

**304.3-120 Capital funds required -- Amount of surplus required.**

- (1) Except as provided in subsection (2) of this section, to qualify for authority to transact insurance (as defined in Subtitle 5), an insurer shall possess and thereafter maintain unimpaired paid-in capital stock (if a stock insurer) or unimpaired basic surplus (if a foreign mutual, reciprocal, or Lloyd's insurer), and when first so authorized shall possess initial free surplus, all in amounts not less than as determined from the following table:

Stock Insurers		Foreign Mutual, Reciprocal, and Lloyd's Insurers	
Minimum Required	Initial Free Surplus	Minimum Required	Initial Free Surplus
\$1,000,000 2,000,000	\$2,000,000	\$1,000,000	

- (2) An insurer holding a valid certificate of authority to transact insurance in this state immediately prior to July 15, 1982, may, if otherwise qualified therefor, continue to be so authorized while possessing paid-in capital stock (if a stock insurer) or surplus (if a mutual, reciprocal, or Lloyd's insurer) as required for such authority immediately prior to July 15, 1982. The commissioner shall not authorize such an insurer to transact any other kinds of insurance unless it then complies with the requirements as to capital and surplus. Notwithstanding the other provisions hereof, the exception provided in this subsection (2) shall cease to apply to any such insurer from and after the date upon which it has accumulated surplus in an amount equal to two hundred percent (200%) of the initial free surplus (if a stock or foreign mutual, reciprocal, or Lloyd's insurer) or the surplus (if a domestic mutual insurer) required under other provisions of this code to qualify for authority to transact the kind or kinds of insurance being transacted by it.
- (3) Each insurer shall at all times maintain bona fide additional surplus in the amount of two hundred fifty thousand dollars (\$250,000). Insurers holding a valid certificate of authority to transact insurance in this state immediately prior to July 13, 1984, may, if otherwise qualified therefor, continue to be so authorized while possessing additional surplus as required for such authority immediately prior to July 13, 1984. The commissioner shall not authorize such an insurer to transact any other kinds of insurance unless it complies with this subsection. The exception provided in this subsection shall cease to apply to any insurer from and after the date upon which it has accumulated additional surplus equal to or in excess of the additional surplus required by this subsection. This subsection shall not apply to an association qualifying pursuant to KRS 304.3-070(3).
- (4) As to surplus required for authority to transact one (1) or more kinds of insurance and thereafter to be maintained, domestic mutual legal reserve insurers hereafter formed shall be governed by Subtitle 24 of this chapter.

**Effective:** July 15, 2014

**History:** Amended 2014 Ky. Acts ch. 36, sec. 2, effective July 15, 2014. -- Amended 2010 Ky. Acts ch. 24, sec. 963, effective July 15, 2010. -- Amended 1984 Ky. Acts ch. 322, sec. 3, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 128, sec. 2, effective July 15, 1982. -- Created 1970 Ky. Acts ch. 301, subtit. 3, sec. 12, effective June 18, 1970.