

286.5-024 Proof by existing association of federal insurance or private insurance meeting minimum standard -- Effect of noncompliance.

(1) Notwithstanding the provisions of KRS 286.5-451(13) any state savings and loan association which has not become insured by December 31, 1974, must furnish proof satisfactory to the commissioner of financial institutions prior to June 30, 1975, that it has:

(a) Obtained insurance of its savings accounts and share accounts by the Federal Savings and Loan Insurance Corporation, any agency of this state or other federal agency established for the purpose of insuring savings accounts in associations, or with any other insurer approved by the commissioner and meeting the qualifications prescribed in this subsection; provided that no association subject to the provisions of this subtitle shall have the power to obtain insurance of accounts from, or represent in any way its accounts are insured by, any insurer other than the Federal Savings and Loan Insurance Corporation, or other federal agency or state agency, unless the commissioner, after application to him for approval and after reasonable notice and an opportunity to be heard the commissioner shall have determined:

1. That the contract of insurance contemplated is written upon substantially the same basis as to form, amount, coverage, maturity, voluntary and involuntary termination and other provisions as the insurance contract provided at that time by the Federal Savings and Loan Insurance Corporation, and complies with the further requirements for protection as the commissioner in his discretion may deem reasonably necessary; and
2. That the contract is underwritten by an insurer having a net worth reasonably commensurate with the risk underwritten, which is licensed in this state and authorized to do business in this state, and the commissioner shall have issued a certificate of approval of such application; or

(b) Become a federal savings and loan association member of the Federal Home Loan Bank Board; or

(c) Merged into an existing insured savings and loan association, either state or federal; or

(d) Entered into voluntary liquidation.

Any merger into an insured savings and loan association or any voluntary liquidation must have the prior written approval of the commissioner.

(2) Any state savings and loan association which has not by the close of business June 30, 1975, accomplished any one of the four steps prescribed in subsection (1) shall on and after July 1, 1975, be prohibited from:

(a) Making any loans pursuant to this subtitle; and

(b) Accepting any savings accounts, payments on share accounts or membership fees.

- (3) Notwithstanding any other provisions of state law to the contrary, if any state savings and loan association has not accomplished one of the four steps prescribed in subsection (1) of this section by December 31, 1974, the commissioner shall apply to a court of general jurisdiction in the county in which the home office of such association is located for the appointment of a liquidating receiver for purposes of liquidating the assets and winding up the business affairs of such association. However, if such state savings and loan association shall furnish to the commissioner proof satisfactory to him that a definite plan of accomplishment of one of said four conditions prescribed in subsection (1) of this section has been substantially completed, the commissioner may, in his sole discretion, extend the time for taking action for the appointment of such receiver. The commissioner in granting such extension may permit the acceptance of savings account payments on share accounts, membership fees or the making of loans.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 675, effective July 15, 2010. -- Amended 1984 Ky. Acts ch. 111, sec. 127, effective July 13, 1984. -- Created 1974 Ky. Acts ch. 276, sec. 1.

Formerly codified as KRS 289.024.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286, and KRS references within this statute have been adjusted to conform with the 2006 renumbering of that code.