

### **304.6-020 Assets not allowed.**

The following expressly shall not be allowed as assets in any determination of the financial condition of an insurer:

- (1) Good will, trade names, and other like intangible assets, except as expressly permitted and as prescribed by the National Association of Insurance Commissioners' accounting practices and procedures;
- (2) Advances to officers or directors (other than policy loans) whether secured or not, and advances to employees, agents and other persons on personal security only;
- (3) Stock of such insurer, owned by it, or loans secured thereby. Any such stock owned by such insurer shall be held as treasury stock and be deducted from the total issue of outstanding shares;
- (4) Furniture, fixtures, furnishings, safes, vehicles, libraries, stationery, literature and supplies. The following assets are not excluded assets under this subsection:
  - (a) Equipment authorized under subsection (1) of KRS 304.6-010;
  - (b) For title insurers, such materials and plants as the insurer is expressly authorized to invest in under paragraph (k) of subsection (1) of KRS 304.6-010;
  - (c) Such personal property as the insurer is permitted to hold pursuant to Subtitle 7 or which is reasonably necessary for the maintenance and operation of real estate lawfully acquired and held by the insurer, other than real estate used by it for home office, branch office, and similar purposes; and
  - (d) For health reporting entities, furniture, medical equipment, fixtures, and leasehold improvements used for the direct delivery of health care services;
- (5) The amount, if any, by which the aggregate book value of investments as carried in the ledger assets of the insurer exceeds the aggregate value thereof as determined under this code;
- (6) Due and accrued investment income determined to be uncollectible in accordance with SSAP No. 5;
- (7) Due and accrued investment interest determined to be uncollectible in accordance with SSAP No. 5;
- (8) Nonoperating system software;
- (9) Leasehold improvements that do not meet the definition of assets set forth in SSAP No. 4;
- (10) Deposits in suspended depositories;
- (11) Receivables determined to be uncollectible or otherwise impaired in accordance with SSAP No. 5;
- (12) Automobiles, airplanes, and other vehicles;
- (13) A loan receivable and accrued interest, if collateralized by the reporting entity's own stock;
- (14) Prepaid expenses; and

- (15) Any other asset that does not meet the definition of an asset, or has been specifically identified as a nonadmitted asset in the accounting practices and procedures manual.

**Effective:** July 13, 2004

**History:** Amended 2004 Ky. Acts ch. 24, sec. 12, effective July 13, 2004. -- Amended 2001 Ky. Acts ch. 101, sec. 1, effective June 21, 2001. -- Amended 1982 Ky. Acts ch. 187, sec. 1, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 363, sec. 1, effective June 17, 1978. -- Created 1970 Ky. Acts ch. 301, subtit. 6, sec. 2, effective June 18, 1970.