

791 KAR 1:150. Bond requirements for agents and schools.

RELATES TO: KRS 165A.350(3)-(7), (10), 165A.360(2)-(5), (10)

STATUTORY AUTHORITY: KRS 165A.340(3), 165A.350(3), 165A.360(2), 165A.400

NECESSITY, FUNCTION, AND CONFORMITY: KRS 165A.340(3) and 165A.400 authorize the commission to promulgate administrative regulations to administer the provisions of KRS 165A.310-165A.390, including establishment of fees and other charges. KRS 165A.350 requires all proprietary schools to maintain a surety bond for the agents and the schools. KRS 165A.360(2) sets forth the range of bonding requirements for agents and schools and requires the commission to establish the bond amounts. This administrative regulation sets the surety bond requirements to be maintained on agents and schools.

Section 1. Surety Bond.

(1) A school shall:

- (a) Complete School Surety Bond Form PE-26; and
- (b) Maintain a school surety bond in the amount of \$20,000.

(2) In lieu of the school surety bond, the commission shall accept an irrevocable letter of credit made in favor of the Kentucky Commission on Proprietary Education from a verifiable licensed financial institution in the amount of \$20,000.

Section 2. Agent Surety Bond.

(1) A school shall:

- (a) In accordance with KRS 165A.350(3) maintain an agent surety bond, or in the case of multiple agents, maintain a blanket agent surety bond, in the amount of \$5,000 for each agent employed by the school; and
- (b) Complete Form PE-27, Blanket Agent Surety Bond.

(2) In lieu of the agent surety bond, the commission shall accept an irrevocable letter of credit from a licensed financial institution equal to the amount specified above, made in favor of the Kentucky Commission on Proprietary Education.

Section 3. Multiple School Campuses.

(1) Each school campus for any school residing in and doing business in Kentucky for licensing and bonding purposes shall be considered a separate school and shall be required to provide a separate school surety bond and an agent surety bond.

(2) Each nonresidential school doing business in Kentucky shall be required to provide a school surety bond and an agent surety bond.

Section 4. Incorporation by Reference.

(1) The following material is incorporated by reference:

- (a) "School Surety Bond", Form PE-26, 2017 edition; and
- (b) "Blanket Agent Surety Bond", Form PE-27, 2017 edition.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Commission on Proprietary Education, 300 Sower Boulevard, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m.

(34 Ky.R. 1304; Am. 1718; eff. 2-1-2008; Recodified from 201 KAR 40:150, 6-12-2014; TAm eff. 4-12-2017; Certified to be amended, filing deadline 8-4-2021.)