

299.050 Guaranty fund -- Creation -- Investments -- Deposit of securities -- Use of fund -- Rights of holders of certificates.

- (1) The guaranty fund required by KRS 299.040 may be raised by the issue and sale of guaranty fund certificates in denomination of not less than five dollars (\$5) nor more than one thousand dollars (\$1,000) each, to be sold for not less than the par value thereof, which shall be fully paid in when issued. The sum realized from the sale of the certificates shall be invested in securities in which insurance companies are allowed by law to invest their capital or funds, and the securities shall be deposited with the custodian of insurance securities, to be held in trust for the benefit and protection of the members or policyholders of the company.
- (2) The holders of guaranty fund certificates shall be entitled to receive annual dividends not exceeding eight percent (8%) but dividends shall be payable only out of the company's accumulated surplus fund, and no surplus fund shall be deemed to exist for the purpose of paying dividends unless the company's emergency fund is intact. Guaranty fund certificates shall be issued with a proviso thereto specifying that the company reserves the right at any dividend-paying period to redeem the certificates at their par value, but the company may use only its surplus funds to redeem guaranty fund certificates, and no part of the emergency fund shall be used for that purpose.
- (3) The guaranty fund certificates shall contain a printed notice giving the fixed date of the annual meeting of the members or policyholders of the company, and each certificate issued shall entitle the holder to one (1) vote on any business matter at any meeting of the members or policyholders, but the company shall only issue guaranty fund certificates in such denomination and number that the total votes represented by all such certificates shall not exceed one-third (1/3) of the total votes of all members or policyholders.

Effective: October 1, 1942

History: Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 661.