

**304.5-120 Limits of risks.**

- (1) No insurer shall retain any risk on any one (1) subject of insurance, whether located or to be performed in this state or elsewhere, in an amount exceeding ten percent (10%) of its surplus to policyholders.
- (2) A "subject" of insurance for the purposes of this section, as to insurance against fire and hazards other than windstorm, earthquake and other catastrophic hazards, includes all properties insured by the same insurer which are customarily considered by underwriters to be subject to loss or damage from the same fire or the same occurrence of any other hazard insured against.
- (3) Reinsurance ceded, as authorized by KRS 304.5-140, shall be deducted in determining risk retained. As to surety risks, deduction shall be made of the amount assumed by any authorized co-surety and the value of any security deposited, pledged, or held subject to the surety's consent and for the surety's protection.
- (4) As to alien insurers, this section shall relate only to risks and surplus to policyholders of the insurer's United States branch.
- (5) "Surplus to policyholders" for the purposes of this section, in addition to the insurer's capital and surplus, shall be deemed to include any voluntary reserves which are not required pursuant to law, and shall be determined from the last sworn statement of the insurer on file with the commissioner, or by the last report of examination of the insurer, whichever is the more recent at time of assumption of risk.
- (6) This section shall not apply to life or health insurance, annuities, title insurance, insurance of wet marine and transportation risks, workers' compensation insurance, employers' liability coverages, nor to any policy or type of coverage as to which the maximum possible loss to the insurer is not readily ascertainable on issuance of the policy.
- (7) Limits of risk as to newly formed domestic mutual insurers shall be as provided in KRS 304.24-100.
- (8) Limits of risk as to mortgage guaranty insurers shall be as provided in KRS 304.23-030.

**Effective:** July 15, 2010

**History:** Amended 2010 Ky. Acts ch. 24, sec. 992, effective July 15, 2010. -- Created 1970 Ky. Acts ch. 301, subtit. 5, sec. 12, effective June 18, 1970.