

304.9-100 Purpose of license -- "Controlled business" -- Exceptions.

- (1) The purpose of a license issued under this subtitle to an insurance producer is to authorize and enable the licensee actively and in good faith to engage in the business of insurance with respect to the general public, and to facilitate the public supervision of such activities in the public interest; and not for the purpose of enabling the licensee to receive a rebate of premium in the form of "commission" or other compensation upon his or her own interest or upon those of other persons with whom he or she is closely associated in capacities other than as an insurance producer.
- (2) The commissioner shall not grant, renew, continue, or permit to exist any license of an insurance producer as to any applicant therefor or licensee thereunder if he or she finds that the license has been or is being or will probably be used by the applicant or licensee principally for the purpose of writing "controlled business," that is:
 - (a) Insurance on his or her own interest or those of his or her family or of his or her employer; or
 - (b) Insurance or annuity contracts covering himself, herself, or members of his or her family, or the officers, directors, stockholders, partners, employees, or debtors of a partnership, association, or corporation of which he or she, or a member of his or her family, is an officer, director, stockholder, partner, associate, or employee.
- (3) Such a license shall be deemed to have been, or intended to be, used principally for the purpose of writing controlled business if the commissioner finds that during any twelve (12) months' period the aggregate premiums accruing or to accrue from controlled business have exceeded or probably will exceed the aggregate premiums accruing or to accrue on other business written or probably to be written by the applicant or licensee during the same period.
- (4) This section shall not apply as to:
 - (a) Insurance of the interest of a motor vehicle sales or financing agent in a motor vehicle sold or financed by it;
 - (b) Insurance of the interest of real property mortgagee in the mortgaged property, except title insurance;
 - (c) Limited line credit insurance; and
 - (d) Rental vehicle insurance.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1046, effective July 15, 2010. -- Amended 2002 Ky. Acts ch. 273, sec. 14, effective July 15, 2002. -- Amended 1988 Ky. Acts ch. 64, sec. 3, effective July 15, 1988. -- Created 1970 Ky. Acts ch. 301, subtit. 9, sec. 10, effective June 18, 1970.