

**304.17A-826    Operation of group by board of trustees -- Powers and duties -- Prohibited acts.**

- (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 self-insured employer-organized association 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 self-insured employer-organized association group, and to assure that there is adequate funding to cover health liabilities, 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; and
  - (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.
- (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.
- (4) In its discretion, the self-insured employer-organized association group may refer to its trustees as directors. If this is done, the provisions of KRS 304.17A-800 to 304.17A-844 referring to trustees shall be construed as referring to directors.

**Effective:** July 15, 2010

**History:** Amended 2010 Ky. Acts ch. 24, sec. 1266, effective July 15, 2010. -- Created 2003 Ky. Acts ch. 78, sec. 14, effective June 24, 2003.