

304.15-260 Limitation of liability.

- (1) No policy of life insurance shall be delivered or issued for delivery in this state if it contains any of the following provisions:
 - (a) A provision limiting the time within which an action at law or in equity may be commenced on such a policy to less than three (3) years after the cause of action has accrued; or
 - (b) A provision which excludes or restricts liability for death caused in a certain specified manner or occurring while the insured has a specified status, except that a policy may contain provisions excluding or restricting coverage as specified therein in the event of death under any one (1) or more of the following circumstances:
 1. Death as a result, directly or indirectly, of war, declared or undeclared, or of action by military forces, or of any act or hazard of such war or action, or of service in the military, naval, or air forces or in civilian forces auxiliary thereto, or from any cause while a member of such military, naval, or air forces of any country at war, declared or undeclared, or of any country engaged in such military action;
 2. Death as a result of aviation or any air travel or flight;
 3. Death as a result of specified hazardous occupation or occupations;
 4. Death while the insured is a resident outside the continental United States and Canada; or
 5. Death within two (2) years from the date of issue of the policy as a result of suicide, while sane or insane.
- (2) A policy which contains any exclusion or restriction pursuant to paragraph (b) of subsection (1) of this section, shall also provide that in the event of death under the circumstances to which any such exclusion or restriction is applicable, the insurer will pay an amount not less than a reserve determined according to the commissioners reserve valuation method upon the basis of the mortality table and interest rate specified in the policy for the calculation of nonforfeiture benefits (or if the policy provides for no such benefits, computed according to a mortality table and interest rate determined by the insurer and specified in the policy) with adjustment for indebtedness or dividend credit.
- (3) This section shall not apply to group life insurance, health insurance, reinsurance, or annuities, or to any provision in a life insurance policy or contract supplemental thereto relating to disability benefits or to additional benefits in the event of death by accident or accidental means.
- (4) Nothing contained in this section shall prohibit any provision which in the opinion of the commissioner is more favorable to the policyholder than a provision permitted by this section.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1181, effective July 15, 2010. -- Created 1970 Ky. Acts ch. 301, subtit. 15, sec. 26, effective June 18, 1970.