

806 KAR 19:010. Credit transaction requirements.

RELATES TO: KRS 304.19-040, 304.19-080, 304.19-090

STATUTORY AUTHORITY: KRS 304.2-110

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 provides that the Commissioner of Insurance may make reasonable rules and regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code. This administrative regulation delineates conditions that must be met in the issuance of life insurance in connection with a credit transaction.

Section 1.

(1) The premiums charged for life insurance issued in connection with credit transactions shall conform to the loan schedule in the installment contract. Level term life insurance will be permitted on level loans, as well as coverage which provides for term insurance on consecutive reducing levels designed to reflect periodic (annual or semiannual) reductions of the loan balance, and decreasing term or group indebtedness coverage for loans providing for regular uniform monthly reduction corresponding to the loan balance.

(2) The debtor shall acknowledge receipt of a statement that indicates the maximum percentage of the loan payable at death under the insurance policy if the policy does not cover the full amount of the loan.

(I-19.01; 1 Ky.R. 1083; eff. 7-2-75; TAm eff. 8-9-2007; Crt eff. 2-26-2020; TAm. 3-10-2020.)