

1 AN ACT relating to insurance.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 304.2-210 is amended to read as follows:

- 4 (1) As used in KRS 304.2-210 to 304.2-300, unless the context requires otherwise,  
5 "examination workpaper" means a written or recorded document, note,  
6 memorandum, critique, comment, recommendation, or other information copied,  
7 established, created, or retained by the commissioner or his designee for the purpose  
8 of conducting an examination or drafting an examination report.
- 9 (2) For the purpose of determining financial condition, ability to fulfill and manner of  
10 fulfillment of its obligations, the nature of its operations, and compliance with law,  
11 the commissioner shall examine the affairs, transactions, accounts, records, and  
12 assets of each authorized insurer as often as reasonably necessary. He ***or she*** shall  
13 ~~also~~ examine each domestic insurer not less frequently than every five (5) years.  
14 Examination of a reciprocal insurer may include examination of its attorney-in-fact  
15 as to its transactions relating to the insurer. Examination of an alien insurer may be  
16 limited to its insurance transactions and affairs in the United States, except as the  
17 commissioner otherwise requires.
- 18 (3) In scheduling and determining the nature, scope, and frequency of the examinations,  
19 the commissioner shall consider the results of financial statement analyses and  
20 ratios, changes in management or ownership, actuarial opinions, reports of  
21 independent certified public accountants, and other criteria as set forth in the  
22 Examiner's Handbook prescribed by the commissioner.
- 23 (4) For purposes of completing an examination of an insurer, the commissioner may  
24 examine or investigate any person or the business of any person, insofar as the  
25 examination or investigation is, in the sole discretion of the commissioner,  
26 necessary and material to the examination of the insurer.
- 27 (5) The commissioner shall in like manner examine each insurer applying for an initial

1 certificate of authority to transact insurance in this state.

2 (6) In lieu of making his ***or her*** own examination, the commissioner may, in his ***or her***  
3 discretion, accept a full report of the most recently completed examination of a  
4 foreign, or alien, insurer, certified to by the insurance supervisory official of another  
5 state. Reports shall only be accepted if the examination is performed under the  
6 supervision of an accredited insurance department or with the participation of one  
7 (1) or more examiners who are employed by an accredited state insurance  
8 department and who, after a review of the examination work papers and report, state  
9 under oath that the examination was performed in a manner consistent with the  
10 standards and procedures required by their insurance department.

11 (7) As far as practical, the examination of a foreign or alien insurer shall be made in  
12 cooperation with the insurance supervisory officers of other states in which the  
13 insurer transacts business, and for the purpose thereof, the commissioner may  
14 participate in joint examinations of insurers or be represented in an examination by  
15 an examiner of another state.