

**304.37-540 Annual statement -- Limitation on aggregate pledges and encumbrances of assets -- Investment of net worth in subsidiaries.**

- (1) In addition to any other items required to be filed with the department under this chapter, each mutual insurance holding company shall supply to the Department of Insurance, by March 1 of each year, an annual statement consisting of the following:
  - (a) An income statement;
  - (b) A balance sheet;
  - (c) A cash flow statement;
  - (d) Complete information on the status of any closed block of business formed as a part of a plan or reorganization;
  - (e) An investment plan covering all assets; and
  - (f) A statement disclosing any intention to pledge, borrow against, alienate, hypothecate, or in any way encumber the assets of the mutual insurance holding company.
- (2) The aggregate pledges and encumbrances of a mutual holding company's assets shall not affect more than forty-nine percent (49%) of the company's stock in any subsidiary insurance holding company or subsidiary insurance company that resulted from a reorganization or merger.
- (3) At least fifty percent (50%) of the generally accepted accounting practices net worth of a mutual insurance holding company shall be invested in insurance company subsidiaries.

**Effective:** July 15, 2010

**History:** Amended 2010 Ky. Acts ch. 24, sec. 1491, effective July 15, 2010. --  
Created 1998 Ky. Acts ch. 546, sec. 9, effective July 15, 1998.