

304.48-140 Operation of group by board of trustees -- Powers and duties -- Directors equivalent to trustees for subtitle.

- (1) Each group shall be operated by a board of trustees which shall consist of not less than two (2) persons selected in the manner prescribed by the liability self-insurance group or by other laws of the Commonwealth. The trustees shall not be officers, employees, or agents of an administrator or servicing organization. All trustees shall be residents of Kentucky or officers of corporations authorized to do business in Kentucky. The trustees shall have the authority to administer the operations of the liability self-insurance group, such as assuring that there is adequate funding to cover professional or public liabilities, assuring that all claims are paid promptly, and that all necessary precautions are taken to safeguard the assets of the group.
- (2) The board of trustees shall:
 - (a) Maintain responsibility for all moneys collected or disbursed from the group;
 - (b) Maintain minutes of its meetings and make the minutes available to the commissioner;
 - (c) Designate an administrator to carry out the policies established by the board of trustees and to provide day-to-day management of the group, and delineate in the written minutes of its meetings the areas of authority it delegates to the administrator; and
 - (d) Establish a formal conflict-of-interest policy or code of conduct applicable to the board of trustees, officers, and employees that includes a description of the system used to monitor compliance with the conflict-of-interest policy or code of conduct.
- (3) The board of trustees shall not:
 - (a) Extend credit to individual group members for payment of contributions or assessments, except pursuant to payment plans filed with the commissioner; or
 - (b) Permit the loan of any moneys to, or borrow any moneys from, the group or in the name of the group. However, a liability self-insurance group formed by governmental entities may borrow moneys in the name of the group.
- (4) In its discretion, the liability self-insurance group may refer to its trustees as directors. If this is done, the provisions of this subtitle referring to trustees shall be construed as referring to directors.
- (5) Upon the request of a group member, a liability self-insurance group shall make available the statement of financial condition required by subsection (1) of this section.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1598, effective July 15, 2010; and ch. 48, sec. 3, effective July 15, 2010. -- Created 1994 Ky. Acts ch. 358, sec. 14, effective July 15, 1994.

Legislative Research Commission Note (7/15/2010). This section was amended by 2010 Ky. Acts chs. 24 and 48, which do not appear to be in conflict and have been codified together.

Legislative Research Commission Note (7/15/2010). During the initial processing of the bill request that became Senate Bill 77 (2010 Ky. Acts ch. 48, sec. 3), a new provision that was drafted as an amendment to KRS 304.48-170 was mistakenly added to this section as well, and the bill passed both chambers with the new subsection (5) included in this section.