304.7-363 Prohibited actions of insurers.

An insurer shall not, directly or indirectly:

- (1) Invest in an obligation or security or make a guarantee for the benefit of or in favor of an officer or director of the insurer, except as provided in KRS 304.7-365:
- (2) Invest in an obligation or security, make a guarantee for the benefit of or in favor of, or make other investments in a business entity of which ten percent (10%) or more of the voting securities or equity interests are owned directly or indirectly by or for the benefit of one (1) or more officers or directors of the insurer, except as authorized in KRS 304.37-110, or provided in KRS 304.7-365:
- (3) Engage on its own behalf or through one (1) or more affiliates in a transaction or series of transactions designed to evade the prohibitions of this subtitle;
- (4) (a) Invest in a partnership as a general partner, except that an insurer may make an investment as a general partner:
 - 1. If all other partners in the partnership are subsidiaries of the insurer;
 - 2. For the purpose of:
 - a. Meeting cash calls committed to prior to July 14, 2000;
 - b. Completing those specific projects or activities of the partnership in which the insurer was a general partner as of July 14, 2000 that had been undertaken as of that date; or
 - c. Making capital improvements to property owned by the partnership on July 14, 2000 if the insurer was a general partner as of that date; or
 - 3. In accordance with KRS 304.7-014(3).
 - (b) This subsection shall not prohibit a subsidiary or other affiliate of the insurer from becoming a general partner; or
- (5) Invest in or lend its funds upon the security of shares of its own stock, except that an insurer may acquire shares of its own stock for the following purposes, but the shares shall not be admitted assets of the insurer:
 - (a) Conversion of a stock insurer into a mutual or reciprocal insurer or a mutual or reciprocal insurer into a stock insurer;
 - (b) Issuance to the insurer's officers, employees, or agents in connection with a plan approved by the commissioner for converting a publicly held insurer into a privately held insurer or in connection with other stock option and employee benefit plans; or
 - (c) In accordance with any other plan approved by the commissioner.

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