

1 AN ACT relating to insurance requirements for certain vehicle business licensees.

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

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

4 (1) Except as provided in subsection (4) of this section, a motor vehicle dealer's license,
5 new recreational vehicle dealer's license, motor vehicle auction dealer's license, or
6 wholesaler's license shall not be issued or renewed unless the applicant or holder of
7 the license ~~has~~~~shall have~~ on file with the commission an approved indemnifying
8 bond or insurance policy **that complies with subsection (2) of this section.**

9 **(2) An indemnifying bond or insurance policy shall:**

10 **(a) Be issued by:**

11 **1.** A surety company or insurance carrier authorized to transact business
12 within the Commonwealth of Kentucky; **or**

13 **2. A nonadmitted insurer in accordance with the requirements of Subtitle**
14 **10 of KRS Chapter 304;**~~[-]~~

15 **(b) Have a**~~[-]~~~~The~~ term **that is**~~[-]~~~~of the bond or policy shall be~~ continuous and
16 **remains**~~[-]~~~~shall remain~~ in full force until canceled under proper notice;

17 **(c)** ~~[-]~~~~All bonds or policies shall~~ Be issued in the name of the holder or applicant
18 for the dealer's license or wholesaler's license;~~[-]~~

19 **(d)** ~~[-]~~~~The bond or policy~~ For all dealers except automotive recycling dealers,
20 **provide**~~[-]~~~~shall provide~~ public liability and property damage coverage for the
21 operation of any vehicle owned or being offered for sale by the dealer or
22 wholesaler when being operated by the owner or seller, his **or her** agents,
23 servants, employees, prospective customers, or other persons. In
24 circumstances where a customer's or other person's vehicle is out of use
25 because of breakdown, repair, or servicing and a motor vehicle is loaned, with
26 or without consideration, the coverage mandated by this section shall be in
27 excess of, and be deemed secondary to, the collision, bodily injury, and

1 property damage liability coverage under a customer's or other person's own
 2 coverage for that person's own negligence; otherwise the coverage mandated
 3 by this section shall be primary; ~~;~~

4 ~~(e)(2)~~ **Provide that** the amount of **coverage under the bond or policy**
 5 ~~is insurance shall be~~ two hundred fifty thousand dollars (\$250,000) for
 6 bodily injury or death of any one (1) person; five hundred thousand dollars
 7 (\$500,000) for bodily injury or death in any one (1) accident; and two hundred
 8 fifty thousand dollars (\$250,000) property damage; ~~;~~

9 ~~(f) [The bond or policy]~~ For automotive recycling dealers, **provide** ~~[shall provide]~~
 10 commercial general liability coverage in the amount of two hundred fifty
 11 thousand dollars (\$250,000) for bodily injury or death of any one (1) person;
 12 five hundred thousand dollars (\$500,000) for bodily injury or death in any one
 13 (1) accident; and two hundred fifty thousand dollars (\$250,000) property
 14 damage; **and** ~~;~~

15 ~~(g)(3)~~ **Provide that the** ~~[A]~~ bond or ~~[insurance]~~ policy shall not be canceled
 16 unless fifteen (15) days' notice by the bondsman or insurance carrier has been
 17 given in writing to the commission.

18 **(3) (a)** Upon the cancellation of any **required indemnifying** bond or insurance
 19 policy ~~[required]~~, the right to engage in the business of a motor vehicle dealer
 20 or wholesaler shall immediately abate.

21 **(b)** If the bond or insurance policy is reinstated within thirty (30) days from the
 22 date of cancellation, the rights granted by the license shall again be in force
 23 and effect; otherwise, the license shall become void.

24 (4) A dealer that has a certificate of authority from the Department of Insurance
 25 demonstrating proof of self-insurance is exempt from this section.