

304.24-110 Formation of mutual -- Bond.

- (1) Before soliciting any applications for insurance required under KRS 304.24-100 as qualification for the original certificate of authority, the incorporators of the proposed insurer shall file with the commissioner a corporate surety bond in the penal sum of one hundred thousand dollars (\$100,000), in favor of the state and for the use and benefit of the state and of applicant members and creditors of the corporation. The bond shall be conditioned as follows:
 - (a) For the prompt return to applicant members of all premiums collected in advance;
 - (b) For payment of all indebtedness of the corporation;
 - (c) For payment of costs incurred by the state in event of any legal proceedings for liquidation or dissolution of the corporation;
all in the event the corporation fails to complete its organization and secure a certificate of authority within one (1) year after the date of its certificate of incorporation; and
 - (d) That it is not subject to cancellation unless thirty (30) days' advance notice in writing of cancellation is given both the incorporators and the commissioner.
- (2) In lieu of such bond, the incorporators may deposit with the commissioner one hundred thousand dollars (\$100,000) in cash or United States government bonds negotiable and payable to the bearer, with a market value of not less than one hundred thousand dollars (\$100,000), to be held in trust upon the same conditions as required for the bond.
- (3) Any such bond filed or deposit or remaining portion thereof held under this section shall be released and discharged upon settlement and termination of all liabilities against it.
- (4) In addition to the bond the proposed insurer shall file with the commissioner copies of any proposed form or policy to be offered and schedule of premium rates therefor, copies of all advertising and sales literature proposed to be used in such solicitation, and such other information relative to the solicitation of such insurance or procuring of such funds as the commissioner may reasonably require, all of which must comply with the law.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1327, effective July 15, 2010. -- Amended 1982 Ky. Acts ch. 128, sec. 4, effective July 15, 1982. -- Created 1970 Ky. Acts ch. 301, subtit. 24, sec. 11, effective June 18, 1970.