

304.49-190 Formation of sponsored captive insurer -- Conditions.

- (1) One (1) or more sponsors may form a sponsored captive insurer under KRS 304.49-010 to 304.49-230.
- (2) A sponsored captive insurer formed or issued a certificate of authority under the provisions of KRS 304.49-010 to 304.49-230 may establish and maintain one (1) or more protected cells to insure risks of one (1) or more participants, subject to the following conditions:
 - (a) The shareholders of a sponsored captive insurer shall be limited to its participants and sponsors;
 - (b) Each protected cell shall be accounted for separately on the books and records of the sponsored captive insurer to reflect the financial condition and results of operations of the protected cell, net income or loss, dividends, or other distributions to participants, and any other factors provided in the participant contract or required by the commissioner;
 - (c) The assets of a protected cell shall not be chargeable with liabilities arising out of any other insurance business the sponsored captive insurer may conduct;
 - (d) No sale, exchange, or other transfer of assets may be made by the sponsored captive insurer between or among any of its protected cells without the consent of the protected cells;
 - (e) No sale, exchange, transfer of assets, dividend, or distribution may be made from a protected cell to a sponsor or participant without the commissioner's approval and, in no event, shall such approval be given if the sale, exchange, transfer, dividend, or distribution would result in insolvency or impairment with respect to a protected cell;
 - (f) Each sponsored captive insurer shall annually file with the commissioner those financial reports required by the commissioner, which shall include, without limitation, accounting statements detailing the financial experience of each protected cell;
 - (g) Each sponsored captive insurer shall notify the commissioner, in writing, within ten (10) business days, of any protected cell that is insolvent or otherwise unable to meet its claim or expense obligations; and
 - (h) No participant contract shall take effect without the commissioner's prior written approval, and the addition of each new protected cell and withdrawal of any participant of any existing protected cell shall constitute a change in the business plan requiring the commissioner's prior written approval.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1617, effective July 15, 2010. -- Created 2000 Ky. Acts ch. 434, sec. 19, effective July 14, 2000.