

**304.17-390 Franchise plan health insurance -- Franchise plan disability insurance.**

- (1) Health insurance on a franchise plan is that issued to:
  - (a) Five (5) or more employees of a common employer; or
  - (b) Ten (10) or more members of any bona fide association or labor union, which association or union was formed and exists for purposes other than that of obtaining insurance, and under which such employees or members, with or without their dependents, are issued individual policies which may vary as to amounts and kinds of coverage as applied for, under an arrangement whereby the premiums on the policies are to be paid to the insurer periodically by the employer, with or without payroll deductions, or by the association, or by some designated employee or officer of the association acting on behalf of the employer or association members.
- (2) Disability insurance on a franchise plan is that issued for:
  - (a) Three (3) or more employees of a common employer; or
  - (b) Ten (10) or more members of any bona fide association or labor union, which association or union was formed and exists for purposes other than that of obtaining insurance, and under which the employees or members, with or without their dependents, are issued individual policies which may vary as to amounts and kinds of coverage as applied for, under an arrangement whereby the premiums on the policies are to be paid to the insurer periodically by the employer, with or without payroll deductions, or by the association, or by some designated employee or officer of the association acting on behalf of the employer or association members.
- (3) The term "employees" includes also the employer's officers, and the employer or partners if the employer is an individual or a partnership.
- (4) An insurer may charge different rates, provide different benefits, or employ different underwriting procedure for individuals insured under a franchise plan, if such rates, benefits, or procedures as used do not unfairly discriminate as between individuals insured under franchise plans and individuals otherwise insured under similar policies, taking into consideration the insuring, risk and exposure factors, and expense elements.

**Effective:** July 15, 1998

**History:** Amended 1998 Ky. Acts ch. 326, sec. 1, effective July 15, 1998. -- Created 1970 Ky. Acts ch. 301, subtit. 17, sec. 39, effective June 18, 1970.