

304.48-090 Investment of funds.

- (1) The funds of a liability self-insurance group shall be invested in:
 - (a) United States Government bonds, United States Treasury notes, United States Treasury bills, or other direct obligations guaranteed by the full faith and credit of the United States Government or its agencies;
 - (b) Tax exempt obligations issued by the Commonwealth of Kentucky or its agencies with a minimum rating of "A" by Standard & Poor's;
 - (c) Obligations issued by a county, district, municipality, or other legal authority within the Commonwealth with a minimum rating of "AA" by Standard & Poor's;
 - (d) Investment share accounts in a savings and loan association in the Commonwealth whose deposits are insured by a federal agency;
 - (e) Certificates of deposit if issued by a duly chartered commercial bank;
 - (f) Equity securities actively traded on the New York or NASDAQ Stock Exchanges or other registered national securities exchanges with no individual equity holding comprising greater than ten percent (10%) of the equity portion of the portfolio, reflected on the most recent quarterly or annual statement of financial condition on file with the commissioner, at the time of purchase, as follows:
 1. An investment in an individual equity holding shall not represent more than five percent (5%) of the total market value of the security; and
 2. Investments in equity securities shall not exceed twenty percent (20%) of the total market value of the investment portfolio of the liability self-insurance group reflected on the most recent quarterly or annual statement of financial condition on file with the commissioner;
 - (g) Corporate bonds if:
 1. The bond is issued, assumed, or guaranteed by a solvent institution created or existing under the laws of the United States, or a state, province, district, or territory;
 2. The corporate bond investments do not exceed twenty-five percent (25%) of the total market value of the investment portfolio reflected on the most recent quarterly or annual statement of financial condition on file with the commissioner; and
 3. The bond has a minimum rating of "A" by Standard and Poor's; or
 - (h) Mutual funds and exchange traded funds if, at the time of purchase, the investments do not exceed twenty percent (20%) of the total market value of the investment portfolio reflected on the most recent quarterly or annual statement of financial condition on file with the commissioner.
- (2) Of the aggregate investments made under this section:
 - (a) Not less than fifty percent (50%) of the total market value of the entire investment portfolio shall be held in cash, cash equivalents, or securities as described in subsection (1)(a) to (e) of this section; and

- (b) A minimum of five percent (5%) of the total investment portfolio value shall be maintained in cash or cash equivalent accounts or United States Treasury and Federal Agency Securities with a remaining maturity of one (1) year or less.
- (3) The commissioner may permit variation from the requirements of this section for good cause shown.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1595, effective July 15, 2010; and ch. 48, sec. 2, effective July 15, 2010. -- Created 1994 Ky. Acts ch. 358, sec. 9, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). References to the "executive director" of insurance in subsections (1) and (3) of this section, as amended by 2010 Ky. Acts ch. 48, sec. 2, have been changed in codification to the "commissioner" of insurance to reflect the reorganization of certain parts of the Executive Branch, as set forth in Executive Order 2009-535 and confirmed by the General Assembly in 2010 Ky. Acts ch. 24. These changes were made by the Reviser of Statutes pursuant to 2010 Ky. Acts ch. 24, sec. 1938.

Legislative Research Commission Note (7/15/2010). This section was amended by 2010 Ky. Acts chs. 24 and 48, which are in conflict. Under KRS 446.250, Acts ch. 48, which was last enacted by the General Assembly, prevails.