

### **304.2-210 Examination of insurers.**

- (1) As used in KRS 304.2-210 to 304.2-300, unless the context requires otherwise, "examination workpaper" means a written or recorded document, note, memorandum, critique, comment, recommendation, or other information copied, established, created, or retained by the commissioner or his designee for the purpose of conducting an examination or drafting an examination report.
- (2) For the purpose of determining financial condition, ability to fulfill and manner of fulfillment of its obligations, the nature of its operations, and compliance with law, the commissioner shall examine the affairs, transactions, accounts, records, and assets of each authorized insurer as often as reasonably necessary. He shall so examine each domestic insurer not less frequently than every five (5) years. Examination of a reciprocal insurer may include examination of its attorney-in-fact as to its transactions relating to the insurer. Examination of an alien insurer may be limited to its insurance transactions and affairs in the United States, except as the commissioner otherwise requires.
- (3) In scheduling and determining the nature, scope, and frequency of the examinations, the commissioner shall consider the results of financial statement analyses and ratios, changes in management or ownership, actuarial opinions, reports of independent certified public accountants, and other criteria as set forth in the Examiner's Handbook prescribed by the commissioner.
- (4) For purposes of completing an examination of an insurer, the commissioner may examine or investigate any person or the business of any person, insofar as the examination or investigation is, in the sole discretion of the commissioner, necessary and material to the examination of the insurer.
- (5) The commissioner shall in like manner examine each insurer applying for an initial certificate of authority to transact insurance in this state.
- (6) In lieu of making his own examination, the commissioner may, in his discretion, accept a full report of the most recently completed examination of a foreign, or alien, insurer, certified to by the insurance supervisory official of another state. Reports shall only be accepted if the examination is performed under the supervision of an accredited insurance department or with the participation of one (1) or more examiners who are employed by an accredited state insurance department and who, after a review of the examination work papers and report, state under oath that the examination was performed in a manner consistent with the standards and procedures required by their insurance department.
- (7) As far as practical, the examination of a foreign or alien insurer shall be made in cooperation with the insurance supervisory officers of other states in which the insurer transacts business, and for the purpose thereof, the commissioner may participate in joint examinations of insurers or be represented in an examination by an examiner of another state.

**Effective:** July 15, 2010

**History:** Amended 2010 Ky. Acts ch. 24, sec. 938, effective July 15, 2010; and ch. 25, sec. 1, effective July 15, 2010. -- Amended 2008 Ky. Acts ch. 152, sec. 1, effective July 15, 2008. -- Amended 1998 Ky. Acts ch. 483, sec. 4, effective July 15, 1998. --

Amended 1994 Ky. Acts ch. 496, sec. 3, effective July 15, 1994. -- Amended 1974 Ky. Acts ch. 308, sec. 51, effective June 21, 1974. -- Created 1970 Ky. Acts ch. 301, subtit. 2, sec. 21, effective June 18, 1970.

**Legislative Research Commission Note (7/15/2010).** A reference to the "executive director" of insurance in subsection (3) of this section, as amended by 2010 Ky. Acts ch. 25, sec. 1, has been changed in codification to the "commissioner" of insurance to reflect the reorganization of certain parts of the Executive Branch, as set forth in Executive Order 2009-535 and confirmed by the General Assembly in 2010 Ky. Acts ch. 24. This change was made by the Reviser of Statutes pursuant to 2010 Ky. Acts ch. 24, sec. 1938.

**Legislative Research Commission Note (7/15/2010).** This section was amended by 2010 Ky. Acts chs. 24 and 25, which do not appear to be in conflict and have been codified together.