

304.6-090 Mortgage guaranty insurer to maintain statutory contingency reserve -- Release.

For the protection of the policyholders against loss during periods of extreme economic contraction, each mortgage guaranty insurer shall maintain a liability referred to as a statutory contingency reserve. The statutory contingency reserve shall be a separate fund, in addition to the mortgage guaranty insurer's unearned premium reserve. The insurer shall annually contribute fifty percent (50%) of the earned premiums from mortgage guaranty insurance contracts to this liability, which shall be maintained for ten (10) years regardless of the coverage period for which premiums were paid. Subject to the approval of the commissioner, the contingency reserve may be released in any year in which actual incurred losses exceed thirty-five percent (35%) of the corresponding earned premiums. Any reductions shall be made on a first-in, first-out basis. Changes in the reserve shall be recorded directly to unassigned funds.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1000, effective July 15, 2010. -- Amended 2004 Ky. Acts ch. 24, sec. 15, effective July 13, 2004. -- Created 1970 Ky. Acts ch. 301, subtit. 6, sec. 9, effective June 18, 1970