

304.48-070 Scope of section -- Financial strength required.

- (1) This section applies to a group applying for and holding a certificate of filing as a liability self-insurance group.
- (2) To obtain and to maintain its certificate of filing a liability self-insurance group shall have sufficient financial strength to pay all public or professional liabilities covered by the group, including known claims and expenses and incurred but not reported claims and expenses.
- (3) The commissioner, if not satisfied with the financial strength of a liability self-insurance group, may require any or all of the following of a liability self-insurance group:
 - (a) Security in the form and amount prescribed by the commissioner as follows:
 1. A surety bond issued by a corporate surety authorized to transact business in the Commonwealth of Kentucky; or
 2. Any financial security endorsement issued as part of an acceptable excess insurance contract issued by an authorized insurer may be used to meet all or part of the security requirement. The bond or financial security endorsement shall be for the benefit of the insured creditors solely to pay claims and associated expenses and shall be payable upon the failure of the group to pay professional or public liability claims it is legally obligated to pay. The commissioner may establish and adjust the requirements for the amount of security based on differences among groups in their size, types or business, years in existence, or other relevant factors.
 - (b) Specific and aggregate excess insurance in a form, in an amount, and issued by an insurer acceptable to the commissioner.
 - (c) A fidelity bond for the administrator and a fidelity bond for the service company in forms and amounts prescribed by the commissioner. The commissioner may require the service company providing claim service to furnish a performance bond in a form and amount prescribed by the commissioner.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1594, effective July 15, 2010. --
Created 1994 Ky. Acts ch. 358, sec. 7, effective July 15, 1994.