

304.19-204 Definition of gross debt -- Credit personal property insurance -- Restrictions and requirements. (Effective July 15, 2026)

- (1) As used in this section, "gross debt" means the sum of the remaining payments owed to a creditor by a debtor.
- (2) For credit personal property insurance sold in conjunction with a closed-end credit transaction, an insurer shall not issue the insurance:
 - (a) In an amount that exceeds the gross debt of the underlying credit transaction;
or
 - (b) With a term that exceeds the scheduled term of the underlying credit transaction.
- (3) Credit personal property insurance shall cover a substantial risk of loss of, or damage to, the collateral pledged or secured in the credit transaction.
- (4) An insurer shall not:
 - (a) Require the bundling of other credit insurance coverages with the purchase of credit personal property insurance; or
 - (b) Use gross debt in determining credit personal property insurance premiums.
- (5) A debtor shall have the choice to purchase credit personal property insurance separate from other credit insurance coverage.

Effective: July 15, 2026

History: Created 2026 Ky. Acts ch. 16, sec. 13, effective July 15, 2026.

Legislative Research Commission Note (7/15/2026). 2026 Ky. Acts ch. 16, sec. 25, provides that this statute shall apply to contracts issued or renewed on or after July 15, 2026.