

**304.15-075 Notice of policy owner's rights -- Contents -- Conditions requiring notice to be given -- Application to policies \$100,000 or greater permitted.**

- (1) The commissioner shall develop a notice by promulgation of administrative regulation to inform the owner of a policy of life insurance issued in this state of his or her rights as an owner of a life insurance policy. The notice shall be made available free of charge to insurance companies and life insurance producers, and shall be written in nontechnical language.
- (2) The notice developed under subsection (1) of this section shall:
  - (a) Inform the consumer that life insurance is a critical part of a broader financial plan;
  - (b) Inform the consumer that alternatives to lapse or surrender of the policy exist;
  - (c) Provide the consumer with a general description of life settlements and state that life settlements are a regulated transaction in Kentucky;
  - (d) Provide the consumer with a general description of other common products and services that may be available to owners of life insurance policies prior to lapse or surrender of a policy; and
  - (e) Include a statement that advises recipients of the notice that life insurance, life settlements, or any of the products or services described in the notice may or may not be available to the recipient depending on a number of circumstances, including but not limited to the age and health of the insured or the terms of a life insurance policy. The statement shall also advise recipients that owners of life insurance policies are encouraged to contact their financial advisor, agent, or broker to seek further assistance or advice.
- (3) For each policy issued, the life insurance company shall provide the notice required by subsection (1) of this section to the owner of an individual life insurance policy:
  - (a) When the insured is sixty (60) years of age or older; or
  - (b) If the insurer has been notified that the insured person under the policy is terminally or chronically ill, upon the occurrence of one (1) of the following:
    1. The life insurance company receives from the owner a request to surrender, in whole or in part, an individual policy;
    2. The life insurance company receives from the owner a request to receive an accelerated death benefit under an individual policy;
    3. The life insurance company sends to the owner all notices of lapse of an individual policy; provided, however, that the life insurance company shall not be required to include the notice developed pursuant to subsection (1) of this section to the owner of the policy more than one (1) time within a twelve (12) month period from the date of the first notice of lapse of the policy; or
    4. The occurrence of any other event as set forth by the commissioner in administrative regulation.
- (4) In addition to the conditions set forth in subsection (3) of this section, the commissioner may promulgate administrative regulations to establish that the notice

be made only with respect to policies with a net death benefit that is one hundred thousand dollars (\$100,000) or greater, if the commissioner finds that this additional condition is in the best interest of the citizens of the Commonwealth and does not discriminate against owners of life insurance policies based on other factors such as race, religion, national origin, age, disability, marital status, or economic means.

**Effective:** July 15, 2010

**History:** Created 2010 Ky. Acts ch. 25, sec. 5, effective July 15, 2010.

**Legislative Research Commission Note (7/15/2010).** References to the "executive director" of insurance in this section, as created by 2010 Ky. Acts ch. 25, sec. 5, have been changed in codification to the "commissioner" of insurance to reflect the reorganization of certain parts of the Executive Branch, as set forth in Executive Order 2009-535 and confirmed by the General Assembly in 2010 Ky. Acts ch. 24. These changes were made by the Reviser of Statutes pursuant to 2010 Ky. Acts ch. 24, sec. 1938.