

304.49-110 Reinsurance on risks ceded by other insurer or captive insurer authorized -- Powers of commissioner.

- (1) Any captive insurer may provide reinsurance, as provided in KRS 304.5-130, 304.5-140, and 304.5-150, on risks ceded by any other insurer.
- (2) A captive insurer may provide reinsurance on risks ceded by any other insurer or captive insurer.
- (3)
 - (a) Any captive insurer may take credit for reserves on risks or portions of risks ceded to reinsurers complying with the provisions of KRS 304.5-140.
 - (b) A captive insurer shall not take credit for reserves on risks or portions of risks ceded to a reinsurer if the reinsurer is not in compliance with KRS 304.5-140.
 - (c) Prior approval of the commissioner shall be required for ceding or taking credit for the reinsurance of risks or portions of risks ceded to reinsurers not complying with KRS 304.5-130, 304.5-140, and 304.5-150.
- (4) For all purposes of KRS 304.49-010 to 304.49-230, insurance by a captive insurer of any workers' compensation qualified self-insured plan of its parent and affiliates shall be deemed to be reinsurance.
- (5) A captive insurer may take credit for the reinsurance of risks or portions of risks ceded to a pool, exchange, or association acting as an insurer or a reinsurer which has been authorized by the commissioner. The commissioner may require any other documents, financial information, or other evidence that the pool, exchange, or association will be able to provide adequate security for its financial obligations. The commissioner may deny authorization or impose any limitations on the activities of a reinsurance pool, exchange, or association that in the commissioner's judgment are necessary and proper to provide adequate security for the ceding captive insurer or segregated account and for the protection and consequent benefit of the public at large.
- (6) The commissioner may impose any other requirements that he or she deems necessary before permitting credit for reinsurance under this section, including but not limited to requiring an approved funds-held agreement, letter of credit, trust or other acceptable collateral based on unearned premium, loss and loss adjustment expense reserves, and incurred but not reported reserves.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 91, sec. 7, effective July 15, 2010. -- Created 2000 Ky. Acts ch. 434, sec. 11, effective July 14, 2000.

Legislative Research Commission Note (7/15/2010). References to the "executive director" of insurance in subsections (3), (5), and (6) of this section, as amended by 2010 Ky. Acts ch. 91, sec. 7, 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.