

**304.3-200 Suspension or revocation of certificate of authority -- Discretionary and special grounds.**

- (1) The commissioner may, in his or her discretion, refuse to continue or may suspend or revoke an insurer's certificate of authority if he or she finds after a hearing thereon, or upon waiver of hearing by the insurer, that the insurer has:
- (a) Willfully violated or willfully failed to comply with any lawful order of the commissioner; or
  - (b) Willfully violated or willfully failed to comply with any lawful regulation of the commissioner; or
  - (c) Willfully violated any provision of this code other than those for violation of which suspension or revocation is mandatory; or
  - (d) Failed to pay taxes on its premiums as required by law; or
  - (e) Has committed any unfair claims settlement practice as defined in Subtitle 12 or regulations promulgated thereunder.

In lieu of or in addition to such suspension or revocation, the commissioner may, in his or her discretion, reprimand the insurer, which shall be made a part of the insurer's record, or may levy upon the insurer, and the insurer shall pay forthwith, an administrative fine as specified in KRS 304.99-020.

- (2) The commissioner shall suspend or revoke an insurer's certificate of authority on any of the following grounds, if he or she finds after a hearing thereon that the insurer:
- (a) Is in unsound condition, or is being fraudulently conducted, or is in such condition or using such methods and practices in the conduct of its business as to render its further transaction of insurance in this state currently or prospectively hazardous or injurious to policyholders or to the public;
  - (b) With such frequency as to indicate its general business practice in this state:
    - 1. Has without just cause failed to pay, or delayed payment of, claims arising under its policies, whether the claim is in favor of an insured or is in favor of a third person with respect to the liability of an insured to such third person; or
    - 2. Without just cause compels insureds or claimants to accept less than the amount due them or to employ attorneys or to bring suit against the insurer or such an insured to secure full payment or settlement of such claims;
  - (c) Refuses to be examined, or if its directors, officers, employees or representatives refuse to submit to examination relative to its affairs, or to produce its accounts, records and files for examination by the commissioner when required, or refuse to perform any legal obligation relative to the examination;
  - (d) Has failed to pay any final judgment rendered against it in this state upon any policy, bond, recognizance or undertaking as issued or guaranteed by it, within thirty (30) days after the judgment became final or within thirty (30) days after

- dismissal of an appeal before final determination, whichever date is the later;
- (e) Has actual knowledge by the chief executive officer or person in charge of Kentucky operations that an agent employed by the insurer has engaged or is engaging in conduct in violation of this code and the insurer has failed to report such conduct to the department; or
  - (f) No insurer, its agents, servants, or employees shall incur any liability in connection with or as a result of any disclosure made to the commissioner of insurance pursuant to the provisions of this section.
- (3) The commissioner may, in his or her discretion and without advance notice or a hearing thereon, immediately suspend the certificate of authority of any insurer as to which proceedings for receivership, conservatorship, rehabilitation or other delinquency proceedings have been commenced in any state by the public insurance supervisory officer of such state.
- (4) The commissioner may, in his or her discretion, refuse to continue or may suspend or revoke an insurer's certificate of authority if he or she finds after a hearing thereon, or upon waiver of hearing by the insurer, that the insurer has contracted with the Department for Medicaid Services to act as a managed care organization providing Medicaid benefits pursuant to KRS Chapter 205 and has exhibited willful or frequent and repeated failure to comply with KRS 304.17A-700 to 304.17A-730, 205.593, and 304.14-135 and KRS 205.522, 205.532 to 205.536, and 304.17A-515.

**Effective:** July 14, 2018

**History:** Amended 2018 Ky. Acts ch. 106, sec. 11, effective July 14, 2018. -- Amended 2010 Ky. Acts ch. 24, sec. 971, effective July 15, 2010. -- Amended 1988 Ky. Acts ch. 225, sec. 18, effective July 15, 1988. -- Amended 1984 Ky. Acts ch. 171, sec. 4, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 320, sec. 8, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 341, sec. 2, effective June 17, 1978. -- Created 1970 Ky. Acts ch. 301, subtit. 3, sec. 20, effective June 18, 1970.