

304.32-140 Guarantee fund -- Investments -- Risk-based capital requirements.

- (1) No corporation subject to provisions of this subtitle shall be permitted to do any business in this state unless, in addition to the other requirements of law, it shall have and maintain liquid reserves in an amount not less than five percent (5%) of the corporation's subscription income collected in the preceding year not exceeding two million dollars (\$2,000,000), plus two and one-half percent (2.5%) of income exceeding two million dollars (\$2,000,000) but not exceeding ten million dollars (\$10,000,000), plus one percent (1%) of income exceeding ten million dollars (\$10,000,000); but in no event shall reserves be less than five hundred thousand dollars (\$500,000). All corporations subject to the provisions of this subtitle shall place on deposit with the commissioner a guarantee fund of cash or approved securities in an amount determined by this formula, but not less than five hundred thousand dollars (\$500,000) nor more than one million five hundred thousand dollars (\$1,500,000). Any amount of liquid reserves required by this subsection in excess of one million five hundred thousand dollars (\$1,500,000) shall be maintained by the corporation at all times, but shall not be required to be placed on deposit, provided that the corporation shall be allowed a period of five (5) years after July 15, 1982, to establish the liquid reserves and deposit the guarantee fund with the commissioner. A corporation subject to the provisions of this subtitle shall at all times comply with the risk-based capital requirements as established in administrative regulations promulgated by the commissioner.
- (2) The cash or securities representing the guarantee fund required by this section shall be acceptable to the commissioner and the securities shall be negotiable securities.
- (3) The investments of a corporation subject to the provisions of this subtitle shall be the same kind of investments which life insurance companies are authorized to have.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1419, effective July 15, 2010. -- Amended 2004 Ky. Acts ch. 24, sec. 38, effective July 13, 2004. -- Amended 2000 Ky. Acts ch. 255, sec. 1, effective July 14, 2000. -- Amended 1982 Ky. Acts ch. 128, sec. 6, effective July 15, 1982. -- Created 1970 Ky. Acts ch. 301, subtit. 32, sec. 14, effective June 18, 1970.