

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,
13 except for 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~~ and ~~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)]~~ For compensation or reward paid by or on behalf of an insured,
3 renders advice or assistance to the insured in a first-party claim for
4 loss or damages under any policy, certificate, or contract of insurance
5 covering real or personal property~~[Acts on behalf of an insured or aids~~
6 ~~an insured, solely in relation to first-party claims arising under insurance~~
7 ~~contracts that insure the real or personal property of the insured, in~~
8 ~~negotiating for, or effecting the settlement of, a claim for loss or damage~~
9 ~~covered by an insurance contract]; or~~

10 ~~2.[(b)]~~ Advertises, solicits business, or holds itself out to the public as an
11 adjuster described in subparagraph 1. of this paragraph~~[for~~
12 ~~employment as a public adjuster of insurance claims, solicits business or~~
13 ~~represents himself, herself, or itself to the public as a public adjuster of~~
14 ~~first-party insurance claims for losses or damages arising out of policies~~
15 ~~of insurance that insure real or personal property; or~~

16 ~~(c) Directly or indirectly solicits business, investigates or adjusts losses, advises~~
17 ~~an insured about first-party claims for losses or damages arising out of~~
18 ~~policies of insurance that insure real or personal property for another person,~~
19 ~~or engages in the business of adjusting losses or damages covered by an~~
20 ~~insurance policy for the insured]; and~~

21 (b) Does not include:

- 22 1. An attorney licensed to practice law in Kentucky, when acting in his or
23 her professional capacity as an attorney; or
24 2. A person employed only for the purpose of obtaining facts
25 surrounding a loss or furnishing technical assistance to a licensed
26 public adjuster, including photographers, estimators, private
27 investigators, engineers, and handwriting experts;

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

6 (a) Are nontransferable;

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

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

9 1. Personal accident insurance for renters and other rental vehicle
10 occupants for accidental death or dismemberment and for medical
11 expenses resulting from an accident that occurs with the rental vehicle
12 during the rental period;

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

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

19 4. Roadside assistance insurance;

20 5. Emergency sickness protection insurance; or

21 6. Any other coverage designated by the commissioner;

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

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

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

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

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

5 (25) "Solicit" means attempting to sell insurance or asking or urging a person to apply
6 for a particular kind of insurance from a particular insurer;

7 (26) "Staff adjuster" means an individual who is an employee of an insurer who
8 investigates, negotiates, or settles property, casualty, or workers' compensation
9 claims on behalf of his or her employer;

10 (27) "Surety" means insurance or bond that covers obligation to pay the debts of, or
11 answer for the default of another, including faithlessness in a position of public or
12 private trust. Surety also includes surety insurance as defined in KRS 304.5-060;

13 (28) "Terminate" means the cancellation of the relationship between an insurance
14 producer and the insurer or the termination of an insurance producer's authority to
15 transact insurance;

16 (29) "Travel insurance" has the same meaning as in KRS 304.52-010;

17 (30) "Uniform business entity application" means the current version of the uniform
18 business entity application for resident and nonresident business entities; and

19 (31) "Uniform individual application" means the current version of the uniform
20 individual application for resident and nonresident individuals.

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

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

26 (b) On or after the effective date of this Act:

27 1. An application for a public adjuster license shall not be accepted or

1 approved by the commissioner; and

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

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

1 least thirty (30) days prior to the termination.

2 (b) The commissioner may ask for evidence of financial responsibility at any time
3 the commissioner deems relevant.

4 (c) If the evidence of financial responsibility terminates or becomes impaired, the
5 public adjuster license shall:

6 1. Automatically terminate; and

7 2. Be promptly surrendered to the commissioner without demand.

8 (4) (a) A business entity applying for a resident independent~~[-or-public]~~ adjuster
9 license shall make an application to the commissioner on the appropriate
10 uniform business entity 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 business entity'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**~~[find]~~
19 that the business entity:

20 1. Is eligible to designate Kentucky as its home state;

21 2. Has designated a licensed independent~~[-or-public]~~ adjuster responsible
22 for the business entity's compliance with the insurance laws and
23 **administrative** regulations of Kentucky;

24 3. Has not committed an act that is a ground for probation, suspension,
25 revocation, or refusal of an independent~~[-or-public]~~ adjuster's license as
26 set forth in KRS 304.9-440; and

27 4. Has paid the fees established by the commissioner pursuant to KRS

1 304.4-010.

2 (5) For applications made under this section, the commissioner may:

3 (a) Require additional information or submissions from applicants; and

4 (b) Obtain any documents or information reasonably necessary to verify the
5 information contained in an application.

6 (6) ~~[Unless denied licensure pursuant to KRS 304.9-440,]~~A person or business entity
7 who has met the requirements of subsections (2) to (5) of this section shall be
8 issued an independent ~~or[,] staff[,] or public]~~ adjuster license **unless the person or**
9 **business entity is denied licensure pursuant to Section 8 of this Act.**

10 (7) An independent or staff adjuster may qualify for a license in one (1) or more of the
11 following lines of authority:

12 (a) Property and casualty;

13 (b) Workers' compensation; or

14 (c) Crop.

15 (8) Notwithstanding any other provision of this subtitle, an individual who is employed
16 by an insurer to investigate suspected fraudulent insurance claims, but who does not
17 adjust losses or determine claims payments, shall not be required to be licensed as a
18 staff adjuster.

19 (9) A public adjuster **licensed before the effective date of this Act** may qualify for ~~a~~
20 ~~license in]~~ one (1) or more of the following lines of authority:

21 (a) Property and casualty; or

22 (b) Crop.

23 (10) Notwithstanding any other provision of this subtitle, a license as an independent
24 adjuster shall not be required of the following:

25 (a) An individual who is sent into Kentucky on behalf of an insurer for the sole
26 purpose of investigating or making adjustment of a particular loss resulting
27 from a catastrophe, or for the adjustment of a series of losses resulting from a

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

1 agent of the insurer, to whom claim authority has been granted by an insurer;
2 or

3 (n) 1. A person who:

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

11 b. Collects claim information from insureds or claimants;

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

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

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

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

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

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

26 ~~(c) A person employed only for the purpose of obtaining facts surrounding a loss~~
27 ~~or furnishing technical assistance to a licensed public adjuster, including~~

1 ~~photographers, estimators, private investigators, engineers, and handwriting~~
2 ~~experts;~~

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

5 ~~(e) An employee or agent of an insurer adjusting claims relating to food spoilage~~
6 ~~with respect to residential property insurance in which the amount of coverage~~
7 ~~for the applicable type of loss is contractually limited to one thousand dollars~~
8 ~~(\$1,000) or less.~~

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

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

- 17 (a) Maintains his, her, or its principal place of residence or business; and
18 (b) Is licensed to act as a resident independent, staff, or public adjuster.

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

- 22 (a) An insurer shall notify the commissioner by submitting an application for
23 temporary emergency registration of each individual not already licensed in
24 the state where the catastrophe has been declared, who will act as an
25 emergency independent adjuster on behalf of the insurer;
26 (b) A person who is otherwise qualified to adjust claims, but who is not already
27 licensed in the state, may act as an emergency independent or staff adjuster

1 and adjust claims if, within five (5) days of deployment to adjust claims
2 arising from the catastrophe, the insurer notifies the commissioner by
3 providing the following information, in a format prescribed by the
4 commissioner:

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

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

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

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

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

- 1 the fees required by KRS 304.4-010;
- 2 3. The person has submitted, in a form or format prescribed by the
- 3 commissioner, the uniform individual application;~~[-and]~~
- 4 4. The person's designated home state issues nonresident independent or~~[-]~~
- 5 staff~~[-, or public]~~ adjuster licenses to persons of Kentucky on the same
- 6 basis; and

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

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

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

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

1 and successfully complete the prescribed written examination and may be issued a
2 temporary license as an apprentice adjuster for a period not to exceed twelve (12)
3 months.

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

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

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

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

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

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

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

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

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

1 the examination required by KRS 304.9-430(2) and, if he or she passes the
2 examination, the apprentice adjuster license shall automatically terminate and
3 an adjuster license shall be issued to that individual in place thereof; and

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

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

9 **(6) A temporary or apprentice license issued under this section to an individual**
10 **supervised by a public adjuster prior to the effective date of this Act, that is in**
11 **effect on the effective date of this Act, shall be subject to the terms and conditions**
12 **set forth in this section for apprentice adjuster licenses, except the individual**
13 **shall not be:**

14 **(a) Eligible to take an examination; or**

15 **(b) Issued a public adjuster license.**

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

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

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

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

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

26 **1. Execution of ~~the~~ written contract; or**

27 **2. Conclusion of the rescission period required under subsection (8) of**

1 *this section;*

2 in emergency circumstances.

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

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

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

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

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

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

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

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

- 1 (n) A statement that:
- 2 1. Clearly states in substance~~[the following]~~: "Complaints regarding this
- 3 contract or regarding the public adjuster may be filed with the consumer
- 4 protection division of the Kentucky Department of Insurance~~[.]~~"and
- 5 2. Contains the physical address, email address, and phone number for
- 6 the department; and
- 7 (o) A statement that clearly states in substance: "Any legal action arising out of
- 8 or related to this contract shall be heard only in the courts of, and governed
- 9 only by the laws of, the Commonwealth of Kentucky."
- 10 (3) (a) Compensation provisions in a contract between a public adjuster and an
- 11 insured shall not be redacted in any copy of the contract provided to the
- 12 commissioner.
- 13 (b) A redaction prohibited under paragraph (a) of this subsection shall constitute
- 14 an omission of material fact in violation of KRS 304.9-440 and 304.12-230.
- 15 (4) A contract between a public adjuster and an insured shall not contain any contract
- 16 term that:
- 17 (a) Allows the adjuster's percentage rate~~[fee]~~ to be collected when money is due
- 18 from an insurer, but not paid;
- 19 (b) Allows the adjuster to collect the entire fee from the first check issued by an
- 20 insurer, rather than as a percentage of each check issued by an insurer;
- 21 (c) Requires an insured to authorize an insurer to issue a check only in the name
- 22 of the adjuster;
- 23 (d) Imposes collection costs or late fees;
- 24 (e) Allows the adjuster's rate of compensation to be increased based on the fact
- 25 that a claim is litigated; or
- 26 (f) Precludes the adjuster from pursuing civil remedies.
- 27 (5) Prior to the signing of a contract with an insured, a public adjuster shall provide the

1 insured with a separate disclosure document regarding the claim process that states
2 the following:

3 "Property insurance policies obligate the insured to present a claim to his or her
4 insurance company for consideration. Three (3) types of adjusters may be involved
5 in the claim process as follows:

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

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

1 insurer."

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

4 1. The public adjuster; and

5 2. The insured.

6 (b) A public adjuster's original contract shall be available at all times for
7 inspection by the commissioner without notice.

8 (7) Within seventy-two (72) hours of entering into a contract with an insured, a public
9 adjuster shall provide the insurer:

10 (a) A notification letter that:

11 1. Has been signed by the insured; and

12 2. Authorizes the public adjuster to render advice and assistance to the
13 insured in accordance with this subtitle~~represent the insured's~~
14 ~~interest~~; and

15 (b) A physical copy of the contract.

16 (8) (a) The insured shall have the right to rescind a contract with a public adjuster
17 within:

18 1. Except as provided in subparagraph 2. of this paragraph, five (5)~~three~~
19 ~~(3)~~ business days after the date the physical copy of the contract was
20 provided to the insured; or~~signed~~

21 2. If the contract was entered into based on events that are the subject of
22 a state of emergency that was declared by the Governor, a local chief
23 executive officer, or a local government under KRS 39A.100 or
24 39B.070, as applicable, the later of the following:

25 a. Thirty (30) days after the date of loss; or

26 b. Ten (10) days after the contract is executed.

27 (b) A rescission of a public adjuster contract shall be:

- 1 1. In writing;
- 2 2. Mailed or delivered to the public adjuster at the address in the contract;
- 3 and
- 4 3. Postmarked or received within the applicable rescission~~three (3)~~
5 ~~business day~~ period.

6 (9) If an insured exercises the right to rescind a contract under subsection (8) of this
7 section, anything of value given by the insured under the contract to the public
8 adjuster shall be returned to the insured within fifteen (15) business days following
9 receipt by the public adjuster of the rescission notice.

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

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

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

15 (1) A public adjuster shall give an insured written notice of the insured's rights under
16 this section and KRS 304.9-433 and 304.9-4332.

17 (2) A public adjuster shall ensure that:

- 18 (a) Prompt notice of a claim is provided to the insurer;
- 19 (b) The property that is subject to a claim is available for inspection of the loss or
20 damage by the insurer; and
- 21 (c) The insurer is given the opportunity to interview the insured directly about the
22 loss or damage and claim.

23 (3) A public adjuster shall not restrict or prevent an insurer or its adjuster, or an
24 attorney, investigator, or other person acting on behalf of the insurer, from:

- 25 (a) Having reasonable access, at reasonable times, to:
 - 26 1. The insured or claimant; or
 - 27 2. The insured property that is the subject of a claim;

- 1 (b) Obtaining necessary information to investigate and respond to a claim; or
- 2 (c) Corresponding directly with the insured regarding the claim, except a public
- 3 adjuster shall be copied on any correspondence with the insured relating to the
- 4 claim.
- 5 (4) (a) A public adjuster shall not act or fail to reasonably act in any manner that
- 6 obstructs or prevents the insurer or its adjuster from timely conducting an
- 7 inspection of any part of the insured property for which there is a claim for
- 8 loss or damage.
- 9 (b) Except as provided in paragraph (c) of this subsection, a public adjuster
- 10 representing an insured may be present for the insurer's inspection.
- 11 (c) If the unavailability of a public adjuster, after a reasonable request by the
- 12 insurer, otherwise delays the insurer's timely inspection of the property, the
- 13 insured shall allow the insurer to have access to the property without the
- 14 participation or presence of the public adjuster in order to facilitate the
- 15 insurer's prompt inspection of the loss or damage.
- 16 (5) A public adjuster shall provide the insured, the insurer, and the commissioner with
- 17 a written disclosure concerning any direct or indirect financial interest that the
- 18 adjuster has with any other party who is involved in any aspect of the claim.
- 19 (6) A public adjuster shall not:
- 20 (a) Participate, directly or indirectly, in the reconstruction, repair, or restoration
- 21 of damaged property that is the subject of a claim adjusted by the adjuster;
- 22 (b) Engage in any activities that may be reasonably construed as a conflict of
- 23 interest, including, directly or indirectly, soliciting or accepting any
- 24 remuneration of any kind or nature;
- 25 (c) Have a financial interest in, or otherwise be affiliated with, any salvage,
- 26 repair, or any other business entity or person that obtains business in
- 27 connection with any claim that the public adjuster has a contract to adjust; ~~or~~

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

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

5 2. As used in subparagraph 1. of this paragraph, "commercial purposes"
6 includes marketing or advertising used for the benefit of the public
7 adjuster.

8 (7) A public adjuster shall not negotiate with an insurer on behalf of an insured in
9 the adjustment or settlement of a claim.

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

11 (1) All funds received or held by a public adjuster on behalf of an insured toward the
12 settlement of a claim shall be:

13 (a) Handled in a fiduciary capacity; and

14 (b) Deposited into one (1) or more separate noninterest-bearing fiduciary trust
15 accounts in a financial institution licensed to do business in this state no later
16 than the close of the second business day from the receipt of the funds.

17 (2) The funds referenced in subsection (1) of this section shall:

18 (a) Be held separately from any personal or nonbusiness funds;

19 (b) Not be commingled or combined with other funds;

20 (c) Be reasonably ascertainable from the books of accounts and records of the
21 public adjuster; and

22 (d) Be disbursed within thirty (30) calendar days of any invoice received by the
23 public adjuster upon approval of the insured or the claimant that the work has
24 been satisfactorily completed.

25 (3) ~~For~~A public adjuster shall maintain an accurate record and itemization of any
26 funds deposited into an account under subsection (1) of this section, a public
27 adjuster shall:

1 (a) Maintain an accurate record and itemization of the funds in accordance
 2 with KRS 304.9-435; and

3 (b) Provide the insured with a receipt of deposit within three (3) business days
 4 after the date the funds were deposited.

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

6 (1) ~~Except as provided in subsection (2) of this section:~~

7 ~~(a) —~~ Any fee charged to an insured by a public adjuster shall ~~be~~:

8 ~~(a) [1.]~~ Be based only on the amount of the insurance settlement proceeds
 9 actually received by the insured; ~~and~~

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

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

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

15 (a) A public adjuster may receive a fee ~~commission~~ for services provided under
 16 this subtitle consisting of:

- 17 1. An hourly rate ~~fee~~;
- 18 2. A flat rate;
- 19 3. A percentage rate ~~of the total amount paid by the insurer to resolve a~~
 20 ~~claim~~; or
- 21 4. Another method of compensation; and

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

- 23 1. Shall not charge;

24 a. An unreasonable fee; or

25 b. A fee based on insurance settlement proceeds received by the
 26 insured prior to:

27 i. The execution of a contract between the insured and public

1 adjuster; or~~and~~

2 ii. The conclusion of the rescission period required under
3 Section 4 of this Act; and

4 2. May charge a reasonable fee that does not exceed five percent (5%)~~;~~

5 a. ~~For noncatastrophic claims, fifteen percent (15%) of the total~~
6 insurance settlement proceeds upon which a fee may be based under
7 this section~~recovery of the insured; and~~

8 b. ~~For catastrophic claims, ten percent (10%) of the total insurance~~
9 ~~recovery of the insured~~.

10 (3)(2) In the event a public adjuster is entitled to compensation in accordance with
11 subsection (1)(b) of Section 4 of this Act and the~~If an insurer, not later than~~
12 ~~seventy two (72) hours after the date on which a loss or damage is reported to the~~
13 ~~insurer,~~ either pays or commits in writing to pay the policy limit of the insurance
14 policy to the insured prior to the execution of, or conclusion of a rescission period
15 for, a contract between the insured and the public adjuster, the~~a~~ public adjuster
16 shall:

- 17 (a) Not receive a commission consisting of a percentage rate~~of the total amount~~
18 ~~paid by the insurer to resolve a claim~~;
- 19 (b) Inform the insured that the claim settlement amount may not be increased by
20 the insurer; and
- 21 (c) Be entitled only to reasonable compensation from the insured for services
22 provided by the adjuster on behalf of the insured, based on the time spent on
23 the claim and expenses incurred by the adjuster prior to when the claim was
24 paid or the insured received a written commitment to pay from the insurer.

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

- 26 (1) The commissioner may place on probation, suspend, or may impose conditions
27 upon the continuance of a license for not more than twenty-four (24) months,

1 revoke, or refuse to issue or renew any license issued under this subtitle or any
2 surplus lines broker, life settlement broker, or life settlement provider license, or
3 may levy a civil penalty in accordance with KRS 304.99-020, or any combination
4 of actions for any one (1) or more of the following causes:

5 (a) Providing incorrect, misleading, incomplete, or materially untrue information
6 in a license application;

7 (b) Violating any insurance laws, or violating any administrative regulations,
8 subpoena, or order of the commissioner or of another state's insurance
9 commissioner;

10 (c) Obtaining or attempting to obtain a license through misrepresentation or
11 fraud;

12 (d) Improperly withholding, misappropriating, or converting any moneys or
13 properties received in the course of doing insurance or the business of life
14 settlements;

15 (e) Intentionally misrepresenting the terms of an actual or proposed insurance
16 contract, life settlement contract, or application for insurance;

17 (f) Having been convicted of or having pled guilty or nolo contendere to any
18 felony;

19 (g) Having admitted or been found to have committed any unfair insurance trade
20 practice, insurance fraud, or fraudulent life settlement act;

21 (h) Using fraudulent, coercive, or dishonest practices; or demonstrating
22 incompetence, untrustworthiness, or financial irresponsibility; or being a
23 source of injury or loss to the public in the conduct of business in this state or
24 elsewhere;

25 (i) Having an insurance license, life settlement license, or its equivalent, denied,
26 suspended, or revoked in any other state, province, district, or territory;

27 (j) Surrendering or otherwise terminating any license issued by this state or by

- 1 any other jurisdiction, under threat of disciplinary action, denial, or refusal of
2 the issuance of or renewal of any other license issued by this state or by any
3 other jurisdiction; or revocation or suspension of any other license held by the
4 licensee issued by this state or by any other jurisdiction;
- 5 (k) Forging another's name to an application for insurance, to any other document
6 related to an insurance transaction, or to any document related to the business
7 of life settlements;
- 8 (l) Cheating, including improperly using notes or any other reference material to
9 complete an examination for license;
- 10 (m) Knowingly accepting insurance or life settlement business from an individual
11 or business entity who is not licensed, but who is required to be licensed
12 under this subtitle;
- 13 (n) Failing to comply with an administrative or court order imposing a child
14 support obligation;
- 15 (o) Failing to pay state income tax or to comply with any administrative or court
16 order directing payment of state income tax;
- 17 (p) Having been convicted of a misdemeanor for which restitution is ordered in
18 excess of three hundred dollars (\$300), or of any misdemeanor involving
19 dishonesty, breach of trust, or moral turpitude;
- 20 (q) ~~Failing to~~ No longer meeting~~meet~~ the requirements for initial licensure;
- 21 (r) If a life settlement provider, demonstrating a pattern of unreasonable
22 payments to owners or failing to honor contractual obligations set out in a life
23 settlement contract;
- 24 (s) Entering into any life settlement contract or using any form that has not been
25 approved pursuant to Subtitle 15 of this chapter;
- 26 (t) If a licensee, having assigned, transferred, or pledged a policy subject to a life
27 settlement contract to a person other than a life settlement provider licensed in

1 this state, an accredited investor or qualified institutional buyer as defined,
2 respectively, in Regulation D, Rule 501 or Rule 144a of the Federal Securities
3 Act of 1933, as amended, a financing entity, a special purpose entity, or a
4 related provider trust; or

5 (u) Any other cause for which issuance of the license could have been refused,
6 had it then existed and been known to the commissioner.

7 (2) (a) For any public adjuster or apprentice~~[-adjuster]~~ supervised by a public
8 adjuster under KRS 304.9-432, the commissioner ~~shall~~may deny, suspend,
9 or revoke the adjuster's or apprentice's license or impose a fine not to exceed
10 five thousand dollars (\$5,000) per act~~[-against the adjuster]~~, or both, for any of
11 the following causes:

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

23 (b) The sanctions and penalties under this subsection shall be in addition to any
24 other remedies, penalties, or sanctions available to the commissioner against a
25 public adjuster or an apprentice~~[-adjuster]~~ supervised by a public adjuster
26 under KRS 304.9-432 under this section or any other law.

27 (3) The license of a business entity may be suspended, revoked, or refused for any

1 cause relating to an individual designated in or registered under the license if the
2 commissioner finds that:

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

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

7 (4) (a) The license of a pharmacy benefit manager may, in the discretion of the
8 commissioner, be suspended, revoked, or refused for any cause enumerated in
9 subsection (1) of this section, and for violations of KRS 205.647, 304.9-053,
10 304.9-054, 304.9-055, and 304.17A-162.

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

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

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

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

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

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

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

5 (1) An authorized insurer shall not do business in Kentucky with an adjuster who is
6 unlicensed in violation of KRS 304.9-080 and 304.9-430. This section shall not
7 apply to transactions between an authorized insurer and persons providing adjusting
8 services pursuant to KRS 304.9-430(10), (11), ~~{(12), }~~and (13)~~{(14)}~~.

9 (2) An authorized insurer shall not do business in Kentucky with an administrator who
10 is not licensed in accordance with KRS 304.9-052. This subsection shall not apply
11 to transactions between an authorized insurer and persons providing administrator
12 services pursuant to KRS 304.9-051.

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

14 (1) This section shall apply to individuals who hold licenses or lines of authority
15 requiring continuing education each biennium.

16 (2) The continuing education biennial compliance date for an individual resident
17 licensee shall be as follows:

18 (a) A licensee whose birth date is in an even-numbered year shall satisfy
19 continuing education requirements on or before the last day of the licensee's
20 birth month in the even-numbered year. A licensee shall show proof of
21 compliance to the commissioner within sixty (60) days after the continuing
22 education biennial compliance date. If the licensee has not held the license for
23 one (1) year, the compliance date is adjusted to the next even-numbered year
24 and each subsequent even-numbered year thereafter. If the license becomes
25 inactive and reissued within a twelve (12) month period, the compliance date
26 shall remain the same;

27 (b) A licensee whose birth date is in an odd-numbered year shall satisfy

1 continuing education requirements and show proof of compliance to the
2 commissioner on or before the last day of the licensee's birth month in the
3 odd-numbered year. A licensee shall show proof of compliance to the
4 commissioner within sixty (60) days after the continuing education biennial
5 compliance date. If the licensee has not held the license for one (1) year, the
6 compliance date is adjusted to the next odd-numbered year and each
7 subsequent odd-numbered year thereafter. If the license becomes inactive and
8 reissued within a twelve (12) month period, the compliance date shall remain
9 the same.

10 (3) This section shall not apply to:

- 11 (a) Limited lines of authority under agent licenses, as exempted by the
12 commissioner in accordance with KRS 304.9-230;
- 13 (b) Licensees not licensed for one (1) full year prior to the end of the applicable
14 continuing education biennium;
- 15 (c) Licensees holding nonresident licenses who have met the continuing
16 education requirements of their home state and whose home state gives credit
17 to Kentucky resident licensees on the same basis; or
- 18 (d) Licensees maintaining their licenses for the sole purpose of receiving
19 renewals or deferred commissions and providing the department with a
20 supporting affidavit.

21 (4) A licensee, who holds an agent license and who is not exempt under subsection (3)
22 of this section, shall satisfactorily complete a minimum of twenty-four (24) hours of
23 continuing education courses, of which three (3) hours shall have a course
24 concentration in ethics, during each continuing education biennium.

25 (5) Beginning July 31, 2012, an individual who holds an independent or public adjuster
26 license and who is not exempt under KRS 304.9-430(10)~~[-or-(11)]~~, shall
27 satisfactorily complete a minimum of twenty-four (24) hours of continuing

1 education courses, of which three (3) hours shall have a course concentration in
2 ethics in accordance with subsection (4) of this section. Continuing education hours
3 shall be reported to the commissioner on a biennial basis in conjunction with the
4 licensee's renewal in accordance with subsection (10) of this section.

5 (6) Only continuing education courses approved by the commissioner shall be used to
6 satisfy the continuing education requirement of subsection (4) of this section and
7 any other continuing education requirement of this chapter.

8 (a) The continuing education courses which meet the commissioner's standards
9 for continuing education requirements are:

- 10 1. Any part of the Life Underwriter Training Council life course
11 curriculum;
- 12 2. Any part of the Health Underwriter Training Council health course
13 curriculum;
- 14 3. Any part of the American College Chartered Life Underwriter diploma
15 curriculum;
- 16 4. Any part of the American Institute for Property and Liability
17 Underwriters' chartered property and casualty underwriter profession
18 designation program;
- 19 5. Any part of the Insurance Institute of America's programs;
- 20 6. Any part of the certified insurance counselor program;
- 21 7. Any insurance related course taught at an accredited college or
22 university, if the course is approved by the commissioner;
- 23 8. Any course of instruction or seminar developed or sponsored by any
24 authorized insurer, recognized agent association, recognized insurance
25 trade association, or any independent program of instruction, if
26 approved by the commissioner;
- 27 9. Any correspondence course approved by the commissioner; and

- 1 10. Any course in accordance with provisions of reciprocal agreements the
2 commissioner enters with other states.
- 3 (b) The commissioner shall prescribe the number of hours of continuing
4 education credit for each continuing education course approved in accordance
5 with this subsection. Continuing education courses submitted in accordance
6 with a reciprocal agreement shall be approved according to the provisions of
7 the reciprocal agreement.
- 8 (c) If a continuing education course requires successful completion of a written
9 examination, no continuing education credit shall be given to licensees who
10 do not successfully complete the written examination.
- 11 (d) The fee for filing continuing education courses for approval by the
12 commissioner shall be as specified in Subtitle 4 of KRS Chapter 304.
- 13 (e) For continuing education courses of reciprocal states, continuing education
14 providers shall be approved in accordance with the provisions of the
15 reciprocal agreements.
- 16 (7) An individual teaching any approved continuing education course shall qualify for
17 the same number of hours of continuing education credit as would be granted to a
18 licensee taking and satisfactorily completing the course.
- 19 (8) Excess credit hours accumulated during any continuing education biennium may be
20 carried forward. The commissioner may, by regulation, limit the number of hours
21 carried forward.
- 22 (9) For good cause shown, the commissioner may grant an extension of time during
23 which the continuing education requirement of subsection (2) of this section may be
24 completed, but the extension of time shall not exceed two (2) years. What
25 constitutes good cause for the extension of time rests within the discretion of the
26 commissioner.
- 27 (10) Every licensee subject to this section shall furnish to the commissioner written

1 certification as to the continuing education courses satisfactorily completed by the
2 licensee. The certification shall be signed by or on behalf of the provider sponsoring
3 the continuing education course. The certification shall be on a form prescribed by
4 the commissioner.

5 (11) The provider shall furnish to the commissioner certification as to the continuing
6 education courses satisfactorily completed by each licensee. The certification shall
7 be signed or authenticated by or on behalf of the provider sponsoring the continuing
8 education course. The certification shall be on a form or in a format prescribed by
9 the commissioner.

10 (12) The license or line of authority requiring continuing education shall expire if the
11 individual holding the license or line of authority fails to comply with the
12 continuing education requirement and has not been granted an extension of time to
13 comply in accordance with subsection (9) of this section. If the license has expired,
14 the license shall be promptly surrendered to the commissioner without demand. If
15 the line of authority has terminated but another line of authority not requiring
16 continuing education is still in effect, the license shall be promptly delivered to the
17 commissioner for reissuance as to the line of authority still in effect.

18 (13) The license of any individual subject to the continuing education requirement shall
19 be suspended or revoked, a civil penalty imposed, or both, in accordance with KRS
20 304.9-440, if the individual submits to the commissioner a false or fraudulent
21 certificate of compliance with the continuing education requirement.

22 (14) (a) The commissioner may withdraw approval of a continuing education
23 provider, course, or instructor for good and just cause.

24 (b) In addition to or in lieu of withdrawal of approval, the commissioner may
25 impose a civil penalty of not more than one thousand dollars (\$1,000) per
26 violation of this chapter by a provider or an instructor.

27 ➔Section 11. Sections 4 to 7 of this Act apply to contracts entered on or after the

1 effective date of this Act.