

1 AN ACT relating to public adjusters.

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

3 ➔Section 1. KRS 304.9-020 is amended to read as follows:

4 As used in this subtitle:

- 5 (1) "Agent" means a person who sells, solicits, or negotiates insurance or annuity
6 contracts;
- 7 (2) "Appointment" means a notification filed with the insurance department that an
8 insurer has established an agency relationship with a producer;
- 9 (3) "Appointment renewal" means continuation of an insurer's existing appointment
10 based on payment of the required fee without submission of an appointment form;
- 11 (4) "Apprentice adjuster" means an individual who meets the qualification
12 requirements to hold a license as an independent, staff, or public adjuster, except for
13 the experience, education, and training requirements;
- 14 (5) "Business entity" means a corporation, association, partnership, limited liability
15 company, limited liability partnership, employer group, professional employer
16 organization, or other legal entity;
- 17 (6) "Catastrophe" means an event that results in a declaration of emergency by the
18 Governor pursuant to KRS 39A.100 and:
- 19 (a) A large number of deaths or injuries;
- 20 (b) Extensive damage or destruction of facilities that provide and sustain human
21 needs;
- 22 (c) An overwhelming demand on state and local response resources and
23 mechanisms;
- 24 (d) A severe long-term effect on general economic activity; or
- 25 (e) A severe effect on state, local, and private sector capabilities to begin and
26 sustain response activities;
- 27 (7) "Crop insurance" means insurance providing protection against damage to crops

- 1 from unfavorable weather conditions, fire or lightning, flood, hail, insect
2 infestation, disease, or other yield-reducing conditions or perils provided by the
3 private insurance market or that is subsidized by the Federal Crop Insurance
4 Corporation, including multi-peril crop insurance;
- 5 (8) "Home state" means the District of Columbia and any state or territory of the
6 United States in which a licensee maintains his or her principal place of residence
7 or principal place of business and is licensed by that state;
- 8 (9) "Independent adjuster" means a person who:
- 9 (a) Is an independent contractor, an employee of an independent contractor, or for
10 tax purposes is treated as an independent contractor under Subtitle C of the
11 Internal Revenue Code, 26 U.S.C. secs. 3101 et seq.;
- 12 (b) Is compensated by an insurer or self-insurer; and
- 13 (c) Investigates, negotiates, or settles property, casualty, or workers'
14 compensation claims for insurers or self-insurers;
- 15 (10) "Insurance producer":
- 16 (a) Means an individual or business entity required to be licensed under the laws
17 of Kentucky to sell, solicit, or negotiate insurance or annuity contracts; ~~and~~
- 18 (b) ~~["Insurance producer"]~~ Includes an agent, managing general agent, surplus
19 lines broker, reinsurance intermediary broker and manager, rental vehicle
20 agent and rental vehicle agent managing employee, and consultant;
- 21 (11) "Limited line credit insurance" includes credit life, credit disability, credit property,
22 credit unemployment, involuntary unemployment, mortgage life, mortgage
23 guaranty, mortgage disability, guaranteed automobile protection insurance, and any
24 other form of insurance offered in connection with an extension of credit that is
25 limited to partially or wholly extinguishing that credit obligation that the
26 commissioner determines should be designated a form of limited line credit
27 insurance;

- 1 (12) "Limited line credit insurance agent" means an individual or business entity who
2 sells, solicits, or negotiates one (1) or more forms of limited line credit insurance
3 coverage to individuals through a master, corporate, group, or individual policy;
- 4 (13) "Limited lines insurance" means:
- 5 (a) The lines of insurance defined in subsections (7), (11), (22), (27), and (29) of
6 this section; and
- 7 (b) Any other line of insurance that the commissioner identifies in accordance
8 with KRS 304.9-230(1)(g) or recognizes for the purpose of complying with
9 KRS 304.9-140(5);
- 10 (14) "Negotiate":
- 11 (a) Means the act of conferring directly with, or offering advice directly to, a
12 purchaser or prospective purchaser of a particular contract of insurance
13 concerning any of the substantive benefits, terms, or conditions of the
14 contract, provided that the person engaged in that act either sells insurance or
15 obtains insurance from insurers for purchasers; ~~and~~
- 16 (b) *Unless the context requires otherwise,* ~~["Negotiate"]~~ does not include
17 negotiating a claims settlement;
- 18 (15) "Pharmacy benefit manager" means an entity that, on behalf of a health benefit
19 plan, state agency, insurer, managed care organization providing services under
20 KRS Chapter 205, or other third-party payor:
- 21 (a) Contracts directly or indirectly with pharmacies to provide prescription drugs
22 to individuals;
- 23 (b) Administers a prescription drug benefit;
- 24 (c) Processes or pays pharmacy claims;
- 25 (d) Creates or updates prescription drug formularies;
- 26 (e) Makes or assists in making prior authorization determinations on prescription
27 drugs;

- 1 (f) Administers rebates on prescription drugs; or
- 2 (g) Establishes a pharmacy network;
- 3 (16) "Portable electronics" means electronic devices that are portable and the accessories
- 4 and services related to the use of the device;
- 5 (17) ~~[(a)]~~ "Portable electronics insurance":
- 6 (a) Means insurance providing coverage for the repair or replacement of portable
- 7 electronics for any one (1) or more of the following:
- 8 1. Loss;
- 9 2. Theft;
- 10 3. Inoperability due to mechanical failure;
- 11 4. Malfunction;
- 12 5. Damage; or
- 13 6. Other similar causes of loss; and ~~[-]~~
- 14 (b) ~~["Portable electronics insurance"]~~ Does not include ~~[mean]~~:
- 15 1. A service contract governed by KRS 304.5-070;
- 16 2. A policy of insurance covering a seller's or manufacturer's obligations
- 17 under a warranty; or
- 18 3. A homeowner's, renter's, private passenger automobile, commercial
- 19 multi-peril, or similar policy;
- 20 (18) "Portable electronics insurance supervising entity" means a business entity that is a
- 21 licensed insurer or insurance agent that is appointed by an insurer to supervise the
- 22 administration of a portable electronics insurance program;
- 23 (19) "Portable electronics retailer" means a licensed business entity that offers and sells
- 24 portable electronic devices and offers and disseminates portable electronics
- 25 insurance on behalf and under the direction of a portable electronics insurance
- 26 supervising entity;
- 27 (20) "Public adjuster":

1 **(a)** Means any person who, for compensation or anything of value:

2 ~~1.[(a)]~~ Acts on behalf of an insured or aids an insured, solely in relation to
3 first-party claims arising under insurance contracts that insure the real or
4 personal property of the insured, in negotiating for, or effecting the
5 settlement of, a claim for loss or damage covered by an insurance
6 contract;

7 ~~2.[(b)]~~ Advertises for employment as a public adjuster of insurance
8 claims, solicits business or represents himself, herself, or itself to the
9 public as a public adjuster of first-party insurance claims for losses or
10 damages arising out of policies of insurance that insure real or personal
11 property; or

12 ~~3.[(c)]~~ Directly or indirectly solicits business, investigates or adjusts
13 losses, advises an insured about first-party claims for losses or damages
14 arising out of policies of insurance that insure real or personal property
15 for another person, or engages in the business of adjusting losses or
16 damages covered by an insurance policy for the insured; **and**

17 **(b) Does not include:**

18 **1. An attorney licensed to practice law in Kentucky, when acting in his or**
19 **her professional capacity as an attorney; or**

20 **2. A person employed only for the purpose of obtaining facts**
21 **surrounding a loss or furnishing technical assistance to a licensed**
22 **public adjuster, including photographers, estimators, private**
23 **investigators, engineers, and handwriting experts;**

24 (21) "Rental vehicle agent" means a business entity with a rental vehicle agent managing
25 employee that is licensed to sell, solicit, or negotiate insurance offered, sold, or
26 solicited in connection with, and incidental to, the rental of rental vehicles, whether
27 at the rental office or by preselection of coverage in master, corporate, or group

1 agreements that:

2 (a) Are nontransferable;

3 (b) Apply only to the rental vehicle that is the subject of the rental agreement; and

4 (c) Are limited to the following kinds of insurance:

5 1. Personal accident insurance for renters and other rental vehicle
6 occupants for accidental death or dismemberment and for medical
7 expenses resulting from an accident that occurs with the rental vehicle
8 during the rental period;

9 2. Liability insurance that provides protection to the renters and other
10 authorized drivers of a rental vehicle for liability arising from the
11 operation or use of the rental vehicle during the rental period;

12 3. Personal effects insurance that provides coverage to renters and other
13 vehicle occupants for loss of or damage to personal effects in the rental
14 vehicle during the rental period;

15 4. Roadside assistance insurance;

16 5. Emergency sickness protection insurance; or

17 6. Any other coverage designated by the commissioner;

18 (22) "Rental vehicle insurance" means insurance underwritten by an insurer authorized
19 to transact business in Kentucky that is sold in connection with, and incidental to, a
20 rental vehicle agreement;

21 (23) "Rental vehicle agent managing employee" means an individual who:

22 (a) Is a salaried full-time employee of a licensed rental vehicle agent business
23 entity that holds a license under KRS 304.9-505; and

24 (b) Is responsible for the supervision of the other employees engaged in the
25 placement of insurance;

26 (24) "Sell" means to exchange a contract of insurance by any means, for money or other
27 valuable consideration, on behalf of an insurer;

- 1 (25) "Solicit" means attempting to sell insurance or asking or urging a person to apply
 2 for a particular kind of insurance from a particular insurer;
- 3 (26) "Staff adjuster" means an individual who is an employee of an insurer who
 4 investigates, negotiates, or settles property, casualty, or workers' compensation
 5 claims on behalf of his or her employer;
- 6 (27) "Surety" means insurance or bond that covers obligation to pay the debts of, or
 7 answer for the default of another, including faithlessness in a position of public or
 8 private trust. Surety also includes surety insurance as defined in KRS 304.5-060;
- 9 (28) "Terminate" means the cancellation of the relationship between an insurance
 10 producer and the insurer or the termination of an insurance producer's authority to
 11 transact insurance;
- 12 (29) "Travel insurance" has the same meaning as in KRS 304.52-010;
- 13 (30) "Uniform business entity application" means the current version of the uniform
 14 business entity application for resident and nonresident business entities; and
- 15 (31) "Uniform individual application" means the current version of the uniform
 16 individual application for resident and nonresident individuals.

17 ➔Section 2. KRS 304.9-430 is amended to read as follows:

- 18 (1) (a) Except as provided in this section and KRS 304.52-060, no person shall in
 19 this state act as or hold himself, herself, or itself out to be an independent,
 20 staff, or public adjuster unless then licensed by the department as an
 21 independent, staff, or public adjuster.

22 (b) Except as provided in paragraph (c) of this subsection and for a period of
 23 two (2) years beginning on the effective date of this Act:

24 1. An application for a public adjuster license shall not be accepted or
 25 approved by the commissioner; and

26 2. The department shall not issue public adjuster licenses.

27 (c) A person who has a temporary or apprentice adjuster license in effect on the

1 effective date of this Act may apply for and be issued a public adjuster
 2 license in accordance with Section 3 of this Act.

3 (d) A public adjuster license in effect on the effective date of this Act:

4 1. May be renewed by the licensee in accordance with the requirements
 5 of this subtitle; and

6 2. Shall continue in force until expired, suspended, revoked, or otherwise
 7 terminated.

8 (2) (a) An individual applying for a resident independent, staff, or public adjuster
 9 license shall make an application to the commissioner on the appropriate
 10 uniform individual application and in a format prescribed by the
 11 commissioner.

12 (b) An applicant under paragraph (a) of this subsection shall declare under
 13 penalty of suspension, revocation, or refusal of the license that the statements
 14 made in the application are true, correct, and complete to the best of the
 15 individual's knowledge and belief.

16 (c) ~~Before approving an application submitted under paragraph (a) of this~~
 17 ~~subsection,~~ The commissioner shall not approve an application submitted
 18 under paragraph (a) of this subsection unless the commissioner finds~~finds~~
 19 that the individual to be licensed:

- 20 1. Is at least eighteen (18) years of age;
- 21 2. Is eligible to designate Kentucky as the individual's home state;
- 22 3. Is trustworthy, reliable, and of good reputation, evidence of which shall
 23 be determined through an investigation by the commissioner;
- 24 4. Has not committed any act that is a ground for probation, suspension,
 25 revocation, or refusal of a license as set forth in KRS 304.9-440;
- 26 5. Has successfully passed the examination for the adjuster license and the
 27 applicable line of authority for which the individual has applied;

- 1 6. Has paid the fees established by the commissioner pursuant to KRS
2 304.4-010; and
- 3 7. Is financially responsible to exercise the license.
- 4 (3) (a) To demonstrate financial responsibility, a person applying for a public
5 adjuster license shall obtain a bond or irrevocable letter of credit prior to
6 issuance of a license and shall maintain the bond or letter of credit for the
7 duration of the license with the following limits:
- 8 1. A surety bond executed and issued by an insurer authorized to issue
9 surety bonds in Kentucky, which bond shall:
- 10 a. Be in the minimum amount of fifty thousand dollars (\$50,000);
11 b. Be in favor of the state of Kentucky;
12 c. Specifically authorize recovery of any person in Kentucky who
13 sustained damages as the result of the public adjuster's erroneous
14 acts, failure to act, conviction of fraud, or conviction for unfair
15 trade practices in his or her capacity as a public adjuster; and
16 d. Not be terminated unless written notice is given to the licensee at
17 least thirty (30) days prior to the termination; or
- 18 2. An irrevocable letter of credit issued by a qualified financial institution,
19 which letter of credit shall:
- 20 a. Be in the minimum amount of fifty thousand dollars (\$50,000);
21 b. Be subject to lawful levy of execution on behalf of any person to
22 whom the public adjuster has been found to be legally liable as the
23 result of erroneous acts, failure to act, conviction of fraud, or
24 conviction for unfair practices in his or her capacity as a public
25 adjuster; and
26 c. Not be terminated unless written notice is given to the licensee at
27 least thirty (30) days prior to the termination.

- 1 (b) The commissioner may ask for evidence of financial responsibility at any time
2 the commissioner deems relevant.
- 3 (c) If the evidence of financial responsibility terminates or becomes impaired, the
4 public adjuster license shall:
- 5 1. Automatically terminate; and
 - 6 2. Be promptly surrendered to the commissioner without demand.
- 7 (4) (a) A business entity applying for a resident independent or public adjuster
8 license shall make an application to the commissioner on the appropriate
9 uniform business entity application and in a format prescribed by the
10 commissioner.
- 11 (b) An applicant under paragraph (a) of this subsection shall declare under
12 penalty of suspension, revocation, or refusal of the license that the statements
13 made in the application are true, correct, and complete to the best of the
14 business entity's knowledge and belief.
- 15 (c) ~~Before approving an application submitted under paragraph (a) of this~~
16 ~~subsection,~~ The commissioner shall **not approve an application submitted**
17 **under paragraph (a) of this subsection unless the commissioner finds** ~~find~~
18 that the business entity:
- 19 1. Is eligible to designate Kentucky as its home state;
 - 20 2. Has designated a licensed independent or public adjuster responsible for
21 the business entity's compliance with the insurance laws and
22 **administrative** regulations of Kentucky;
 - 23 3. Has not committed an act that is a ground for probation, suspension,
24 revocation, or refusal of an independent or public adjuster's license as
25 set forth in KRS 304.9-440; and
 - 26 4. Has paid the fees established by the commissioner pursuant to KRS
27 304.4-010.

- 1 (5) For applications made under this section, the commissioner may:
- 2 (a) Require additional information or submissions from applicants; and
- 3 (b) Obtain any documents or information reasonably necessary to verify the
- 4 information contained in an application.
- 5 (6) ~~[Unless denied licensure pursuant to KRS 304.9-440,]~~A person or business entity
- 6 who has met the *applicable* requirements of subsections (2) to (5) of this section
- 7 shall be issued an independent, staff, or public adjuster license *unless the person or*
- 8 *business entity is denied licensure pursuant to Section 8 of this Act.*
- 9 (7) An independent or staff adjuster may qualify for a license in one (1) or more of the
- 10 following lines of authority:
- 11 (a) Property and casualty;
- 12 (b) Workers' compensation; or
- 13 (c) Crop.
- 14 (8) Notwithstanding any other provision of this subtitle, an individual who is employed
- 15 by an insurer to investigate suspected fraudulent insurance claims, but who does not
- 16 adjust losses or determine claims payments, shall not be required to be licensed as a
- 17 staff adjuster.
- 18 (9) A public adjuster may qualify for a license in one (1) or more of the following lines
- 19 of authority:
- 20 (a) Property and casualty; or
- 21 (b) Crop.
- 22 (10) Notwithstanding any other provision of this subtitle, a license as an independent
- 23 adjuster shall not be required of the following:
- 24 (a) An individual who is sent into Kentucky on behalf of an insurer for the sole
- 25 purpose of investigating or making adjustment of a particular loss resulting
- 26 from a catastrophe, or for the adjustment of a series of losses resulting from a
- 27 catastrophe common to all losses;

- 1 (b) An attorney licensed to practice law in Kentucky, when acting in his or her
2 professional capacity as an attorney;
- 3 (c) A person employed solely to obtain facts surrounding a claim or to furnish
4 technical assistance to a licensed independent adjuster;
- 5 (d) An individual who is employed to investigate suspected fraudulent insurance
6 claims, but who does not adjust losses or determine claims payments;
- 7 (e) A person who:
- 8 1. Solely performs executive, administrative, managerial, or clerical duties,
9 or any combination thereof; and
- 10 2. Does not investigate, negotiate, or settle claims with policyholders,
11 claimants, or their legal representatives;
- 12 (f) A licensed health care provider or its employee who provides managed care
13 services if the services do not include the determination of compensability;
- 14 (g) A health maintenance organization or any of its employees or an employee of
15 any organization providing managed care services if the services do not
16 include the determination of compensability;
- 17 (h) A person who settles only reinsurance or subrogation claims;
- 18 (i) An officer, director, manager, or employee of an authorized insurer, surplus
19 lines insurer, or risk retention group, or an attorney-in-fact of a reciprocal
20 insurer;
- 21 (j) A United States manager of the United States branch of an alien insurer;
- 22 (k) A person who investigates, negotiates, or settles claims arising under a life,
23 accident and health, or disability insurance policy or annuity contract;
- 24 (l) An individual employee, under a self-insured arrangement, who adjusts
25 claims on behalf of the individual's employer;
- 26 (m) A licensed agent, attorney-in-fact of a reciprocal insurer, or managing general
27 agent of the insurer, to whom claim authority has been granted by an insurer;

1 or

2 (n) 1. A person who:

3 a. Is an employee of a licensed independent adjuster, is an employee
4 of an affiliate that is a licensed independent adjuster, or is
5 supervised by a licensed independent adjuster, if there are no more
6 than twenty-five (25) persons under the supervision of one (1)
7 licensed individual independent adjuster or licensed agent who is
8 exempt from licensure pursuant to paragraph (m) of this
9 subsection;

10 b. Collects claim information from insureds or claimants;

11 c. Enters data into an automated claims adjudication system; and

12 d. Furnishes claim information to insureds or claimants from the
13 results of the automated claims adjudication system.

14 2. For purposes of this paragraph, "automated claims adjudication system"
15 means a preprogrammed computer system designed for the collection,
16 data entry, calculation, and system-generated final resolution of
17 consumer electronic products insurance claims that complies with claim
18 settlement practices pursuant to Subtitle 12 of KRS Chapter 304.

19 ~~(11) [Notwithstanding any other provision of this subtitle, a license as a public adjuster~~
20 ~~shall not be required of the following:~~

21 ~~(a) An attorney licensed to practice law in Kentucky, when acting in his or her~~
22 ~~professional capacity as an attorney;~~

23 ~~(b) A person who negotiates or settles claims arising under a life or health insurance~~
24 ~~policy or an annuity contract;~~

25 ~~(c) A person employed only for the purpose of obtaining facts surrounding a loss or~~
26 ~~furnishing technical assistance to a licensed public adjuster, including~~
27 ~~photographers, estimators, private investigators, engineers, and handwriting~~

1 experts;

2 ~~(d) A licensed health care provider or its employee who prepares or files a health claim~~
 3 ~~form on behalf of a patient; or~~

4 ~~(e) An employee or agent of an insurer adjusting claims relating to food spoilage with~~
 5 ~~respect to residential property insurance in which the amount of coverage for the~~
 6 ~~applicable type of loss is contractually limited to one thousand dollars (\$1,000) or~~
 7 ~~less.~~

8 ~~(12)~~ Notwithstanding any other provision of this subtitle, a license as a staff adjuster
 9 shall not be required of an employee or agent of an insurer adjusting claims relating
 10 to food spoilage with respect to residential property insurance in which the amount
 11 of coverage for the applicable type of loss is contractually limited to one thousand
 12 dollars (\$1,000) or less.

13 ~~(12)~~~~(13)~~ For purposes of this section, except as otherwise provided in subsection
 14 ~~(14)~~~~(15)~~ of this section, "home state" means any state or territory of the United
 15 States or the District of Columbia in which an independent, staff, or public adjuster:

16 (a) Maintains his, her, or its principal place of residence or business; and

17 (b) Is licensed to act as a resident independent, staff, or public adjuster.

18 ~~(13)~~~~(14)~~ Temporary registration for emergency independent or staff adjusters shall be
 19 issued by the commissioner in the event of a catastrophe declared in Kentucky in
 20 the following manner:

21 (a) An insurer shall notify the commissioner by submitting an application for
 22 temporary emergency registration of each individual not already licensed in
 23 the state where the catastrophe has been declared, who will act as an
 24 emergency independent adjuster on behalf of the insurer;

25 (b) A person who is otherwise qualified to adjust claims, but who is not already
 26 licensed in the state, may act as an emergency independent or staff adjuster
 27 and adjust claims if, within five (5) days of deployment to adjust claims

1 arising from the catastrophe, the insurer notifies the commissioner by
 2 providing the following information, in a format prescribed by the
 3 commissioner:

- 4 1. The name of the individual;
- 5 2. The Social Security number of the individual;
- 6 3. The name of the insurer that the independent or staff adjuster will
 7 represent;
- 8 4. The catastrophe or loss control number;
- 9 5. The catastrophe event name and date; and
- 10 6. Any other information the commissioner deems necessary; and

11 (c) An emergency independent or staff adjuster's registration shall remain in force
 12 for a period not to exceed ninety (90) days, unless extended by the
 13 commissioner.

14 ~~(14)~~⁽¹⁵⁾ (a) As used in this subsection, "home state" has the same meaning as in
 15 subsection ~~(12)~~⁽¹³⁾ of this section, except that for purposes of this
 16 subsection the term includes any state or territory of the United States or the
 17 District of Columbia in which an applicant under this subsection is licensed to
 18 act as a resident independent, staff, or public adjuster if the state or territory of
 19 the applicant's principal place of residence does not issue an independent,
 20 staff, or public adjuster license.

21 (b) ~~Unless refused licensure in accordance with KRS 304.9-440,]~~A nonresident
 22 person shall receive a nonresident independent, staff, or public adjuster
 23 license if:

- 24 1. The person is currently licensed in good standing as an independent,
 25 staff, or public adjuster in his, her, or its home state;
- 26 2. The person has submitted the proper request for licensure and has paid
 27 the fees required by KRS 304.4-010;

- 1 3. The person has submitted, in a form or format prescribed by the
2 commissioner, the uniform individual application;~~and~~
- 3 4. The person's designated home state issues nonresident independent,
4 staff, or public adjuster licenses to persons of Kentucky on the same
5 basis; *and*

6 **5. The person is not denied licensure pursuant to Section 8 of this Act.**

- 7 (c) The commissioner may:
- 8 1. Verify an applicant's licensing status through any appropriate database,
9 including the database maintained by the National Association of
10 Insurance Commissioners, its affiliates, or subsidiaries; or
- 11 2. Request certification of an applicant's good standing.
- 12 (d) As a condition to the continuation of a nonresident adjuster license, the
13 licensee shall maintain a resident adjuster license in his, her, or its home state.
- 14 (e) A nonresident adjuster license issued under this subsection shall terminate and
15 be surrendered immediately to the commissioner if the licensee's resident
16 adjuster license terminates for any reason, unless:
- 17 1. The termination is due to the licensee being issued a new resident
18 independent, staff, or public adjuster license in his, her, or its new home
19 state; and
- 20 2. The new resident state or territory has reciprocity with Kentucky.

21 ➔Section 3. KRS 304.9-432 is amended to read as follows:

- 22 (1) In the event that an applicant for an adjuster's license meets the qualification
23 requirements of KRS 304.9-430 except that he or she has not had experience or
24 special education or training as to the handling of loss claims under insurance
25 contracts of sufficient duration and extent to make him or her reasonably confident
26 to fulfill the responsibilities as an adjuster, he or she shall not be required to take
27 and successfully complete the prescribed written examination and may be issued a

1 temporary license as an apprentice adjuster for a period not to exceed twelve (12)
2 months.

3 (2) A temporary license as an apprentice adjuster shall be subject to the following
4 terms and conditions:

5 (a) An individual holding a temporary license as apprentice adjuster shall have all
6 of the privileges and obligations of an adjuster licensed under the insurance
7 code;

8 (b) An individual holding a temporary license as an apprentice adjuster shall at all
9 times be a full-time salaried employee of an insurer or an adjuster and subject
10 to training, direction, and control by a licensed adjuster acting in the same
11 capacity as that for which the applicant applied;

12 (c) A temporary license as apprentice adjuster shall be subject to suspension,
13 revocation, or conditions in accordance with KRS 304.9-440; and

14 (d) An individual may hold only one (1) temporary license as an apprentice
15 adjuster.

16 (3) An individual applying for a resident apprentice adjuster license shall make
17 application to the commissioner on the appropriate uniform individual application,
18 in a format prescribed by the commissioner, and declare under penalty of
19 suspension, revocation, or refusal of the license that the statements made in the
20 application are true, correct, and complete to the best of the individual's knowledge
21 and belief. ~~Before approving the application,~~ The commissioner shall **not approve**
22 **an application for a resident apprentice adjuster license unless the commissioner**
23 **determines that** ~~determine whether~~ the applicant:

24 (a) Is at least eighteen (18) years of age;

25 (b) Is a resident of Kentucky and has designated Kentucky as his or her home
26 state;

27 (c) Has a business or mailing address in the state for acceptance of service of

- 1 process;
- 2 (d) Has not committed any act that is a ground for probation or suspension,
3 revocation, or denial of licensure as set forth in KRS 304.9-440;
- 4 (e) Is trustworthy, reliable, and of good reputation, evidence of which may be
5 determined by the commissioner;
- 6 (f) Has paid the fees prescribed by administrative regulation promulgated
7 pursuant to KRS 304.4-010; and
- 8 (g) Has provided an attestation from a licensed independent, staff, or public
9 adjuster with the same line of authority for which the apprentice has applied,
10 attesting that the apprentice adjuster shall be subject to training, direction, and
11 control by the licensed adjuster, and further certifying that the licensed
12 adjuster assumes responsibility for the actions of the apprentice in the
13 apprentice's capacity as an adjuster.
- 14 (4) The apprentice adjuster license shall be subject to the following terms and
15 conditions:
- 16 (a) The apprentice adjuster shall only be authorized to adjust claims in the state
17 that has issued the apprentice adjuster license;
- 18 (b) The apprentice adjuster shall be restricted to participation in the investigation,
19 settlement, and negotiation of claims subject to the review and final
20 determination of the claim by the supervising licensed adjuster;
- 21 (c) Compensation of an apprentice adjuster shall be on a salaried or hourly basis
22 only;
- 23 (d) The apprentice adjuster shall not be required to pass the independent or public
24 adjuster examination, as required by KRS 304.9-430(2), to adjust claims as an
25 apprentice adjuster. At any time during the apprenticeship, the apprentice
26 adjuster may choose to take the examination required by KRS 304.9-430(2)
27 and, if he or she passes the examination, the apprentice adjuster license shall

1 automatically terminate and an adjuster license shall be issued to that
2 individual in place thereof; and

3 (e) The apprentice adjuster license shall be for a time period not to exceed twelve
4 (12) months and is nonrenewable.

5 (5) The licensed independent, staff, or public adjuster responsible for the apprentice
6 adjuster shall only supervise the activities of the apprentice adjuster as set forth in
7 this subtitle.

8 **(6) Notwithstanding any other provision of this section and for a period of two (2)**
9 **years beginning on the effective date of this Act:**

10 **(a) An application for a temporary or apprentice adjuster license from a person**
11 **that would be supervised by a public adjuster shall not be accepted or**
12 **approved by the commissioner; and**

13 **(b) The department shall not issue temporary or apprentice adjuster licenses to**
14 **a person that would be supervised by a public adjuster.**

15 ➔Section 4. KRS 304.9-433 is amended to read as follows:

16 (1) (a) Except as provided in paragraph (b) of this subsection, a public adjuster shall
17 not provide services to an insured until:

18 **1.** A written contract with the insured has been executed on a form that has
19 been prefiled with and approved by the commissioner; **and**

20 **2.** **The rescission period required under subsection (8) of this section has**
21 **concluded.**

22 (b) **Subject to subsection (3) of Section 7 of this Act,** the commissioner may
23 approve a form that allows a public adjuster to be compensated for services
24 provided to an insured prior to the:

25 **1.** Execution of **the**[a] written contract; **or**

26 **2.** **Conclusion of the rescission period required under subsection (8) of**
27 **this section;**

1 in emergency circumstances.

2 (c) ~~[A contract between a public adjuster and an insured in violation of paragraph~~
 3 ~~(a) of this subsection shall not be enforceable in this state.~~

4 ~~(d)~~—]A form prefiled with the commissioner by a public adjuster for approval
 5 under paragraph (a) of this subsection shall be subject to disapproval by the
 6 commissioner at any time if the form is found to:

- 7 1. Violate any provision of this chapter;
- 8 2. Contain or incorporate by reference any inconsistent, ambiguous, or
 9 misleading clauses; or
- 10 3. Contain any title, heading, or other indication of its provisions which is:
 - 11 a. Misleading; or
 - 12 b. Printed in a size of typeface or manner of reproduction so as to be
 13 substantially illegible.

14 ~~(d)~~~~(e)~~ A contract between a public adjuster and an insured that was executed
 15 on a form that was prefiled with and approved by the commissioner under
 16 paragraph (a) of this subsection prior to a disapproval of the form under
 17 paragraph (c)2. or 3.~~(d)~~ of this subsection shall be enforceable to the extent
 18 allowed by:

- 19 1. Ordinary principles of contract; and
- 20 2. Any applicable state or federal laws implicated by the contract.

21 (2) A public adjuster shall ensure that all contracts between the public adjuster and
 22 an~~the~~ insured for services are in writing and contain the following ~~terms~~:

- 23 (a) The legible full name of the adjuster signing the contract, as specified in the
 24 department's licensing records;
- 25 (b) The adjuster's permanent home state business address and phone number;
- 26 (c) The license number issued to the adjuster by the department;
- 27 (d) A title of "Public Adjuster Contract";

- 1 (e) The insured's full name, street address, insurer name, and policy number, if
2 known or upon notification;
- 3 (f) A description of the loss or damage and its location, if applicable;
- 4 (g) A description of services to be provided to the insured;
- 5 (h) The signatures of the adjuster and the insured;
- 6 (i) The date the contract was signed by:
- 7 1. The adjuster; and
- 8 2. The insured;
- 9 (j) Attestation language stating that the adjuster has a letter of credit or a surety
10 bond as required by KRS 304.9-430(3);
- 11 (k) The full salary, fee, commission, compensation, or other consideration the
12 adjuster is to receive for services, including but not limited to:
- 13 1. If the compensation is based on a percentage of the insurance settlement,
14 the exact percentage, which shall be in accordance with KRS 304.9-
15 4333;
- 16 2. The initial expenses to be reimbursed to the adjuster from the proceeds
17 of the claim payment, specified by type, with dollar estimates; and
- 18 3. Any additional expenses, if first approved by the insured;
- 19 (l) A statement that the adjuster shall not:
- 20 1. Give legal advice; or
- 21 2. Act on behalf of or aid any person in negotiating or settling a claim
22 relating to bodily injury, death, or noneconomic damages;
- 23 (m) The process for rescinding the contract, including the date by which rescission
24 of the contract by the adjuster or the insured may occur;~~and~~
- 25 (n) A statement that:
- 26 1. Clearly states in substance~~the following~~: "Complaints regarding this
27 contract or regarding the public adjuster may be filed with the consumer

1 protection division of the Kentucky Department of Insurance~~[-]~~"; **and**

2 **2. Contains the physical address, email address, and phone number for**
 3 **the department; and**

4 **(o) A statement that clearly states in substance: "Any legal action arising out of**
 5 **or related to this contract shall be heard only in the courts of, and governed**
 6 **only by the laws of, the Commonwealth of Kentucky."**

7 (3) (a) Compensation provisions in a contract between a public adjuster and an
 8 insured shall not be redacted in any copy of the contract provided to the
 9 commissioner.

10 (b) A redaction prohibited under paragraph (a) of this subsection shall constitute
 11 an omission of material fact in violation of KRS 304.9-440 and 304.12-230.

12 (4) A contract between a public adjuster and an insured shall not contain any contract
 13 term that:

14 (a) Allows the adjuster's percentage **rate**~~[fee]~~ to be collected when money is due
 15 from an insurer, but not paid;

16 (b) Allows the adjuster to collect the entire fee from the first check issued by an
 17 insurer, rather than as a percentage of each check issued by an insurer;

18 (c) Requires an insured to authorize an insurer to issue a check only in the name
 19 of the adjuster;

20 (d) Imposes collection costs or late fees;

21 (e) Allows the adjuster's rate of compensation to be increased based on the fact
 22 that a claim is litigated; or

23 (f) Precludes the adjuster from pursuing civil remedies.

24 (5) Prior to the signing of a contract with an insured, a public adjuster shall provide the
 25 insured with a separate disclosure document regarding the claim process that states
 26 the following:

27 "Property insurance policies obligate the insured to present a claim to his or her

1 insurance company for consideration. Three (3) types of adjusters may be involved
2 in the claim process as follows:

- 3 1. "Staff adjuster" means an insurance adjuster who is an employee of an
4 insurance company, who represents the interest of the insurance
5 company, and who is paid by the insurance company. A staff adjuster
6 shall not charge a fee to the insured;
- 7 2. "Independent adjuster" means an insurance adjuster who is hired on a
8 contract basis by an insurance company to represent the insurance
9 company's interest in the settlement of the claims and who is paid by the
10 insurance company. An independent adjuster shall not charge a fee to
11 the insured; and
- 12 3. "Public adjuster" means an insurance adjuster who does not work for
13 any insurance company. A public adjuster works for the insured to assist
14 in the preparation, presentation, and settlement of the claim, and the
15 insured hires a public adjuster by signing a contract agreeing to pay him
16 or her a fee or commission based on a percentage of the settlement or
17 another method of payment.

18 The insured is not required to hire a public adjuster to help the insured meet his or
19 her obligations under the policy, but has the right to hire a public adjuster. The
20 insured has the right to initiate direct communications with the insured's attorney,
21 the insurer, the insurer's adjuster, the insurer's attorney, and any other person
22 regarding the settlement of the insured's claim. The public adjuster shall not be a
23 representative or employee of the insurer. The salary, fee, commission, or other
24 consideration paid to the public adjuster is the obligation of the insured, not the
25 insurer."

- 26 (6) (a) A contract between a public adjuster and an insured shall be executed in
27 duplicate to provide an original *physical copy of the* contract to:

- 1 1. The public adjuster; and
- 2 2. The insured.
- 3 (b) A public adjuster's original contract shall be available at all times for
- 4 inspection by the commissioner without notice.
- 5 (7) Within seventy-two (72) hours of entering into a contract with an insured, a public
- 6 adjuster shall provide the insurer:
- 7 (a) A notification letter that:
- 8 1. Has been signed by the insured; and
- 9 2. Authorizes the public adjuster to represent the insured's interest; and
- 10 (b) A ***physical*** copy of the contract.
- 11 (8) (a) The insured shall have the right to rescind a contract with a public adjuster
- 12 within:
- 13 ***1. Except as provided in subparagraph 2. of this paragraph, five (5)***~~three~~
- 14 ~~(3)~~ business days after the date the ***physical copy of the*** contract was
- 15 ***provided to the insured; or***~~signed~~
- 16 ***2. If the contract was entered into based on events that are the subject of***
- 17 ***a state of emergency that was declared by the Governor, a local chief***
- 18 ***executive officer, or a local government under KRS 39A.100 or***
- 19 ***39B.070, as applicable, ten (10) days after the contract is executed.***
- 20 (b) A rescission of a public adjuster contract shall be:
- 21 1. In writing;
- 22 2. Mailed or delivered to the public adjuster at the address in the contract;
- 23 and
- 24 3. Postmarked or received within the ***applicable rescission***~~three (3)~~
- 25 ~~business day~~ period.
- 26 (9) If an insured exercises the right to rescind a contract under subsection (8) of this
- 27 section, anything of value given by the insured under the contract to the public

1 adjuster shall be returned to the insured within fifteen (15) business days following
2 receipt by the public adjuster of the rescission notice.

3 **(10) Any requirement to provide a physical copy of a contract under this section shall**
4 **not be satisfied by providing an electronic copy of the contract.**

5 **(11) A contract between a public adjuster and an insured that is in violation of any**
6 **provision of this chapter shall not be enforceable.**

7 ➔Section 5. KRS 304.9-4331 is amended to read as follows:

- 8 (1) A public adjuster shall give an insured written notice of the insured's rights under
9 this section and KRS 304.9-433 and 304.9-4332.
- 10 (2) A public adjuster shall ensure that:
- 11 (a) Prompt notice of a claim is provided to the insurer;
- 12 (b) The property that is subject to a claim is available for inspection of the loss or
13 damage by the insurer; and
- 14 (c) The insurer is given the opportunity to interview the insured directly about the
15 loss or damage and claim.
- 16 (3) A public adjuster shall not restrict or prevent an insurer or its adjuster, or an
17 attorney, investigator, or other person acting on behalf of the insurer, from:
- 18 (a) Having reasonable access, at reasonable times, to:
- 19 1. The insured or claimant; or
- 20 2. The insured property that is the subject of a claim;
- 21 (b) Obtaining necessary information to investigate and respond to a claim; or
- 22 (c) Corresponding directly with the insured regarding the claim, except a public
23 adjuster shall be copied on any correspondence with the insured relating to the
24 claim.
- 25 (4) (a) A public adjuster shall not act or fail to reasonably act in any manner that
26 obstructs or prevents the insurer or its adjuster from timely conducting an
27 inspection of any part of the insured property for which there is a claim for

1 loss or damage.

2 (b) Except as provided in paragraph (c) of this subsection, a public adjuster
3 representing an insured may be present for the insurer's inspection.

4 (c) If the unavailability of a public adjuster, after a reasonable request by the
5 insurer, otherwise delays the insurer's timely inspection of the property, the
6 insured shall allow the insurer to have access to the property without the
7 participation or presence of the public adjuster in order to facilitate the
8 insurer's prompt inspection of the loss or damage.

9 (5) A public adjuster shall provide the insured, the insurer, and the commissioner with
10 a written disclosure concerning any direct or indirect financial interest that the
11 adjuster has with any other party who is involved in any aspect of the claim.

12 (6) A public adjuster shall not:

13 (a) Participate, directly or indirectly, in the reconstruction, repair, or restoration
14 of damaged property that is the subject of a claim adjusted by the adjuster;

15 (b) Engage in any activities that may be reasonably construed as a conflict of
16 interest, including, directly or indirectly, soliciting or accepting any
17 remuneration of any kind or nature;

18 (c) Have a financial interest in, or otherwise be affiliated with, any salvage,
19 repair, or any other business entity or person that obtains business in
20 connection with any claim that the public adjuster has a contract to adjust; ~~or~~

21 (d) Utilize a contractor, another form of business, or any other person to solicit
22 or obtain contract signatures; or

23 (e) 1. Use claim information obtained in the course of any claim investigation
24 for commercial purposes.

25 2. As used in subparagraph 1. of this paragraph, "commercial purposes"
26 includes marketing or advertising used for the benefit of the public
27 adjuster.

1 ➔Section 6. KRS 304.9-4332 is amended to read as follows:

- 2 (1) All funds received or held by a public adjuster on behalf of an insured toward the
3 settlement of a claim shall be:
- 4 (a) Handled in a fiduciary capacity; and
- 5 (b) Deposited into one (1) or more separate noninterest-bearing fiduciary trust
6 accounts in a financial institution licensed to do business in this state no later
7 than the close of the second business day from the receipt of the funds.
- 8 (2) The funds referenced in subsection (1) of this section shall:
- 9 (a) Be held separately from any personal or nonbusiness funds;
- 10 (b) Not be commingled or combined with other funds;
- 11 (c) Be reasonably ascertainable from the books of accounts and records of the
12 public adjuster; and
- 13 (d) Be disbursed within thirty (30) calendar days of any invoice received by the
14 public adjuster upon approval of the insured or the claimant that the work has
15 been satisfactorily completed.
- 16 (3) ~~For~~~~[A public adjuster shall maintain an accurate record and itemization of]~~ any
17 funds deposited into an account under subsection (1) of this section, **a public**
18 **adjuster shall:**
- 19 **(a) Maintain an accurate record and itemization of the funds** in accordance
20 with KRS 304.9-435; **and**
- 21 **(b) Provide the insured with a receipt of deposit within three (3) business days**
22 **after the date the funds were deposited.**

23 ➔Section 7. KRS 304.9-4333 is amended to read as follows:

- 24 (1) ~~[Except as provided in subsection (2) of this section:~~
- 25 ~~(a)]~~ Any fee charged to an insured by a public adjuster shall ~~[be]:~~
- 26 ~~(a)]~~ **Be** based only on the amount of the insurance settlement proceeds
27 actually received by the insured; ~~[and]~~

1 ~~(b)[2-]~~ **Be** collected by the public adjuster after the insured has received the
 2 insurance settlement proceeds from the insurer; **and**

3 **(c) Comply with subsections (2) and (3) of this section.**

4 ~~(2)[(b)]~~ **Except as provided in subsection (3) of this section or subsection (1) of**
 5 **Section 4 of this Act:**

6 **(a)** A public adjuster may receive a **fee**~~[commission]~~ for services provided under
 7 this subtitle consisting of:

- 8 1. An hourly **rate**~~[fee]~~;
- 9 2. A flat rate;
- 10 3. A percentage **rate**~~[of the total amount paid by the insurer to resolve a~~
 11 ~~claim]~~; or
- 12 4. Another method of compensation; and

13 ~~(b)[(c)]~~ A public adjuster:

- 14 1. Shall not charge:
 - 15 **a.** An unreasonable fee; **or**
 - 16 **b. A fee based on insurance settlement proceeds received by the**
 17 **insured prior to:**
 - 18 **i. The execution of a contract between the insured and public**
 19 **adjuster; or**~~[and]~~
 - 20 **ii. The conclusion of the rescission period required under**
 21 **Section 4 of this Act; and**

- 22 2. May charge a reasonable fee that does not exceed **ten percent (10%)**~~];~~
 - 23 ~~a. For noncatastrophic claims, fifteen percent (15%)] of the~~~~[total]~~
 24 insurance **settlement proceeds upon which a fee may be based under**
 25 **this section**~~[recovery of the insured; and~~
 - 26 ~~b. For catastrophic claims, ten percent (10%) of the total insurance~~
 27 ~~recovery of the insured].~~

1 ~~(3)~~~~(2)~~ **In the event a public adjuster is entitled to compensation in accordance with**
 2 **subsection (1)(b) of Section 4 of this Act and the**~~[If an] insurer~~[-, not later than~~~~
 3 ~~seventy-two (72) hours after the date on which a loss or damage is reported to the~~
 4 ~~insurer,~~ either pays or commits in writing to pay the policy limit of the insurance
 5 policy to the insured **prior to the execution of, or conclusion of a rescission period**
 6 **for, a contract between the insured and the public adjuster, the**~~[a] public adjuster
 7 shall:~~

- 8 (a) Not receive a commission consisting of a percentage **rate**~~[of the total amount
 9 paid by the insurer to resolve a claim];~~
- 10 (b) Inform the insured that the claim settlement amount may not be increased by
 11 the insurer; and
- 12 (c) Be entitled only to reasonable compensation from the insured for services
 13 provided by the adjuster on behalf of the insured, based on the time spent on
 14 the claim and expenses incurred by the adjuster prior to when the claim was
 15 paid or the insured received a written commitment to pay from the insurer.

16 ➔Section 8. KRS 304.9-440 is amended to read as follows:

17 (1) The commissioner may place on probation, suspend, or may impose conditions
 18 upon the continuance of a license for not more than twenty-four (24) months,
 19 revoke, or refuse to issue or renew any license issued under this subtitle or any
 20 surplus lines broker, life settlement broker, or life settlement provider license, or
 21 may levy a civil penalty in accordance with KRS 304.99-020, or any combination
 22 of actions for any one (1) or more of the following causes:

- 23 (a) Providing incorrect, misleading, incomplete, or materially untrue information
 24 in a license application;
- 25 (b) Violating any insurance laws, or violating any administrative regulations,
 26 subpoena, or order of the commissioner or of another state's insurance
 27 commissioner;

- 1 (c) Obtaining or attempting to obtain a license through misrepresentation or
2 fraud;
- 3 (d) Improperly withholding, misappropriating, or converting any moneys or
4 properties received in the course of doing insurance or the business of life
5 settlements;
- 6 (e) Intentionally misrepresenting the terms of an actual or proposed insurance
7 contract, life settlement contract, or application for insurance;
- 8 (f) Having been convicted of or having pled guilty or nolo contendere to any
9 felony;
- 10 (g) Having admitted or been found to have committed any unfair insurance trade
11 practice, insurance fraud, or fraudulent life settlement act;
- 12 (h) Using fraudulent, coercive, or dishonest practices; or demonstrating
13 incompetence, untrustworthiness, or financial irresponsibility; or being a
14 source of injury or loss to the public in the conduct of business in this state or
15 elsewhere;
- 16 (i) Having an insurance license, life settlement license, or its equivalent, denied,
17 suspended, or revoked in any other state, province, district, or territory;
- 18 (j) Surrendering or otherwise terminating any license issued by this state or by
19 any other jurisdiction, under threat of disciplinary action, denial, or refusal of
20 the issuance of or renewal of any other license issued by this state or by any
21 other jurisdiction; or revocation or suspension of any other license held by the
22 licensee issued by this state or by any other jurisdiction;
- 23 (k) Forging another's name to an application for insurance, to any other document
24 related to an insurance transaction, or to any document related to the business
25 of life settlements;
- 26 (l) Cheating, including improperly using notes or any other reference material to
27 complete an examination for license;

- 1 (m) Knowingly accepting insurance or life settlement business from an individual
2 or business entity who is not licensed, but who is required to be licensed
3 under this subtitle;
- 4 (n) Failing to comply with an administrative or court order imposing a child
5 support obligation;
- 6 (o) Failing to pay state income tax or to comply with any administrative or court
7 order directing payment of state income tax;
- 8 (p) Having been convicted of a misdemeanor for which restitution is ordered in
9 excess of three hundred dollars (\$300), or of any misdemeanor involving
10 dishonesty, breach of trust, or moral turpitude;
- 11 (q) ~~Failing to~~ No longer meeting~~[meet]~~ the requirements for initial licensure;
- 12 (r) If a life settlement provider, demonstrating a pattern of unreasonable
13 payments to owners or failing to honor contractual obligations set out in a life
14 settlement contract;
- 15 (s) Entering into any life settlement contract or using any form that has not been
16 approved pursuant to Subtitle 15 of this chapter;
- 17 (t) If a licensee, having assigned, transferred, or pledged a policy subject to a life
18 settlement contract to a person other than a life settlement provider licensed in
19 this state, an accredited investor or qualified institutional buyer as defined,
20 respectively, in Regulation D, Rule 501 or Rule 144a of the Federal Securities
21 Act of 1933, as amended, a financing entity, a special purpose entity, or a
22 related provider trust; or
- 23 (u) Any other cause for which issuance of the license could have been refused,
24 had it then existed and been known to the commissioner.
- 25 (2) (a) For any public adjuster or apprentice adjuster supervised by a public adjuster
26 under KRS 304.9-432, the commissioner shall~~[may]~~ deny, suspend, or revoke
27 the adjuster's or apprentice adjuster's license or impose a fine not to exceed

1 five thousand dollars (\$5,000) per act ~~against the adjuster~~, or both, for any of
2 the following causes:

- 3 1. Violating any provision of this chapter;
- 4 2. Violating any administrative regulation or order of the commissioner;
- 5 3. Receiving payment or anything of value as a result of an unfair or
6 deceptive practice;
- 7 4. Receiving or accepting any fee, kickback, or other thing of value
8 pursuant to any agreement or understanding, oral or otherwise, from
9 anyone other than an insured;
- 10 5. Entering into a split-fee arrangement with another person who is not a
11 public adjuster; or
- 12 6. Being otherwise paid or accepting payment for public adjuster services
13 that have not been performed.

14 (b) The sanctions and penalties under this subsection shall be in addition to any
15 other remedies, penalties, or sanctions available to the commissioner against a
16 public adjuster or an apprentice adjuster supervised by a public adjuster under
17 KRS 304.9-432 under this section or any other law.

18 (3) The license of a business entity may be suspended, revoked, or refused for any
19 cause relating to an individual designated in or registered under the license if the
20 commissioner finds that:

21 (a) An individual licensee's violation was known or should have been known by
22 one (1) or more of the partners, officers, or managers acting on behalf of the
23 business entity; and

24 (b) The violation was not reported to the department nor corrective action taken.

25 (4) (a) The license of a pharmacy benefit manager may, in the discretion of the
26 commissioner, be suspended, revoked, or refused for any cause enumerated in
27 subsection (1) of this section, and for violations of KRS 205.647, 304.9-053,

1 304.9-054, 304.9-055, and 304.17A-162.

2 (b) The pharmacy benefit manager shall also be subject to the same civil penalties
3 under KRS 304.99-020 as an insurer.

4 (5) The applicant or licensee may make written request for a hearing in accordance
5 with KRS 304.2-310.

6 (6) The commissioner shall retain the authority to enforce the provisions and penalties
7 of this chapter against any individual or business entity who is under investigation
8 for or charged with a violation of this chapter, even if the individual's or business
9 entity's license has been surrendered or has lapsed by operation of law.

10 (7) The commissioner may suspend, revoke, or refuse to renew the license of a licensed
11 insurance agent operating as a life settlement broker, pursuant to KRS 304.15-700,
12 if the commissioner finds that such insurance agent has violated the provisions of
13 KRS 304.15-700 to 304.15-725.

14 (8) If the commissioner denies a license application or suspends, revokes, or refuses to
15 renew the license of a life settlement provider or life settlement broker, or suspends,
16 revokes, or refuses to renew the license of a licensed life insurance agent operating
17 as a life settlement broker pursuant to KRS 304.15-700, the commissioner shall
18 comply with the provisions of this section and KRS Chapter 13B.

19 (9) The sanctions and penalties applicable to licenses and licensees under subsection
20 (1) of this section shall also be applicable to registrations and registrants under KRS
21 304.52-030(3).

22 ➔Section 9. KRS 304.9-436 is amended to read as follows:

23 (1) An authorized insurer shall not do business in Kentucky with an adjuster who is
24 unlicensed in violation of KRS 304.9-080 and 304.9-430. This section shall not
25 apply to transactions between an authorized insurer and persons providing adjusting
26 services pursuant to KRS 304.9-430(10), (11), ~~[(12),]~~ and (13)~~[(14)]~~.

27 (2) An authorized insurer shall not do business in Kentucky with an administrator who

1 is not licensed in accordance with KRS 304.9-052. This subsection shall not apply
2 to transactions between an authorized insurer and persons providing administrator
3 services pursuant to KRS 304.9-051.

4 ➔Section 10. KRS 304.9-295 is amended to read as follows:

- 5 (1) This section shall apply to individuals who hold licenses or lines of authority
6 requiring continuing education each biennium.
- 7 (2) The continuing education biennial compliance date for an individual resident
8 licensee shall be as follows:
- 9 (a) A licensee whose birth date is in an even-numbered year shall satisfy
10 continuing education requirements on or before the last day of the licensee's
11 birth month in the even-numbered year. A licensee shall show proof of
12 compliance to the commissioner within sixty (60) days after the continuing
13 education biennial compliance date. If the licensee has not held the license for
14 one (1) year, the compliance date is adjusted to the next even-numbered year
15 and each subsequent even-numbered year thereafter. If the license becomes
16 inactive and reissued within a twelve (12) month period, the compliance date
17 shall remain the same;
- 18 (b) A licensee whose birth date is in an odd-numbered year shall satisfy
19 continuing education requirements and show proof of compliance to the
20 commissioner on or before the last day of the licensee's birth month in the
21 odd-numbered year. A licensee shall show proof of compliance to the
22 commissioner within sixty (60) days after the continuing education biennial
23 compliance date. If the licensee has not held the license for one (1) year, the
24 compliance date is adjusted to the next odd-numbered year and each
25 subsequent odd-numbered year thereafter. If the license becomes inactive and
26 reissued within a twelve (12) month period, the compliance date shall remain
27 the same.

- 1 (3) This section shall not apply to:
- 2 (a) Limited lines of authority under agent licenses, as exempted by the
- 3 commissioner in accordance with KRS 304.9-230;
- 4 (b) Licensees not licensed for one (1) full year prior to the end of the applicable
- 5 continuing education biennium;
- 6 (c) Licensees holding nonresident licenses who have met the continuing
- 7 education requirements of their home state and whose home state gives credit
- 8 to Kentucky resident licensees on the same basis; or
- 9 (d) Licensees maintaining their licenses for the sole purpose of receiving
- 10 renewals or deferred commissions and providing the department with a
- 11 supporting affidavit.
- 12 (4) A licensee, who holds an agent license and who is not exempt under subsection (3)
- 13 of this section, shall satisfactorily complete a minimum of twenty-four (24) hours of
- 14 continuing education courses, of which three (3) hours shall have a course
- 15 concentration in ethics, during each continuing education biennium.
- 16 (5) Beginning July 31, 2012, an individual who holds an independent or public adjuster
- 17 license and who is not exempt under KRS 304.9-430(10)~~[-or-(11)]~~, shall
- 18 satisfactorily complete a minimum of twenty-four (24) hours of continuing
- 19 education courses, of which three (3) hours shall have a course concentration in
- 20 ethics in accordance with subsection (4) of this section. Continuing education hours
- 21 shall be reported to the commissioner on a biennial basis in conjunction with the
- 22 licensee's renewal in accordance with subsection (10) of this section.
- 23 (6) Only continuing education courses approved by the commissioner shall be used to
- 24 satisfy the continuing education requirement of subsection (4) of this section and
- 25 any other continuing education requirement of this chapter.
- 26 (a) The continuing education courses which meet the commissioner's standards
- 27 for continuing education requirements are:

- 1 1. Any part of the Life Underwriter Training Council life course
- 2 curriculum;
- 3 2. Any part of the Health Underwriter Training Council health course
- 4 curriculum;
- 5 3. Any part of the American College Chartered Life Underwriter diploma
- 6 curriculum;
- 7 4. Any part of the American Institute for Property and Liability
- 8 Underwriters' chartered property and casualty underwriter profession
- 9 designation program;
- 10 5. Any part of the Insurance Institute of America's programs;
- 11 6. Any part of the certified insurance counselor program;
- 12 7. Any insurance related course taught at an accredited college or
- 13 university, if the course is approved by the commissioner;
- 14 8. Any course of instruction or seminar developed or sponsored by any
- 15 authorized insurer, recognized agent association, recognized insurance
- 16 trade association, or any independent program of instruction, if
- 17 approved by the commissioner;
- 18 9. Any correspondence course approved by the commissioner; and
- 19 10. Any course in accordance with provisions of reciprocal agreements the
- 20 commissioner enters with other states.
- 21 (b) The commissioner shall prescribe the number of hours of continuing
- 22 education credit for each continuing education course approved in accordance
- 23 with this subsection. Continuing education courses submitted in accordance
- 24 with a reciprocal agreement shall be approved according to the provisions of
- 25 the reciprocal agreement.
- 26 (c) If a continuing education course requires successful completion of a written
- 27 examination, no continuing education credit shall be given to licensees who

- 1 do not successfully complete the written examination.
- 2 (d) The fee for filing continuing education courses for approval by the
3 commissioner shall be as specified in Subtitle 4 of KRS Chapter 304.
- 4 (e) For continuing education courses of reciprocal states, continuing education
5 providers shall be approved in accordance with the provisions of the
6 reciprocal agreements.
- 7 (7) An individual teaching any approved continuing education course shall qualify for
8 the same number of hours of continuing education credit as would be granted to a
9 licensee taking and satisfactorily completing the course.
- 10 (8) Excess credit hours accumulated during any continuing education biennium may be
11 carried forward. The commissioner may, by regulation, limit the number of hours
12 carried forward.
- 13 (9) For good cause shown, the commissioner may grant an extension of time during
14 which the continuing education requirement of subsection (2) of this section may be
15 completed, but the extension of time shall not exceed two (2) years. What
16 constitutes good cause for the extension of time rests within the discretion of the
17 commissioner.
- 18 (10) Every licensee subject to this section shall furnish to the commissioner written
19 certification as to the continuing education courses satisfactorily completed by the
20 licensee. The certification shall be signed by or on behalf of the provider sponsoring
21 the continuing education course. The certification shall be on a form prescribed by
22 the commissioner.
- 23 (11) The provider shall furnish to the commissioner certification as to the continuing
24 education courses satisfactorily completed by each licensee. The certification shall
25 be signed or authenticated by or on behalf of the provider sponsoring the continuing
26 education course. The certification shall be on a form or in a format prescribed by
27 the commissioner.

- 1 (12) The license or line of authority requiring continuing education shall expire if the
2 individual holding the license or line of authority fails to comply with the
3 continuing education requirement and has not been granted an extension of time to
4 comply in accordance with subsection (9) of this section. If the license has expired,
5 the license shall be promptly surrendered to the commissioner without demand. If
6 the line of authority has terminated but another line of authority not requiring
7 continuing education is still in effect, the license shall be promptly delivered to the
8 commissioner for reissuance as to the line of authority still in effect.
- 9 (13) The license of any individual subject to the continuing education requirement shall
10 be suspended or revoked, a civil penalty imposed, or both, in accordance with KRS
11 304.9-440, if the individual submits to the commissioner a false or fraudulent
12 certificate of compliance with the continuing education requirement.
- 13 (14) (a) The commissioner may withdraw approval of a continuing education
14 provider, course, or instructor for good and just cause.
- 15 (b) In addition to or in lieu of withdrawal of approval, the commissioner may
16 impose a civil penalty of not more than one thousand dollars (\$1,000) per
17 violation of this chapter by a provider or an instructor.
- 18 ➔Section 11. Sections 4 to 7 of this Act apply to contracts entered into on or after
19 the effective date of this Act.