licensee thereunder if he finds that the license has been or is being or will probably be used by the applicant or licensee principally for the purpose of writing "controlled business," that is:
  - (a) Insurance on his own interest or those of his family or of his employer; or
  - (b) Insurance or annuity contracts covering himself or members of his family, or the officers, directors, stockholders, partners, employees, or debtors of a partnership, association, or corporation of which he or a member of his family is an officer, director, stockholder, partner, associate, or employee.
- (3) Such a license shall be deemed to have been, or intended to be, used principally for the purpose of writing controlled business if the commissioner finds that during any twelve (12) months' period the aggregate premiums accruing or to accrue from~~[- such]~~ controlled business have exceeded or probably will exceed the aggregate premiums accruing or to accrue on other business written or probably to be written by **the**~~[such]~~ applicant or licensee during the same period.

- (4) This section shall not apply as to:
- (a) Insurance of the interest of a motor vehicle sales or financing agent in a motor vehicle sold or financed by it;[-]
  - (b) Insurance of the interest of real property mortgagee in the mortgaged property, except title insurance;[-]
  - (c) **Limited line credit insurance; and**
  - (d) **Rental vehicle insurance**[Credit life, credit health, credit personal property and credit unemployment insurance].

Section 15. KRS 304.9-105 is amended to read as follows:

An individual applying for an agent license shall make application to the commissioner on the uniform **individual** application **or other application prescribed by the commissioner** and declare under penalty of refusal, suspension, or revocation of the license that the statements made in the application are true, correct, and complete to the best of the individual's knowledge and belief. Before approving the application, the commissioner shall find that the applicant:

- (1) Is at least eighteen (18) years of age;
- (2) Has fulfilled the residence requirements as set forth in KRS 304.9-120 **or is a nonresident who is not eligible to be issued a license in accordance with Section 18 of this Act**;
- (3) Has not committed any act that is a ground for denial, suspension, or revocation set forth in KRS 304.9-440;
- (4) Is trustworthy, reliable, and of good reputation, evidence of which shall be **determined through an investigation by the commissioner**[submitted on behalf of the applicant in the form of:
  - (a) ~~A certificate by the insurer or agent by which or whom the applicant is to be appointed or employed, subject to the issuance of the license, stating that the insurer has either made, or caused to be made by responsible investigators, an investigation into the trustworthiness, reliability, and good reputation of the applicant together with a brief synopsis of the findings resulting therefrom; or~~
  - (b) ~~Three (3) letters of recommendation attesting to the trustworthiness, reliability, and good reputation of the person written on his or her behalf by persons not related to him or her by blood or marriage and one (1) of whom shall be a licensed resident insurance agent, which letters shall also state the extent of familiarity, both as to length of time and degree of knowledge, possessed by the writer with regard to both personal and business conduct of the person];~~
- (5) Is competent to exercise the license and has:
  - (a) Successfully attained a general educational level equivalent to that required for graduation from an accredited high school in this state;
  - (b) Except for limited lines licenses, completed a forty (40) hour prelicensing classroom course of study for the lines of authority for which the individual has applied. The commissioner shall promulgate administrative regulations to carry out the purpose of this section;
  - (c) Except for limited line licenses, successfully passed the examinations required by the commissioner for the lines of authority for which the individual has applied; and

- (d) Paid the fees set forth in KRS 304.4-010; *and*
- (6) Is financially responsible to exercise the license and has:
- (a) 1. Filed with the commissioner the certificate of an insurer authorized to write legal liability insurance in this state, that the insurer has and will keep in effect on behalf of the person a policy of insurance covering the legal liability of the licensed person as the result of erroneous acts or failure to act in his or her capacity as an insurance agent, and enuring to the benefit of any aggrieved party as the result of any single occurrence in the sum of not less than ***twenty thousand dollars (\$20,000)***~~[ten thousand dollars (\$10,000)]~~ and ***one hundred thousand dollars (\$100,000)***~~[fifty thousand dollars (\$50,000)]~~ in the aggregate for all occurrences within one (1) year, and that the policy shall not be terminated unless at least thirty (30) days' prior written notice will have been given to the commissioner; or
  2. Deposited with the commissioner cash, or a cash surety bond executed by an insurer authorized to write business in this Commonwealth, in the sum of ***twenty thousand dollars (\$20,000)***~~[ten thousand dollars (\$10,000)]~~, which shall be subject to lawful levy of execution by any party to whom the licensee has been found to be legally liable as the result of erroneous acts or failure to act in his or her capacity as an agent; or
  3. ~~[Had]~~ Filed with the commissioner on his or her behalf, by an authorized insurer or group of affiliated insurers for which he or she is or is to become an exclusive agent, an agreement whereby the insurer or group of affiliated insurers agrees to assume responsibility, to the benefit of any aggrieved party, for legal liability of the licensed person as the result of erroneous acts or failure to act in his or her capacity as an insurance agent on behalf of the insurer or group of affiliated insurers in the sum of ***twenty thousand dollars (\$20,000)***~~[ten thousand dollars (\$10,000)]~~ for any single occurrence and that the agreement shall not be terminated until the license is surrendered to the commissioner or at least thirty (30) days' prior written notice will have been given to the commissioner, whichever shall first occur; and
  - (b) Agreed with the commissioner that if at any time notice is given to the commissioner that any policy filed in accordance with paragraph (a)1. of this subsection, or agreement filed in accordance with paragraph (a)3. of this subsection, is to be terminated and has not been replaced by another policy or agreement within the time established by regulations of the commissioner, or if any deposit in accordance with paragraph (a)2. of this subsection be reduced through levy of execution and not replaced by any necessary additional deposit within the time established by regulations of the commissioner, any and all licenses held by the licensee are revoked and shall be promptly surrendered to the commissioner without demand~~[-; and~~
- ~~(7) To whom an agent's license has been or is to be issued, is the duly appointed agent of an authorized insurer, subject to issuance of the license].~~

The commissioner may require additional information or submissions ***from applicants***~~[for resident applications]~~ and may obtain any documents or information reasonably necessary to verify the information contained in an application.

Section 16. KRS 304.9-130 is amended to read as follows:

- (1) A business entity acting as an agent is required to obtain an agent license. Application shall be made using the uniform business entity application or other application prescribed by the commissioner. Before approving the application *of a business entity as a resident or as a nonresident which is not eligible to be issued a license in accordance with Section 18 of this Act*, the commissioner shall find that:
  - (a) The business entity has paid the fees set forth in KRS 304.4-010;
  - (b) Each officer, director, and member of the business entity who is acting as an agent has obtained an agent's license;
  - (c) The business entity has disclosed to the insurance department the identity of all officers and directors and whether or not they are licensed as agents; and
  - (d) The business entity has designated a licensed agent responsible for the business entity's compliance with the insurance laws and regulations of this state.
- (2) *Within thirty (30) days of the change*, the licensee shall ~~promptly~~ notify the commissioner of all changes among its members, directors, officers, and other individuals designated in or registered as to the license.
- (3) Each agent authorized to act for the business entity shall be *designated* ~~named in or registered~~ with the commissioner as to the license *in accordance with Section 24 of this Act* ~~and shall qualify as though an individual licensee~~.
- (4) The commissioner may *require additional information or submissions from applicants and may* obtain any documents or information reasonably necessary to verify the information contained in an application.

Section 17. KRS 304.9-135 is amended to read as follows:

- (1) As used in this section:
  - (a) "Financial institution" means a bank or bank holding company as defined in the Bank Holding Company Act of 1956, as amended, 12 U.S.C. sec. 1841, a savings bank, savings and loan association, trust company, or any depository institution as defined by the Federal Deposit Insurance Act in 12 U.S.C. sec. 1813(c)(1), and any other individual, corporation, partnership, or association authorized to take deposits and make loans in the Commonwealth, and any affiliate or subsidiary of any of the above;
  - (b) "Insurance agency activities" means any activity relating to insurance ~~other than credit life insurance, credit health insurance, forced placed or voluntary credit property, credit involuntary unemployment insurance, or insurance of the interest of a real property mortgagee in mortgaged property,~~ other than title insurance, for which a license as agent, *reinsurance intermediary broker or manager, specialty credit producer or managing employee, surplus lines* ~~solicitor,~~ broker, or consultant is required under this chapter; and
  - (c) "Insurance information" means any information *concerning premiums, terms, and conditions of insurance coverage, including expiration dates and rates, and claims maintained in the records of the financial institution or affiliate* ~~provided by a consumer in order to obtain insurance~~.
- (2) A financial institution authorized by law to engage in insurance agency activities in this state shall, in addition to any other applicable requirements, comply with the following requirements:

- (a) The financial institution or officer, agent, representative, or employee thereof shall qualify for licensure under all applicable provisions of this chapter and abide by all applicable provisions of this chapter and applicable administrative regulations;
- (b) A financial institution shall provide a written statement *to a* ~~signed or initialed by the~~ consumer ***regarding the consumer's free choice of agent and insurer according to Section 46 of this Act, when the consumer's application for a loan or other extension of credit from the financial institution is pending and when insurance is offered to the consumer, sold to the consumer, or required in connection with the loan or extension of credit by the financial institution or affiliate*** ~~to evidence compliance with KRS 304.12-150~~;
- (c) *A financial institution shall not release a consumer's insurance information to any person or entity for the solicitation or selling of insurance, other than an officer, director, employee, agent, or affiliate of a financial institution, without prior disclosure to the consumer and the opportunity for the consumer to prevent the disclosure;*~~[If the consumer voluntarily discloses or authorizes, in a written statement that is signed or initialed by the consumer, the disclosure of insurance information about the consumer to any person, the statement shall be an acknowledgment that the disclosure is not to the detriment of the consumer; and]~~
- (d) *A financial institution shall not release or use health information obtained from the insurance records of a consumer for any purpose, other than activities of a licensed agent, administrator, reinsurance intermediary broker or manager, specialty credit producer or managing employee, surplus lines broker, or consultant, without the written consent of the consumer;*
- (e) A financial institution licensed by the department to engage in insurance agency activities shall:
  1. Not violate the anti-tying provisions of the Bank Holding Company Act, 12 U.S.C. secs. 1971 et seq., in effect as of December 31, 1997; and
  2. Notify the department in writing within ten (10) days of any final judgment or any final administrative action, by a federal agency authorized to enforce the anti-tying provision, that finds that the financial institution or any of its employees committed a violation of the Bank Holding Company Act. Any such final and unappealable judgment or final and unappealable administrative action shall be deemed a violation of this chapter;
- ~~(f)~~~~(e)~~ Prior to the sale of any policy of insurance to a consumer, a financial institution shall, ***when practicable***, provide to the consumer a written statement ~~signed or initialed by the consumer,~~ that:
  1. The insurance offered by the financial institution is not a deposit;
  2. The insurance offered by the financial institution is not insured by the Federal Deposit Insurance Corporation or other government agency that insures deposits;
  3. The insurance offered by the financial institution is not guaranteed by the financial institution ***or any affiliate***;
  4. The insurance ***may involve investment risk, including potential loss of principal***~~is optional or, if required, may be purchased from any insurance agent~~

or insurer selected by the consumer if that agent or insurer provides the same or equivalent coverage; and

5. ~~By not purchasing the insurance if it is optional, or by purchasing the insurance from another insurance agent or insurer if the insurance is required, will not in any way affect current or future credit decisions]; and~~

~~(g)[(f)]~~ The commissioner shall promulgate administrative regulations in accordance with KRS Chapter 13A that specify the disclosure forms required by subsections (b), (c), and ~~(f)[(e)]~~ of this section.

- (3) An officer or employee of a financial institution shall not directly or indirectly delay or impede the completion of a loan transaction or any other transaction with a financial institution for the purpose of influencing a consumer's selection or purchase of any insurance.
- (4) ***A financial institution shall not use any advertisement or promotional material causing a reasonable person to mistakenly believe that:***
  - (a) ***The federal government or any state guarantees the insurance sales activities of financial institutions or guarantees the credit of the financial institution;***
  - (b) ***Any state or federal government guarantees any return on insurance products or is a source of payment on any insurance product sold by the financial institution***~~[An employee of a financial institution may receive compensation for the referral of a consumer, who seeks information about or wishes to purchase any insurance product, to a licensed person or for the provision of the telephone number of a licensed person who sells or provides information on the product only if:~~
    - ~~(a) The employee receives the referral fee regardless of whether insurance coverage is sold;~~
    - ~~(b) The referral compensation is a fixed amount;~~
    - ~~(c) The referral compensation is a portion of a financial institution's program offering referral fees for other noninsurance products or services marketed by the financial institution; and~~
    - ~~(d) The referral compensation is paid by the financial institution].~~
- (5) ***A financial institution shall use separate documentation for all credit and insurance transactions when a consumer obtains insurance and credit, other than credit insurance, from a financial institution or any individual or business entity soliciting or selling insurance on the premises of a financial institution.***
- (6) ***A financial institution shall not include an expense of insurance premiums in a credit transaction when a consumer obtains insurance and credit, other than credit insurance, from a financial institution or any individual or business entity soliciting or selling insurance on the premises of a financial institution, without the written consent of the consumer.***
- (7) ***A financial institution shall maintain separate and distinct books and records relating to insurance transactions conducted through the financial institution, including files relating to consumer complaints. The books, records, and files shall be made available to the commissioner for inspection in accordance with Section 2 of this Act***~~[All financial institutions not insured by the Federal Deposit Insurance Corporation or other government~~

~~agency that insures deposits are not required to comply with subsection (2)(e) of this section].~~

Section 18. KRS 304.9-140 is amended to read as follows:

- (1) Unless denied a license in accordance with ***Section 36 of this Act***~~[this subtitle]~~, a nonresident individual or business entity shall receive ***the applicable insurance producer***~~[an agent]~~ license if:
  - (a) The applicant is currently licensed ***as a resident*** and in good standing in his or her home state;
  - (b) The applicant has submitted the proper request for license and has paid the fees required by KRS 304.4-010 and administrative regulations;
  - (c) The applicant has submitted or transmitted to the commissioner the application for a license that the applicant submitted to his or her home state or a completed uniform ***individual*** application or uniform business entity application; ***and***
  - ~~(d) [The applicant has complied with his or her home state's continuing education requirements;~~
  - ~~(e)] The applicant's home state awards nonresident licenses to residents of this state on the same basis[; and~~
  - ~~(f) —The applicant has complied with any other applicable legal requirements].~~
- (2) The commissioner may verify the applicant's license status through the database maintained by the National Association of Insurance Commissioners, its affiliates, or subsidiaries.
- (3) A nonresident licensee who changes his or her home state to a state other than Kentucky shall file a change of address and provide certification from the new home state within thirty (30) days of the change of home state. No fee or license application is required.
- (4) Notwithstanding any other provisions of this chapter, on or after July 1, 2002, an individual licensed as a surplus lines broker in his or her home state shall receive a nonresident surplus lines broker license by meeting the requirements of subsection (1) of this section. Except as to subsection (1) of this section, nothing in this section otherwise amends or supersedes any provision of Subtitle 10 of this chapter.
- (5) Notwithstanding any other provision of this subtitle, an individual licensed as a limited lines agent in his or her home state shall receive a nonresident limited lines agent license in accordance with subsection (1) of this section, granting the same scope of authority as granted under the license issued by the agent's home state.
- (6) ***The commissioner shall waive any requirements for a nonresident license applicant with a valid license from his or her home state, except the requirements imposed by subsection (1) of this section, if the applicant's home state awards nonresident licenses to residents of Kentucky on the same basis.***
- (7) ***As a condition to or in connection with the continuation of an insurance producer license issued under this section, the licensee must maintain the applicable license in his or her home state. The insurance producer license issued under this section shall terminate and be surrendered to the commissioner if and when the licensee's applicable home state license terminates for any reason.***

Section 19. KRS 304.9-150 is amended to read as follows:

- (1) Application for a *license issued under this subtitle, surplus lines broker license, viatical settlement broker license, or viatical settlement provider*~~consultant~~ license shall be made by the applicant. Applications under this subsection shall be *certified as true under penalty of perjury*~~signed and sworn to~~ by the applicant ~~before a notary public or other person authorized by law to take acknowledgments of deeds~~.
- (2) The form of application shall require full answers to any questions as may be reasonably necessary to determine the applicant's identity, residence, personal history, business record, financial responsibility, experience in insurance, purpose for which the license is to be used, and other facts as required by the commissioner to determine whether the applicant meets the applicable qualifications for the license applied for.
- (3) The application shall state the kinds of insurance *and any applicable lines of authority* proposed to be transacted.
- (4) The application shall also show whether the applicant was ever *convicted of or is currently charged with committing a crime; whether the applicant was ever involved in an administrative proceeding regarding any professional or occupational license; whether the applicant has a history of not being financially responsible; whether the applicant has any delinquent tax obligation that is not the subject of a repayment agreement; whether the applicant is currently charged with or has ever been found liable of fraud, misappropriation, conversion of funds, misrepresentation, or breach of fiduciary duty; whether the applicant has child support obligations in arrears or is subject to a child support related subpoena or warrant*~~previously licensed to transact any kind of insurance in this state or elsewhere; whether any license was ever refused, suspended, revoked, or renewal or continuance denied; whether any insurer, general agent, agent, claims applicant is indebted to it, and if so, the details thereof~~; and whether *the* applicant has ever had *a business relationship with an insurer terminated for any alleged misconduct*~~an agency contract canceled~~, and the facts thereof.
- (5) *The commissioner may require additional information or submissions from applicants and may obtain any documents or information reasonably necessary to verify the information contained in an application.*
- (6) All applications shall be accompanied by the applicable license fee and examination fee, in the respective amounts stated in KRS 304.4-010.
- ~~(7)~~~~(6)~~ No applicant for *any* license ~~under this subtitle~~ shall willfully misrepresent or withhold any fact or information called for in the application form or in connection therewith.

Section 20. KRS 304.9-170 is amended to read as follows:

*No prelicensing education or*~~KRS 304.9-160 shall not apply and no~~ examination shall be required of:

- (1) (a) *An individual licensee who allows his or her license to lapse if the license renewal fee is paid within twelve (12) months from the due date of the license renewal fee. However, a penalty in the amount of double the unpaid renewal fee shall be imposed. The department shall issue a license with the same lines of authority as the lapsed license.*
- (b) Any applicant for license covering any line of authority to which the applicant was licensed under a similar license in Kentucky, other than a temporary license, within



the *twelve (12)*~~[twenty-four (24)]~~ months next preceding date of application. *The applicant is not eligible for this exemption if*~~[, unless]~~ the previous license was revoked or suspended by the commissioner for reasons other than failure to maintain financial responsibility or *to meet*~~[meeting]~~ continuing education requirements as required by KRS 304.9-105 and 304.9-295.

- (2) An individual who applies for an *insurance producer*~~[agent]~~ license in Kentucky who was previously licensed for the same lines of authority in another state shall not be required to complete any prelicensing education or examination. This exemption is only available if the applicant is currently licensed in the other state or if the application is received within ninety (90) days of the cancellation of the applicant's previous license and if the prior state issues a certification that, at the time of cancellation, the applicant was in good standing in that state or the state's database records, maintained by the National Association of Insurance Commissioners, its affiliates, or subsidiaries, indicate that the *insurance producer*~~[agent]~~ is or was licensed in good standing for the line of authority requested.
- (3) An individual licensed as an *insurance producer*~~[agent]~~ in another state within the last twelve (12) months who moves to Kentucky shall make application within ninety (90) days of establishing legal residence to become a resident licensee *in accordance with Section 15 of this Act*. No prelicensing education or examination shall be required of that applicant to obtain a license for any line of authority previously held in the prior home state except where the commissioner determines otherwise by administrative regulation.
- (4) An applicant for an *insurance producer's*~~[agent's]~~ license who is currently licensed *in Kentucky* as~~[a solicitor or as]~~ a consultant as to the same line of authority, or has been so licensed within twelve (12) months next preceding the date of application for the license, unless the previous license was revoked or suspended or continuation thereof refused by the commissioner for reasons other than failure to maintain financial responsibility as required by KRS 304.9-330.
- (5) Any applicant for license covering the same line of authority as to which that applicant shall have held a valid license issued in accordance with this subtitle or other applicable Kentucky law which was surrendered, in accordance with KRS 304.2-080 or other applicable law, in order to accept employment with the Department of Insurance, provided, however, that the applicant shall apply for relicensing within *twelve (12) months*~~[one (1) year]~~ of the date of termination of his or her employment with the Department of Insurance.

Section 21. KRS 304.9-200 is amended to read as follows:

- ~~(1) An agent license shall remain in effect unless terminated, canceled, expired, revoked, or suspended as long as the fees set forth in KRS 304.4-010 and all administrative regulations promulgated thereunder are paid and any applicable continuing education requirements for individual agents are met by the due date.~~
- ~~(2) An individual agent who allows his or her license to lapse may, within twelve (12) months from the due date of the renewal fee, reinstate the same license without the necessity of passing a written examination. However, a penalty may be imposed as provided in KRS 304.99-020.~~
- ~~(3) A licensed agent who is unable to comply with license renewal procedures due to military service, a long term medical disability, or some other extenuating circumstance may request a waiver of those procedures. The agent may also request a waiver of any examination~~

~~requirement or any other fine or sanction imposed for failure to comply with renewal procedures.~~

- (4)] The license *issued under this subtitle or to a surplus lines broker, viatical settlement broker, or viatical settlement provider* shall contain the licensee's name, *city and state of principal place of business* address, personal identification number, and the date of issuance, the lines of authority, and any other information the commissioner deems necessary.
- (2)](5)] *The licensee*[Licensees] shall inform the commissioner in writing in a format acceptable to the commissioner of a change of address or change of *legal* name within thirty (30) days of the change.
- (3)](6)] After completion of application for a license, *completion of any prelicensing education required under this chapter, payment of applicable fees*, and the taking and passing of any examination required under this *chapter*[subtitle], the commissioner shall promptly consider the *application*[same]. If the commissioner finds that the applicant has fully met the requirements for licensure, the commissioner shall promptly issue the license to the applicant; otherwise, the commissioner shall refuse to issue the license and promptly notify the applicant ~~and the appointing insurer or agent~~ of the refusal, stating the grounds thereof.
- (4)](7)] If a license is refused, the commissioner shall promptly refund ~~any~~[the] appointment fee tendered with the license application. All other fees for application for *license or examination*[agent, consultant, or adjuster licenses] shall be deemed earned when paid and shall not be refundable.
- (5) *In order to assist in the performance of the commissioner's duties, the commissioner may contract with nongovernmental entities, including the National Association of Insurance Commissioners or its affiliate or subsidiary to perform ministerial functions, including the collection of fees or data related to licensing.*

Section 22. KRS 304.9-210 is amended to read as follows:

- (1) The license of an agent shall not specify the name of any particular insurer by which the licensee is appointed as agent and the licensee may represent as an agent under the one (1) license as many insurers as may appoint the agent in accordance with this subtitle.
- (2) The license of a consultant shall show whether the license is for a "*property and casualty*[general lines] consultant" or a "*life and health* consultant."

Section 23. KRS 304.9-230 is amended to read as follows:

- (1) The commissioner may issue, in accordance with KRS 304.9-080, an agent's license with the line of authority limited as follows:
  - (a) To *surety*[motor vehicle physical damage] insurance only;
  - (b) To *travel*[common carrier] insurance, incidental to the transportation of persons or to the storage or transportation of property only, and solicited or sold by persons representing common carriers in the course of that representation;
  - (c) To limited line credit insurance only;
  - (d) To crop-hail insurance only; *and*
  - (e) ~~To mechanical breakdown insurance only; and~~

~~(F)~~ To other limited line insurance only, as specified by the commissioner through the promulgation of administrative regulations.

- (2) The commissioner shall promulgate administrative regulations to establish the requirements for prelicensing courses of instruction and examination for each limited lines license.
- (3) *On and after the effective date of this Act, the commissioner shall not issue an agent license with a limited line of authority for motor vehicle physical damage or for mechanical breakdown insurance. However, an agent license with a limited line of authority for motor vehicle physical damage or for mechanical breakdown insurance in effect on the effective date of this Act, shall continue in effect until surrendered or otherwise terminated in accordance with this subtitle.*

SECTION 24. A NEW SECTION OF SUBTITLE 9 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

- (1) *A business entity issued a license in accordance with this subtitle, or issued a viatical settlement broker or viatical settlement provider license shall designate only individuals to act under the business entity license.*
- (2) *Each designated individual shall:*
  - (a) *Hold the same kind of license as the business entity; and*
  - (b) *If the business entity license has lines of authority, have one (1) or more of the same lines of authority.*
- (3) *The licensed business entity shall file with the commissioner:*
  - (a) *Notice of the designation of an individual within thirty (30) days of the designation; and*
  - (b) *Notice of termination of designation of an individual within thirty (30) days of the termination of designation.*
- (4)
  - (a) *On or before January 31 of each year, each licensed business entity shall file with the commissioner an annual report of all designated individuals whose designations were not terminated on or prior to December 31 of the preceding calendar year.*
  - (b) *The report shall include each individual licensee's name, identification number, and lines of authority the individual is designated to exercise on behalf of the business entity.*
- (5) *The notice and report shall be on a form or in a format prescribed by the commissioner.*
- (6) *A licensed business entity shall exercise the license only through a designated individual licensee.*
- (7) *An insurer that has appointed the business entity licensee shall be responsible for the acts of each designated individual performed under the business entity's license as if the insurer had appointed the individual licensee.*

Section 25. KRS 304.9-260 is amended to read as follows:

- (1) Each ~~consultant, adjuster, and surplus lines broker~~ license issued under this *subtitle, surplus lines broker license, viatical settlement broker license, and viatical settlement provider license*~~code~~ shall continue in force until expired, suspended, revoked, or otherwise terminated, but subject to payment *biennially* to the commissioner at his or her

office in Frankfort on or before *the due date*~~[March 31]~~ of the applicable *renewal*~~[continuation]~~ fee, *if any*, for *the*~~[any appointment, or]~~ license~~[in the case of a limited license, not terminated on or prior to December 31 of the preceding calendar year]~~ as stated in KRS 304.4-010, accompanied by a~~[written]~~ request for *renewal*~~[continuation]~~. *An individual resident agent shall confirm that the licensee is in compliance with the applicable financial responsibility requirements of Section 15 of this Act. Beginning January 1, 2003, request for renewal*~~[continuation]~~ *shall be on a form or in a format prescribed by the commissioner and made as follows:*

- (a) *At least thirty (30) days before the renewal request and fees are due from the licensee, the department shall distribute to each respective licensee a list of his or her licenses to be renewed during that calendar year. With the licensee's written consent, an insurer or the licensee's employer may request that the department send the renewal list to the insurer or to the employer. The department may distribute the renewal list to the requesting insurer or employer instead of to the licensee;*
  - (b) *An individual licensee whose birth date is in an even-numbered year shall submit the renewal request, any required confirmation of financial responsibility, and fees to the commissioner by the last day of the licensee's birth month in the next even-numbered year after the date the license is issued, and each subsequent even-numbered year thereafter;*
  - (c) *An individual licensee whose birth date is in an odd-numbered year shall submit the renewal request, any required confirmation of financial responsibility, and fees to the commissioner by the last day of the licensee's birth month in the next odd-numbered year after the date the license is issued, and each subsequent odd-numbered year thereafter;*
  - (d) *A business entity that is issued a license in an even-numbered year shall submit the renewal request and fees to the commissioner by March 31 of the next even-numbered year, and each subsequent even-numbered year thereafter; and*
  - (e) *A business entity that is issued a license in an odd-numbered year shall submit the renewal request and fees to the commissioner by March 31 of the next odd-numbered year, and each subsequent odd-numbered year thereafter*~~[As to adjuster and surplus lines broker licenses, request made and signed by the licensee.]~~
  - (b) ~~As to limited licenses issued under KRS 304.9-230, request made and signed by the insurer so represented].~~
- (2) ~~[Biennially, before January 31, the department shall distribute to each respective licensee, employer, and insurer a listing of the names and addresses of that person's licensees referred to in subsection (1) whose appointments 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 continue in effect as to the kinds of insurance or classifications for which the respective licensees are currently appointed and subject to payment of the fees specified under KRS 304.4-010. On or before March 31, each licensee, employer, or insurer shall submit the continuation of appointment fee, as specified in KRS 304.4-010, for each appointment or license not terminated on or prior to December 31 of the preceding calendar year.] Any license referred to in subsection (1) of this section for~~~~[as to]~~ *which the request for renewal, any required confirmation of financial responsibility*~~[continuation]~~ *and fee are not*~~[so]~~ *received by the commissioner shall be deemed to have expired at midnight on the last day of the birth month for individuals and*

*on March 31 for business entities*; except that any request and fees received by the commissioner *within ninety (90) days after the expiration date*~~[after March 31 and prior to the next following June 30]~~ may be accepted and *the license may be reissued effective the date of receipt*~~[effectuated]~~ by the commissioner, in his or her discretion, if accompanied by a penalty as provided in Subtitle 99 of this chapter.

- (3) *A licensee who is unable to comply with license renewal procedures due to military service, long-term medical disability, or some other extenuating circumstance may make a written request for a waiver of those procedures. The licensee may also make a written request for a waiver of any examination requirement, fine, or other sanction imposed for failure to comply with these renewal procedures*~~[The license of an agent shall continue in force as long as there is in effect as to the licensee, as shown by the commissioner's records, an appointment or appointments as agent of authorized insurers covering collectively all of the lines of authority included in the agent's license. Upon termination of all of the licensee's appointments as to a particular line of authority and failure to replace an appointment within sixty (60) days thereafter, the license shall expire and terminate as to the line of authority and the licensee shall promptly deliver his or her license to the commissioner for reissuance, without fee or charge, as to the line of authority, if any, covered by the licensee's remaining agency appointments. Upon termination of all of the licensee's appointments and failure to obtain a new appointment within sixty (60) days, the license shall terminate and be surrendered to the commissioner].~~
- (4) As a condition to or in connection with the continuation of any *insurance producer*~~[agent or consultant]~~ license, the commissioner may require the licensee to file with him or her information relative to use made of the license during the next preceding calendar year and especially as to whether the license has been used principally for the writing of controlled business, as defined in KRS 304.9-100.
- (5) As a condition to or in connection with the continuation of any~~[agent]~~ license, the commissioner shall require continuous demonstration of *any* financial responsibility *required for issuance of the license*~~[as required by KRS 304.9-105(6)], and any license shall terminate and be surrendered to the commissioner[, as provided therein,] if and when the demonstration becomes impaired[ whether or not valid appointments under the license are then existent].~~
- (6) Except as to the provisions of subsection (5) hereof, This section does not apply to temporary licenses issued under KRS 304.9-300.

Section 26. KRS 304.9-270 is amended to read as follows:

- (1) Each insurer appointing an agent, *including rental vehicle agent, rental vehicle managing employee, specialty credit producer, and specialty credit managing employee*, in this state shall obtain approval of the appointment from the commissioner by filing with the commissioner the notice of appointment~~[in writing]~~, specifying the *lines of authority*~~[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, 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 the 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 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; ~~and~~[-]
  - (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 ~~renewal~~[continuation] by the insurer as provided in subsection (7)[(4)] of this section, each appointment shall remain in effect until the ***earliest of the following***:
- (a) ***The commissioner revokes or otherwise terminates the insurance producer's license;***
  - (b) ***The commissioner suspends, revokes, or otherwise terminates the appointment; or***
  - (c) ~~[agent's license is revoked or otherwise terminated, unless]~~The insurer~~[- earlier]~~ terminates the appointment as provided in KRS 304.9-280.
- (7) Biennially, before January 31, the department shall distribute to each insurer a listing of the names and ***individual identification numbers***~~[addresses]~~ of that insurer's agents whose ***appointments***~~[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 ***lines of authority***~~[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 ~~renewal~~[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.]~~

- (8) ***Any appointment as to which the request for renewal and fees are not received by the commissioner by March 31 shall be deemed to have expired at midnight on March 31. Any appointment renewal request and fees received by the commissioner after March 31 and prior to the next following June 30 may be accepted by the commissioner, in his or her discretion, and the expired appointment may be reinstated as of March 31 if the late request and fees are accompanied by a penalty as provided in Section 54 of this Act.***

Section 27. KRS 304.9-295 is amended to read as follows:

- (1) This section shall apply to individuals ***who hold licenses or lines of authority requiring continuing education***~~[licensed as agents]~~.
- (2) This section shall not apply to:
  - (a) ~~[Licensees holding]~~ Limited lines of authority ***under agent*** licenses, as exempted by the commissioner in accordance with KRS 304.9-230;
  - (b) Licensees not licensed for one (1) full year prior to the end of ***the applicable***~~[a]~~ continuing education biennium~~[as described in subsection (3) of this section]~~;
  - (c) Licensees holding nonresident licenses who have met the continuing education requirements of their home state and whose home state gives credit to Kentucky resident ***licensees***~~[agents]~~ on the same basis; or
  - (d) Licensees maintaining their licenses for the sole purpose of receiving renewals or deferred commissions and providing the department with a supporting affidavit.
- (3) ***A licensee, who holds an agent license and who is***~~[The licensees specified in subsection (1) of this section and]~~ not exempt under subsection (2) of this section~~[who hold a license]~~, shall satisfactorily complete a minimum of twenty-four (24) hours of continuing education courses, of which twelve (12) shall be classroom hours, during each continuing education biennium. A continuing education biennium shall begin on July 1 and end on June 30 two (2) years later.
- (4) Only continuing education courses approved by the commissioner shall be used to satisfy the continuing education requirement of subsection (3) of this section ***and any other continuing education requirement of this chapter.***
  - (a) The continuing education courses which meet the commissioner's standards for continuing education requirements are:
    1. Any part of the Life Underwriter Training Council life course curriculum;
    2. Any part of the Life Underwriter Training Council health course curriculum;
    3. Any part of the American College Chartered Life Underwriter diploma curriculum;
    4. Any part of the American Institute for Property and Liability Underwriters' chartered property and casualty underwriter profession designation program;
    5. Any part of the Insurance Institute of America's programs;

6. Any part of the certified insurance counselor program;
  7. Any insurance related course taught at an accredited college or university, if the course is approved by the commissioner;
  8. Any course of instruction or seminar developed or sponsored by any authorized insurer, recognized agent association, recognized insurance trade association, or any independent program of instruction, if approved by the commissioner;
  9. Any correspondence course approved by the commissioner; and
  10. Any course in accordance with provisions of reciprocal agreements the commissioner enters with other states.
- (b) The commissioner shall prescribe the number of hours of continuing education credit for each continuing education course approved in accordance with this subsection. Continuing education courses submitted in accordance with a reciprocal agreement shall be approved according to the provisions of the reciprocal agreement.
  - (c) If a continuing education course requires successful completion of a written examination, no continuing education credit shall be given to licensees who do not successfully complete the written examination.
  - (d) The fee for filing continuing education courses for approval by the commissioner shall be as specified in Subtitle 4 of KRS Chapter 304.
  - (e) For continuing education courses of reciprocal states, continuing education providers shall be approved in accordance with the provisions of the reciprocal agreements.
- (5) An individual teaching any approved continuing education course shall qualify for the same number of hours of continuing education credit as would be granted to a licensee taking and satisfactorily completing the course.
  - (6) Excess credit hours accumulated during any continuing education biennium may be carried forward. The commissioner may, by regulation, limit the number of hours carried forward.
  - (7) For good cause shown, the commissioner may grant an extension of time during which the continuing education requirement of subsection (3) of this section may be completed, but the extension of time shall not exceed two (2) years. What constitutes good cause for the extension of time rests within the discretion of the commissioner.
  - (8) Every licensee subject to this section shall furnish to the commissioner written certification as to the continuing education courses satisfactorily completed by the licensee. The certification shall be signed by or on behalf of the organization sponsoring the continuing education course. The certification shall be on a form prescribed by the commissioner.
  - (9) The license ***or line of authority requiring continuing education shall terminate if the individual holding the license or line of authority fails***~~[of any individual failing]~~ to comply with the continuing education requirement~~[of subsection (3) of this section]~~ and~~[who]~~ has not been granted an extension of time to comply in accordance with subsection (7) of this section. ***If the license has terminated, the license***~~[shall terminate and]~~ shall be promptly surrendered to the commissioner without demand. ***If the line of authority has terminated but another line of authority not requiring continuing education is still in effect, the license shall be promptly delivered to the commissioner for reissuance as to the line of authority still in effect.***



- (10) The license of any individual subject to the continuing education requirement shall be suspended or revoked, a civil penalty imposed, or both, in accordance with KRS 304.9-440 if the individual submits to the commissioner a false or fraudulent certificate of compliance with the continuing education requirement.

Section 28. KRS 304.9-330 is amended to read as follows:

- (1) ***To the extent the Gramm-Leach-Bliley Act, 15 U.S.C. sec. 6751(f), provides that evidence of financial responsibility may be required for licensing,*** every applicant for license as a consultant shall file with the commissioner with his application for license, and shall maintain in effect while so licensed:
- (a) The certificate of an insurer authorized to write legal liability insurance in this state, that ~~the[such]~~ insurer has and will keep in effect on behalf of ~~the consultant[such a person]~~ ***the consultant[such licensed person]*** as the result of erroneous acts or failure to act in his capacity as an insurance consultant, and insuring to the benefit of any aggrieved party as the result of any single~~[such]~~ occurrence in the sum of not less than ***twenty thousand dollars (\$20,000)***~~[ten thousand dollars (\$10,000)]~~ and ***one hundred thousand dollars (\$100,000)***~~[fifty thousand dollars (\$50,000)]~~ in the aggregate for all~~[such]~~ occurrences within one (1) year, and that ~~the[such]~~ policy shall not be terminated unless at least thirty (30) days prior written notice will have been given to the commissioner; or
  - (b) A deposit with the commissioner of cash, or a cash surety bond executed by an insurer authorized to write ~~this[such]~~ business in this Commonwealth, in the sum of ***twenty thousand dollars (\$20,000)***~~[ten thousand dollars (\$10,000)]~~ which shall be subject to lawful levy of execution by any party to whom the ~~consultant[licensed person]~~ has been found to be legally liable as the result of erroneous acts or failure to act in his capacity as a consultant.
- (2) The bond shall indemnify any person damaged by any fraudulent or unlawful act or conduct of the licensee in transactions under the license, and shall likewise be conditioned upon faithful accounting and application of all moneys coming into the licensee's possession in connection with his activities as ~~the[such]~~ licensee.
- (3) The bond shall remain in force until released by the commissioner, or until canceled by the surety. Without prejudice to any liability previously incurred thereunder, the surety may cancel the bond upon thirty (30) days advance written notice to the licensee and the commissioner.

Section 29. KRS 304.9-370 is amended to read as follows:

- (1) Application for and acceptance of a license ***issued under this subtitle or as a surplus lines broker***~~[as a consultant, agent, or adjuster]~~ by a nonresident of Kentucky shall~~[thereby]~~ be deemed to constitute irrevocable appointment of the Secretary of State as the attorney of the licensee for the acceptance of service of process issued in this state in any action or proceeding against the licensee arising out of the licensing or out of transactions under the license.
- (2) Service of process against any nonresident licensee may be made in any action by service upon the Secretary of State as provided in KRS 304.3-230.

Section 30. KRS 304.9-390 is amended to read as follows:

- (1) Every ***individual and business entity issued a license with Kentucky as its home state***~~[agent referred to in subsection (1) of KRS 304.9-120]~~ shall have and maintain in this state a place of business accessible to the public, and wherein the licensee principally conducts transactions under his or her license. ***This provision shall not be deemed to prohibit maintenance of this place of business in the office of an insurer, office of the employer, or in the residence of the licensee***~~[The address of the place shall appear upon the license. Nothing in this section shall prohibit maintenance of such a place in the licensee's residence in this state].~~
- (2) The licenses of the licensee shall be conspicuously displayed in ***each of the places***~~[place]~~ of business in a part customarily open to the public.
- (3) The ***licensee***~~[agent]~~ shall keep at his ***or her*** place of business complete records of transactions under ***the***~~[his]~~ license.
  - (a) ***The records shall be kept available for inspection by the commissioner for a period of at least five (5) years after completion of the respective transactions.***
  - (b) ***For an insurance producer***, the record shall show, as to each insurance policy or contract placed by or through the licensee, the names of the insurer and insured, the number and expiration date of, and premium payable as to, the policy or contract, and any other information as the commissioner may reasonably require.~~[The record shall be kept available for inspection by the commissioner, for a period of at least five (5) years after completion of the respective transactions.]~~

Section 31. KRS 304.9-400 is amended to read as follows:

That portion of all premiums or moneys which an ***insurance producer***~~[agent]~~ collects from an insured and which is to be paid to an insurer, its agents, its managing general agents or his or her principal because of the assumption of liability through the issuance of policies or contracts for insurance, shall be held by the ***insurance producer***~~[agent]~~ in a fiduciary capacity and shall not be misappropriated or converted to his or her own use or illegally withheld by the ***insurance producer***~~[agent]~~.

Section 32. KRS 304.9-410 is amended to read as follows:

- (1) ***An agent with a line of authority for property, casualty, or limited line surety insurance***~~[A general lines agent]~~ may:
  - (a) Occasionally place an insurance coverage with an insurer as to which he ***or she*** is not then appointed as an agent, and such insurer may accept such business only when placed through ***an appointed***~~[a licensed resident]~~ agent~~[,]~~ of the insurer. Both agents involved in ***this***~~[such an]~~ exchange of business must be then licensed as to all of the kinds of insurance represented by the coverage; and
  - (b) Without limitation, place insurance coverage with an insurer as to which he is not then appointed as agent, and such insurer may accept such business only if placed through a licensed managing general agent.
- (2) ***An agent with a line of authority for***~~[A]~~ life or health insurance~~[agent]~~ may, occasionally, place with another insurer as to which he ***or she*** is not ***appointed***~~[licensed]~~ as agent, a particular risk or portion thereof which has been rejected by the insurers as to which the agent is ***appointed***~~[licensed]~~ or is known to the agent to be unacceptable to such insurers, and without then being ***appointed***~~[licensed]~~ as to ***the***~~[such]~~ other insurer.

- (3) The commissioner shall, by regulation, establish the amount or volume of business that constitutes the occasional placement of business permitted by subsections (1) and (2) of this section. Such regulations may be based on a percentage or ratio of the agent's business or any other appropriate standard.

Section 33. KRS 304.9-425 is amended to read as follows:

- (1) No insurer, financial institution, agent, surplus lines broker, adjuster, ***administrator, reinsurance intermediary broker or manager, rental vehicle agent or managing employee, specialty credit producer or managing employee, viatical settlement broker or provider,*** or consultant shall pay, directly or indirectly, any commission, brokerage, or other valuable consideration to any individual or business entity for services as an agent, surplus lines broker, adjuster, ***administrator, reinsurance intermediary broker or manager, rental vehicle agent or managing employee, specialty credit producer or managing employee, viatical settlement broker or provider,*** or consultant within this state, unless the individual or business entity held at the time the services were performed a valid license for that line of insurance as required by the laws of this state for the services.
- (2) ~~No~~~~;~~ ~~nor shall any~~ individual or business entity, other than an individual or business entity duly licensed by this state as an agent, surplus lines broker, adjuster, ***administrator, reinsurance intermediary broker or manager, rental vehicle agent or managing employee, specialty credit producer or managing employee, viatical settlement broker or provider,*** or consultant at the time the services were performed, ***shall*** accept any ~~such~~ commission, brokerage, or other valuable consideration ***for those services.***
- (3) ~~Provided, that~~ This section shall not prevent payment or receipt of renewal or other deferred commissions to or by any individual or business entity entitled under this section.
- (4) ***Services as an agent, surplus lines broker, adjuster, administrator, reinsurance intermediary broker or manager, rental vehicle agent or managing employee, specialty credit producer or managing employee, or consultant within this state shall not include a referral by an unlicensed person of a consumer to a licensed agent, surplus lines broker, adjuster, administrator, reinsurance intermediary broker or manager, rental vehicle agent or managing employee, specialty credit producer or managing employee, or consultant that does not include a discussion of specific insurance policy terms and conditions.***
- (5) ***An insurer, financial institution, agent, surplus lines broker, adjuster, administrator, reinsurance intermediary broker or manager, rental vehicle agent or managing employee, specialty credit producer or managing employee, or consultant may pay any compensation, fee, or other consideration to an individual not licensed to sell insurance for the referral of a consumer to a licensed individual, only if the consideration is paid regardless of whether the insurance coverage is sold to the consumer.***

Section 34. KRS 304.9-430 is amended to read as follows:

- (1) No individual or business entity shall in this state act as or hold himself or herself out to be an adjuster unless then licensed by the Kentucky Department of Insurance as an adjuster. Application for license shall be made to the commissioner according to forms as prescribed and furnished by him or her. The commissioner shall issue the license as to applicants qualified upon payment of the license application fee stated in KRS 304.4-010.
- (2) To be licensed as an adjuster the applicant shall:

- (a) Be an individual twenty-one (21) years or more of age;~~[-]~~
- (b) Be a resident of Kentucky, or resident of another state which will permit residents of Kentucky to act as adjusters in the other state;~~[-]~~
- (c) Be an employee of an insurer, a full-time salaried employee of a licensed adjuster or a graduate of a recognized law school, or have experience or special education or training as to the handling of loss claims under insurance contracts of sufficient duration and extent to make him or her reasonably competent to fulfill the responsibilities of an adjuster;~~[-]~~
- (d) Be trustworthy and of good reputation;~~[-]~~
- (e) Have and maintain an office accessible to the public, and keep therein the usual and customary records pertaining to transactions under the license. This provision shall not be deemed to prohibit maintenance of the office in the office of an insurer, of the employer, or in the home of the licensee;~~[-]~~
- (f) Have successfully passed a written examination prescribed by the commissioner, except if the applicant has successfully passed a written examination in a state which permits residents of Kentucky to act as adjusters in the other state; **and**

**(g) *Be financially responsible to exercise the license.***

- (3) A business entity, whether or not organized under the laws of this state, may be licensed as an adjuster if each individual who is to exercise the license powers is ***designated with the commissioner as to the license in accordance with Section 24 of this Act***~~named in the license or registered with the commissioner under the license, and is qualified as for an individual license as adjuster. An additional full license fee shall be paid as to each individual in excess of one (1), so named in the license or so registered to exercise its powers].~~
- (4) ***The commissioner may require additional information or submissions from applicants and may obtain any documents or information reasonably necessary to verify the information contained in an application.***
- (5) ***Notwithstanding the provisions of this section,***~~Except, that~~ no adjuster's license or qualifications shall be required as to any adjuster who is sent into this state on behalf of an insurer for the purpose of investigating or making adjustment of a particular loss under an insurance policy, or for the adjustment of a series of losses resulting from a catastrophe common to all losses.

Section 35. KRS 304.9-432 is amended to read as follows:

- (1) In the event that an applicant for an adjuster's license meets the qualification requirements of KRS 304.9-430 except that he or she has not had experience or special education or training as to the handling of loss claims under insurance contracts of sufficient duration and extent to make him or her reasonably confident to fulfill the responsibilities as an adjuster, he or she shall not be required to take and successfully complete the prescribed written examination and may be issued a temporary license as an apprentice adjuster for a period not to exceed ***twelve (12) months***~~one hundred eighty (180) days].~~
- (2) A temporary license as an apprentice adjuster shall be subject to the following terms and conditions:

- (a) An individual holding a temporary license as apprentice adjuster shall have all of the privileges and obligations of an adjuster licensed under the insurance code;
- (b) An individual holding a temporary license as an apprentice adjuster shall at all times be a full-time salaried employee of an insurer or an adjuster and subject to training, direction, and control by a licensed adjuster acting in the same capacity as that for which the applicant applied;
- (c) A temporary license as apprentice adjuster shall be subject to suspension, revocation, or conditions in accordance with KRS 304.9-440; and
- (d) An individual may hold only one (1) temporary license as an apprentice adjuster.

Section 36. KRS 304.9-440 is amended to read as follows:

- (1) The commissioner may place on probation, suspend, or may impose conditions upon the continuance of a license for not more than twelve (12) months, revoke, or refuse to issue or renew any license issued under this subtitle or any surplus lines broker, **viatical settlement broker, or viatical settlement provider** license, or may levy a civil penalty in accordance with KRS 304.99-020, or any combination of actions for any one (1) or more of the following causes:
  - (a) Providing incorrect, misleading, incomplete, or materially untrue information in the license application;~~[-]~~
  - (b) Violating any insurance laws, or violating any administrative regulations, subpoena, or order of the commissioner or of another state's insurance commissioner;~~[-]~~
  - (c) Obtaining or attempting to obtain a license through misrepresentation or fraud;~~[-]~~
  - (d) Improperly withholding, misappropriating, or converting any moneys or properties received in the course of doing insurance **or viatical settlement** business;~~[-]~~
  - (e) Intentionally misrepresenting the terms of an actual or proposed insurance contract, **viatical settlement contract**, or application for insurance;~~[-]~~
  - (f) Having been convicted of any felony;~~[-]~~
  - (g) Having admitted or been found to have committed any unfair insurance trade practice or insurance fraud;~~[-]~~
  - (h) Using fraudulent, coercive, or dishonest practices; or demonstrating incompetence, untrustworthiness, or financial irresponsibility; or being a source of injury or loss to the public in the conduct of business in this state or elsewhere;~~[-]~~
  - (i) Having ~~an~~~~any~~ insurance license, **viatical settlement license**, or its equivalent, denied, suspended, or revoked in any other state, province, district, or territory;
  - (j) Surrendering or otherwise terminating any~~[-other]~~ license issued by this state or by any other jurisdiction, under threat of disciplinary action, denial, or refusal of the issuance of or renewal of any other license issued by this state or by any other jurisdiction; or revocation or suspension of any other license held by the licensee issued by this state or by any other jurisdiction;
  - (k) Forging another's name to an application for insurance,~~[-or]~~ to any **other** document related to an insurance transaction, **or to any document related to a viatical settlement transaction**;

- (l) Cheating, including improperly using notes or any other reference material to complete an examination for ~~an insurance~~ license;
  - (m) Knowingly accepting insurance *or viatical settlement* business from an individual *or business entity* who is not licensed, but who is required to be licensed under this subtitle;
  - (n) Failing to comply with an administrative or court order imposing a child support obligation;
  - (o) Failing to pay state income tax or to comply with any administrative or court order directing payment of state income tax;
  - (p) Having been convicted of a misdemeanor for which restitution is ordered in excess of three hundred dollars (\$300), or of any misdemeanor involving dishonesty, breach of trust, or moral turpitude; or
  - (q) Any other cause for which issuance of the license could have been refused, had it then existed and been known to the commissioner.
- (2) The license of a business entity may be suspended, revoked, or refused for any cause relating to an individual designated in or registered under the license if the commissioner finds that an individual licensee's violation was known or should have been known by one (1) or more of the partners, officers, or managers acting on behalf of the *business entity* ~~partnership or corporation~~ and the violation was not reported to the Department of Insurance nor corrective action taken. The applicant or licensee may make written demand upon the commissioner in accordance with KRS 304.2-310 for a hearing before the commissioner to determine the reasonableness of the commissioner's action.
- (3) The commissioner shall retain the authority to enforce the provisions and penalties of this chapter against any individual or business entity who is under investigation for or charged with a violation of this chapter, even if the individual's or business entity's license has been surrendered or has lapsed by operation of law.

SECTION 37. A NEW SECTION OF SUBTITLE 9 OF KRS CHAPTER 304 IS CREATED TO READ AS FOLLOWS:

- (1) *An individual or business entity holding a license issued under this subtitle or holding a license as a surplus lines broker, viatical settlement broker, or viatical settlement provider shall notify the commissioner in writing immediately if the licensee's license to conduct insurance, securities, real estate, auctioneer, investment, financial, or financial planning business of any kind in this state or elsewhere is surrendered or terminated under threat of disciplinary action, refused, suspended, revoked, or renewal of continuance is denied.*
- (2) *A licensee shall report to the commissioner any administrative action taken against the licensee in another jurisdiction or by another governmental agency in Kentucky within thirty (30) days of the final disposition of the matter. This report shall include:*
  - (a) *A written statement identifying the type of license and explaining the circumstances of each incident;*
  - (b) *A copy of the notice of hearing or other document that states the charges and allegations; and*
  - (c) *A copy of the official document which demonstrates the resolution of the charges or any final judgment.*

- (3) *Within thirty (30) days of service upon the licensee of any criminal complaint, information, or indictment in any jurisdiction, the licensee shall submit to the commissioner the following:*
- (a) *A written statement explaining the circumstances of each incident;*
  - (b) *A copy of the charging document; and*
  - (c) *A copy of the official document which demonstrates the resolution of the charges or any final judgment.*
- (4) *If the charges alleged in the criminal complaint, information, or indictment have not been finally resolved within the thirty (30) day period following service of the criminal complaint, information, or indictment, the licensee shall, within thirty (30) days following the resolution of the charges, submit to the commissioner a copy of the official document which demonstrates the resolution of the charges or any final judgment.*

Section 38. KRS 304.9-705 is amended to read as follows:

- (1) No *individual or business entity*~~[person, firm, association, or corporation]~~ shall act as a reinsurance intermediary broker in **Kentucky**~~[this state]~~ if the reinsurance intermediary broker maintains an office either directly or as a *director, officer*, member, or~~[an]~~ employee of a *business entity*~~[firm or association, or an officer, director, or employee of a corporation]~~:
- (a) In **Kentucky**~~[this state]~~, unless the reinsurance intermediary broker is a licensed *insurance* producer in **Kentucky and may sell reinsurance products under that insurance producer license**~~[this state]~~; or
  - (b) In another state, unless the reinsurance intermediary broker is a licensed *insurance* producer in **Kentucky and may sell reinsurance products under that producer license, or is licensed in**~~[this state or]~~ another state having a law substantially similar to KRS 304.9-700 to 304.9-759, or the reinsurance intermediary broker is licensed in Kentucky as a nonresident reinsurance intermediary.
- (2) No *individual or business entity*~~[person, firm, association, or corporation]~~ shall act as a reinsurance intermediary manager:
- (a) For a reinsurer domiciled in Kentucky, unless the reinsurance intermediary manager is a licensed *insurance* producer in Kentucky **and may sell reinsurance products under that insurance producer license**;
  - (b) In Kentucky, if the reinsurance intermediary manager maintains an *office*~~[office]~~, either directly or as a *director, officer*, member, or employee of a *business entity*~~[firm or association, or an officer, director, or employee of a corporation]~~ in Kentucky, unless the reinsurance intermediary manager is a licensed *insurance* producer in **Kentucky and may sell reinsurance products under that insurance producer license**~~[this state]~~; or
  - (c) In another state for a nondomestic insurer, unless the reinsurance intermediary manager is a licensed *insurance* producer in Kentucky **and may sell reinsurance products under that insurance producer license, is licensed in**~~[or]~~ another state having a law substantially similar to KRS 304.9-700 to 304.9-759, or the person is licensed in Kentucky as a nonresident reinsurance intermediary.

(3)~~[(2)]~~ The commissioner may require a reinsurance intermediary manager subject to subsection (2) of this section to:

- (a) ~~File a bond in an amount from an insurer authorized to do business in Kentucky for the protection of the reinsurer; and~~
- (b) ~~Maintain an errors and omissions insurance policy issued by an insurer authorized to do business in Kentucky in an amount acceptable to the commissioner.~~

(4)~~[(a)]~~ The commissioner may issue a reinsurance intermediary license to any *individual or business entity*~~[person, firm, association, or corporation]~~ who has complied with the requirements of KRS 304.9-700 to 304.9-759 *and who is financially responsible to exercise the license*. The license issued to a *business entity*~~[firm or association]~~ shall *be exercised only by individuals designated with the commissioner as to the license in accordance with Section 24 of this Act*~~[permit all members of the firm or association and any designated employees to act as reinsurance intermediaries under the license, and all persons shall be named in the application and any changes shall be filed in writing with the commissioner. The license issued to a corporation shall permit all of the officers, and any designated employees and directors thereof, to act as reinsurance intermediaries on behalf of the corporation, and all persons shall be named in the application and any changes shall be filed in writing with the commissioner.~~

- (b) ~~If the applicant for a reinsurance intermediary license is a nonresident, the applicant, as a condition precedent to receiving or holding a license, shall designate the Secretary of State as agent for service of process in the manner, and with the same legal effect, provided for by this chapter for designation of service of process upon unauthorized insurers, and shall furnish the commissioner with the name and address of a resident of Kentucky upon whom notices or orders of the commissioner or process affecting the nonresident reinsurance intermediary may be served. The reinsurance intermediary shall promptly notify the commissioner in writing of every change in the person designated to receive notices or orders of the commissioner or process, and the change shall not become effective until acknowledged by the commissioner.]~~

(4)~~[(5)]~~ The commissioner may refuse to issue a reinsurance intermediary license if, in his judgment, the applicant, anyone named on the application, or any member, principal, officer, or director of the applicant is not trustworthy or of good reputation, or that any controlling person of the applicant is not trustworthy to act as a reinsurance intermediary, or that any of the foregoing persons have given cause for revocation or suspension of the license, or has failed to comply with any prerequisite for the issuance of the license.

(5)~~[(6)]~~ Licensed attorneys at law of Kentucky, when acting in their professional capacity as *attorneys*~~[such]~~, shall be exempt from this section.

Section 39. KRS 304.10-120 is amended to read as follows:

(1) Any person~~[while licensed in this state as an agent]~~ who:

- (a) Is a resident of Kentucky *or is a nonresident who is not eligible to be issued a license in accordance with Section 18 of this Act*;
- (b) *Holds an agent license with lines of authority for property and casualty; and*~~[Has been continuously licensed for at least three (3) years;]~~



- (c) Is deemed by the commissioner to be competent and trustworthy with respect to the handling of surplus lines;~~and~~
- ~~(d) Represents at least three (3) insurers admitted to transact property or casualty insurance in Kentucky;]~~

may be licensed as a surplus lines broker.

- (2) Application for the license shall be made to the commissioner on forms as designated and furnished by the commissioner.
- (3) The license fee shall be as specified in KRS 304.4-010.
- (4) The license and licensee shall be subject to the applicable provisions of Subtitle 9 of this chapter.
- ~~(5) [In order for a surplus lines broker's license to be renewed, the licensee shall have at least five (5) current appointments with property or casualty insurers admitted to do business in Kentucky.~~
- ~~(6)]~~ Notwithstanding subsection (1)~~(a)]~~ of this section, on or after July 1, 2002, an **applicant**~~[individual]~~ licensed as a surplus lines broker in the applicant's home state may be issued a nonresident surplus lines broker's license in Kentucky if the applicant's home state issues surplus lines broker licenses to Kentucky residents on the same basis.

Section 40. KRS 304.10-140 is amended to read as follows:

- (1) ***To the extent the Gramm-Leach-Bliley Act, 15 U.S.C. sec. 6751(f), provides that evidence of financial responsibility may be required for licensing,*** prior to issuance of a license as a surplus lines broker, the applicant shall file with the commissioner, and for as long as the license remains in effect shall keep in force:
  - ~~(a)[(1)]~~ 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 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 a combination of a bond issued by an authorized corporate surety and a deposit. The policy, bond, deposit, or combination of a bond or deposit shall not be terminated unless at least thirty (30) days' prior written notice is given to the licensee and the commissioner; and
  - ~~(b)[(2)]~~ A bond in favor of the State of Kentucky in the penal sum of fifty thousand dollars (\$50,000), with an authorized corporate surety guaranteeing that he or she will conduct business under the license in accordance with the provisions of this subtitle and that he or she will promptly remit the taxes required by KRS 304.10-180. The aggregate liability of the surety for any and all claims on any bond shall in no event exceed the penal sum. No bond shall be terminated unless not less than thirty (30) days' prior written notice is given to the licensee and filed with the commissioner.
- (2) ***An insurer issuing coverage under subsection (1)(a) or (b) of this section may offer, as a part of the policy or as an optional endorsement to the policy, deductibles optional to the surplus lines broker applicant or licensee for the payment of claims. Deductible amounts offered in accordance with this section shall be fully disclosed to the applicant or licensee in writing. If the applicant or licensee chooses a deductible policy, the insurer shall pay the deductible amount initially and the licensee shall be liable to the insurer, at the time***

*and in the manner prescribed in the policy, for the amount of the deductible. If the licensee fails to reimburse the insurer as required by this subsection, his or her surplus lines broker license and all other licenses issued by the commissioner are revoked and shall be promptly surrendered to the commissioner without demand. Nothing contained in this subsection is intended to or shall in any manner alter or affect the rights of the insurer to collect the reimbursement for the deductible from the surplus lines broker.*

Section 41. KRS 304.10-170 is amended to read as follows:

- (1) Each broker shall, *within thirty (30) days of the end of each calendar quarter*~~[on or before the first day of April of each year]~~, file with the commissioner a verified statement of all surplus lines insurance transacted by him during the preceding calendar *quarter*~~[year]~~.
- (2) The statement shall be on forms as prescribed~~[and furnished]~~ by the commissioner and shall show:
  - (a) Gross amount of each kind of insurance transacted;
  - (b) Aggregate of gross premiums charged;
  - (c) Aggregate of returned premiums paid insureds;
  - (d) Aggregate of net premiums; and
  - (e) Additional information as required by the commissioner.

Section 42. KRS 304.10-180 is amended to read as follows:

- (1) Each broker shall pay the following taxes:
  - (a) ~~[On or before the first day of April each year, ]~~A tax at the rate of three percent (3%) on the premiums, assessments, fees, charges, or other consideration deemed part of the premium as defined in KRS 304.14-030, on surplus lines insurance subject to tax transacted by him or her with unauthorized insurers during the preceding calendar *quarter*~~[year]~~ as shown by his or her *quarterly*~~[annual]~~ statement filed with the commissioner *in accordance with Section 41 of this Act*. The tax shall not be assessed on the premium surcharge tax, the local government premium tax, or any other state or federal tax. The tax shall be remitted to the commissioner *within thirty (30) days of the end of each calendar quarter*. When collected the tax shall be credited to the insurance regulatory trust fund, as established by KRS 304.2-400;
  - (b) The premium surcharge tax, to be remitted to the Kentucky Revenue Cabinet, in accordance with KRS 136.392; and
  - (c) The local government premium tax, to be remitted to the appropriate city, county, or urban-county government taxing authority, in accordance with KRS 91A.080.
- (2) If a surplus lines policy covers risks or exposures only partially in this state the tax so payable shall be computed upon the proportion of the premium which is properly allocable to the risks or exposures located in this state.

Section 43. KRS 304.12-100 is amended to read as follows:

Nothing in KRS 304.12-080 and 304.12-090 shall be construed as prohibiting:

- (1) Payment of lawfully earned commission or other lawful compensation to duly licensed *insurance producers as defined in Section 4(4) of this Act*~~;~~~~[agents, surplus lines brokers, and solicitors.]~~

- (2) Distribution by a participating insurer to its participating policyholders of dividends, savings, or the unused or unabsorbed portion of premiums and premium deposits;~~[-]~~
- (3) Furnishing of information, advice, or services for the purpose of reducing the loss or liability to loss under a policy;~~[-]~~
- (4) Life insurers from paying bonuses to policyholders or otherwise abating their premiums in whole or in part out of surplus accumulated from nonparticipating insurance, if such bonus or abatement is fair and equitable to all policyholders and for the best interests of the insurer and its policyholders;~~[-]~~
- (5) In the case of insurance policies issued on the debit plan, making allowance to policyholders who have continuously for a specified period made premium payments directly to an office of the insurer in an amount which fairly represents the savings in collection expense or making allowance to policyholders who make premium payments at less frequent intervals than required; **or**~~[-]~~
- (6) Readjustment of the rate of premium for a group insurance policy based on the loss or expense experience thereunder, at the end of any policy year of insurance thereunder, which may be made retroactive only for such policy year.

Section 44. KRS 304.12-110 is amended to read as follows:

No insurer, **insurance producer as defined in Section 4(4) of this Act**~~agent, surplus lines broker, solicitor~~, or other person shall, as an inducement to insurance, or in connection with any insurance transaction, provide in any policy for, or offer, sell, buy, or offer or promise to buy, sell, give, promise, or allow to the insured or prospective insured or to any other person on his behalf in any manner whatsoever:

- (1) Any employment;~~[-]~~
- (2) Any shares of stock or other securities issued or at any time to be issued or any interest therein or rights thereto;~~[-]~~
- (3) Any advisory board contract, or any similar contract, agreement or understanding, offering, providing for, or promising any profits or special returns or special dividends; **or**~~[-]~~
- (4) Any prizes, goods, wares, merchandise, or property of an aggregate value in excess of ten dollars (\$10).

Section 45. KRS 304.12-140 is amended to read as follows:

- (1) No person engaged in the business of financing the purchase of real or personal property or of lending money on the security of real or personal property shall require, as a condition to~~[-such]~~ financing or lending, **or varying the terms and conditions of the financing or lending**, or as a condition to the renewal or extension of any~~[-such]~~ loan **or credit** or to the performance of any other act in connection with~~[-such]~~ financing or lending, that the purchaser or borrower, or his successors, shall negotiate through a particular insurer;~~[-or insurers, insurance] agent[-or agents], or type of insurer[-or types of insurers], any policy of insurance or renewal[-thereof] insuring the~~~~[-such]~~ property or the life or health of the borrower.
- (2) This section shall not prevent the reasonable exercise by any~~[-such]~~ vendor or lender of **its**~~his~~ right to approve or disapprove the insurer selected to underwrite the insurance, and to determine the adequacy of the insurance offered.

Section 46. KRS 304.12-150 is amended to read as follows:

Every debtor, borrower, or purchaser of property with respect to which insurance of any kind is required in connection with a debt or loan on ~~the[such]~~ property shall be informed by the creditor or lender of his right of free choice in the selection of the agent and insurer through or by which such insurance is to be placed. There shall be no interference either directly or indirectly with ~~the[such]~~ borrower's, debtor's, or purchaser's free choice of an agent and of an insurer, ***the creditor or lender shall not collect a separate charge for the handling of insurance required in connection with a loan or extension of credit based on the consumer's choice of agent or insurer***, and the creditor or lender shall not refuse an adequate policy so tendered by the borrower, debtor, or purchaser. Upon notice of any refusal of ~~an adequate[such tendered]~~ policy, the commissioner shall order the creditor or lender to accept the tendered policy, if he determines that such refusal is not in accordance with the requirements set out in subsection (2) of KRS 304.12-140. Failure to comply with ~~the[such an]~~ order of the commissioner shall be deemed a violation of this section.

Section 47. KRS 304.32-120 is amended to read as follows:

When the annual statement of a corporation subject to the provisions of this subtitle shall have been filed and all fees due from the corporation shall have been paid, the corporation's certificate of authority to do business in this state shall automatically be extended until such time as the commissioner refuses to relicense the corporation. ~~When the fee involved in the renewal of an agent's license shall have been paid by the corporation, or the individual agent, the license shall automatically be extended until such time as the commissioner refuses to renew the license.]~~

Section 48. KRS 304.32-180 is repealed and reenacted to read as follows:

- (1) ***An agent of the corporation shall be licensed as an agent with a health line of authority in accordance with the provisions of Subtitle 9 of this chapter regulating all aspects of agent licenses.***
- (2) ***Subsection (1) of this section includes the requirement that the agent shall satisfactorily complete the continuing education requirements in accordance with Section 27 of this Act.***
- (3) ***An agent of the corporation shall be appointed by the corporation in accordance with the provisions of Subtitle 9 of this chapter regulating all aspects of agent appointments*** ~~["Agent" means any person authorized by a corporation subject to the provisions of this subtitle and on its behalf to solicit applications for subscription or membership, or offers or assumes to act in the negotiation thereof. To qualify for an agent's license an applicant shall:~~
  - ~~(a) Be above the age of eighteen (18) years;~~
  - ~~(b) Be a bona fide resident of and actually reside in this state;~~
  - ~~(c) Be a trustworthy person;~~
  - ~~(d) Be appointed as an agent by one (1) or more corporations subject to the provisions of this subtitle;~~
  - ~~(e) Make application to the commissioner in the manner and form prescribed by him. As a part or in connection with any application, the applicant shall furnish information concerning his identity, personal history, experience, business record, purposes, and any other information the commissioner may reasonably require;~~
  - ~~(f) Pay the fee provided in Subtitle 4 of this chapter; and~~

- (g) ~~Take an examination given by the commissioner as a test of his qualifications and competence.~~
- (2) ~~Agents' licenses shall expire at midnight on March 31 unless the licensee prior thereto has filed with the commissioner, on forms prescribed and furnished by him, a request for continuation of license accompanied by payment of the renewal fee as provided in Subtitle 4 of this chapter, except that any request for continuation filed with the commissioner after such March 31 and prior to the next following June 30 may be accepted and effectuated by the commissioner, in his discretion, if accompanied by a penalty as prescribed in Subtitle 99 of this chapter.~~
- (3) ~~Agents shall satisfactorily complete a minimum of twenty-four (24) hours of continuing education courses, of which twelve (12) must be classroom hours, during each continuing education biennium, as provided by KRS 304.9-295 and any administrative regulations promulgated thereunder].~~

Section 49. KRS 304.32-270 is amended to read as follows:

Nonprofit hospital, medical-surgical, dental, and health service corporations shall be subject to the provisions of this subtitle, and to the following provisions of this code, to the extent applicable and not in conflict with the express provisions of this subtitle:

- (1) Subtitle 1 -- Scope -- General Definitions and Provisions;
- (2) Subtitle 2 -- Insurance Commissioner;
- (3) Subtitle 7 -- Investments;
- (4) Subtitle 8 -- Administration of Deposits;
- (5) Subtitle 12 -- Trade Practices and Frauds;
- (6) Subtitle 25 -- Continuity of Management;
- (7) Subtitle 33 -- Insurers Rehabilitation and Liquidation;
- (8) Subtitle 18 -- KRS 304.18-110, 304.18-120 -- Group Conversion and KRS 304.18-045;
- (9) Subtitle 4 -- Fees and Taxes;
- (10) Subtitle 99 -- Penalties;
- (11) Subtitle 14 -- KRS 304.14-500 to 304.14-560;
- (12) Subtitle 17A -- Health Benefit Plans; ~~and~~
- (13) Subtitle 17B -- Kentucky Access; *and*
- (14) Subtitle 9 -- Agents, Consultants, Solicitors and Adjusters.**

Section 50. KRS 304.38-110 is repealed and reenacted to read as follows:

- (1) *An agent of a health maintenance organization shall be licensed as an agent with a health line of authority in accordance with the provisions of Subtitle 9 of this chapter regulating all aspects of agent licenses.*
- (2) *Subsection (1) of this section includes the requirement that the agent shall satisfactorily complete the continuing education requirements in accordance with Section 27 of this Act.*

- (3) *An agent of a health maintenance organization shall be appointed by the health maintenance organization in accordance with the provisions of Subtitle 9 of this chapter regulating all aspects of agent appointments*~~[The commissioner shall promulgate such reasonable rules and regulations as are necessary to provide for the licensing of agents, and the termination or revocation of such license. An "agent" means any person directly or indirectly associated with such organization who engages in solicitation or enrollment of persons for profit or pecuniary gain in a health maintenance organization.~~
- (2) ~~Agents shall satisfactorily complete a minimum of twenty four (24) hours of continuing education courses, of which twelve (12) must be classroom hours, during each continuing education biennium, as provided in KRS 304.9-295 and any administrative regulations promulgated thereunder].~~

Section 51. KRS 304.48-100 is repealed and reenacted to read as follows:

- (1) *An agent of a liability self-insurance group shall be licensed as an agent with property and casualty lines of authority in accordance with Subtitle 9 of this chapter regulating all aspects of agent licenses.*
- (2) *Subsection (1) of this section includes the requirement that the agent shall satisfactorily complete the continuing education requirements in accordance with Section 27 of this Act.*
- (3) *An agent of a liability self-insurance group shall be appointed by the liability self-insurance group in accordance with the provisions of Subtitle 9 of this chapter regulating all aspects of agent appointments*~~[The commissioner shall promulgate reasonable administrative regulations as are necessary to provide for the licensing of agents appointed or sponsored by the liability self-insurance group and the termination or revocation of such license].~~

Section 52. KRS 304.99-020 is amended to read as follows:

- (1) For any violation of this code where the commissioner has the power to revoke or suspend a license or certificate of authority he may in lieu thereof or in addition to such revocation or suspension impose a civil penalty against the violator in the case of an insurer, a fraternal benefit society, nonprofit hospital, medical-surgical, dental, and health service corporation, *or health maintenance organization*~~[, or prepaid dental plan organization]~~, of not more than ten thousand dollars (\$10,000) per violation; in the case of an agent, *surplus lines broker, rental vehicle agent or managing employee, specialty credit producer or managing employee, or reinsurance intermediary broker or manager*~~[or solicitor]~~ of not more than one thousand dollars (\$1,000) per violation; in the case of an adjuster, administrator, *viatical settlement broker, viatical settlement producer*, or consultant of not more than two thousand dollars (\$2,000) per violation.
- (2) Such civil penalty may be recovered in an action brought thereon in the name of the Commonwealth of Kentucky in any court of appropriate jurisdiction.
- (3) In any court action with respect to a civil penalty, the court may review the penalty as to both liability and reasonableness of amount.

Section 53. KRS 304.99-100 is amended to read as follows:

- (1) *The appointment of an agent, including rental vehicle agent, rental vehicle managing employee, specialty credit producer, and specialty credit managing employee, may be renewed by an insurer under subsection (8) of Section 26 of this Act if the request and*

*late payment for renewal is accompanied by a penalty equal to the amount of the biennial renewal fee specified in Subtitle 4 of this chapter.*

- (2) *A license issued under Subtitle 9 of this chapter, surplus lines broker license, viatical settlement broker license, and viatical settlement provider license*~~[The licenses of each solicitor, consultant, adjuster, surplus lines broker, agent, and fraternal benefit society agent]~~ may be *reissued*~~[continued or renewed]~~ under KRS 304.9-260(2)~~[and 304.9-270]~~ if the request *and late payment for reissue are*~~[continuation or renewal is]~~ accompanied by a penalty equal to the amount of the biennial~~[continuation or]~~ renewal fee specified in Subtitle 4 of this chapter.

Section 54. KRS 304.9-240 is amended to read as follows:

- (1) A licensed~~[resident]~~ agent may solicit for and issue personal travel accident insurance policies by means of mechanical vending machines supervised by the agent and placed at airports and similar places of convenience to the traveling public, if the commissioner finds that:
- (a) The policy provides reasonable coverage and benefits, is suitable for sale and issuance by vending machine, and that use of such a machine in a proposed location would be of material convenience to the public;
  - (b) The type of machine proposed to be used is reasonably suitable for the purpose;
  - (c) Reasonable means are provided for informing prospective purchasers of policy coverages and restrictions;
  - (d) Reasonable means are provided for the refund of money inserted in defective machines and for which insurance so paid for is not received; and
  - (e) The cost of maintaining such a machine at a particular location is reasonable in amount.
- (2) For each machine to be used, the commissioner shall issue to the agent upon his application a special vending machine license. The license shall specify the name and address of the insurer and agent, the name of the policy to be sold, the serial number and operating location of the machine. The license shall be subject to annual continuation, to expiration, suspension or revocation coincidentally with that of the agent. The commissioner shall also revoke the license of any machine as to which he finds that the license qualifications no longer exist. The license fee shall be the same as specified in KRS 304.4-010, for an agent, for each license year or part thereof for each respective machine. Proof of the existence of a subsisting license shall be displayed on or about each machine in use, in such manner as the commissioner reasonably requires.

Section 55. The following KRS sections are repealed:

- 304.9-136 Compensation for referral of consumers by employees of a general agency -- Conditions.
- 304.9-142 Fees charged to out-of-state individuals or business entities.
- 304.9-490 Banks exempt from KRS 304.9-480 and 304.9-485.
- 304.12-170 Using insurance information to detriment of another.
- 304.32-190 Agents: appointment.

304.32-200 Revocation of agent's license.

**Approved April 9, 2002**