

304.15-400 Prohibited policy plans.

- (1) No life insurer shall hereafter deliver or issue for delivery in this state:
 - (a) As part of or in combination with any life insurance, endowment or annuity contract, any agreement or plan, additional to the rights, dividends, and benefits arising out of any such contract, which provides for the accumulation of profits over a period of years and for payment of all or any part of such accumulated profits only to members or policyholders of a designated group or class who continue as members or policyholders until the end of a specified or ascertainable period of years.
 - (b) Any "registered" policy; that is, any policy purporting to be "registered" or otherwise specially recorded, with any agency of the state of Kentucky or of any other state, or with any bank, trust company, escrow company, or other institution other than the insurer; or purporting that any reserves, assets or deposits are held, or will be so held, for the special benefit or protection of the holder of such policy, by or through any such agency or institution.
 - (c) Any policy or contract under which any part of the premium or of funds or values arising from the policy or contract or from investment of reserves, or from mortality savings, lapses or surrenders, in excess of the normal reserves or amounts required to pay death, endowment, and nonforfeiture benefits in respective amounts as specified in or pursuant to the policy or contract, are on a basis not involving insurance or life contingency features:
 1. To be placed in special funds or segregated accounts or special designated places or
 2. To be invested in specially designated investments or types thereof, and the funds or earnings thereon to be divided among the holders of such policies or contracts, or their beneficiaries or assignees.

This provision does not apply as to any contract authorized under KRS 304.15-390.

 - (d) Any policy providing benefits or values for surviving or continuing policyholders contingent upon the lapse or termination of the policies of other policyholders, whether by death or otherwise.
 - (e) Any policy containing or referring to one or more of the following provisions or statements:
 1. Investment returns or profit sharing, other than as a participation in the divisible surplus of the insurer under a regular participation provision as provided for in KRS 304.15-100.
 2. Special treatment in the determination of any dividend that may be paid as to such policy.
 3. Reference to premiums as "deposits."
 4. Relating policyholder interest or returns to those of stockholders.
 5. That the policyholder as a member of a select group will be entitled to extra benefits or extra dividends not available to policyholders generally.

- (2) This section shall not be deemed to prohibit the provision, payment, allowance or apportionment of regular annual dividends or "savings" under regular participating forms of policies or contracts.

Effective: June 18, 1970

History: Created 1970 Ky. Acts ch. 301, subtit. 15, sec. 40, effective June 18, 1970.