

304.32-045 Entities subject to provisions of this subtitle permitted to convert to domestic mutual insurance companies subject to provisions of Subtitle 24.

- (1) Any nonprofit hospital, medical-surgical, dental, and health service corporation subject to the provisions of this subtitle, possessed of admitted assets in excess of all liabilities at least equal to the original surplus required of a domestic mutual insurance company transacting the same kind or kinds of business may, at its option and without reincorporation, adopt and become subject to the provisions of Subtitle 24 of this chapter governing domestic mutual insurers in lieu of this subtitle; provided, however, that upon becoming subject to the provisions of Subtitle 24 of this chapter, as hereinafter provided, such companies may continue to provide services to their present or like services to future members and subscribers and may make provision for the payment for health care services directly to hospitals or other agencies or institutions or persons rendering such health care service or related services or may make direct payment to the member or subscriber.
- (2) Any nonprofit hospital, medical-surgical, dental, and health service corporation subject to the provisions of this subtitle may adopt and become subject to the provisions of Subtitle 24 of this chapter by the adoption of a resolution by its board of directors declaring the election of said nonprofit hospital, medical-surgical, dental, and health service corporation to become subject to the provisions of Subtitle 24 of this chapter governing domestic mutual insurers, and after the adoption of such resolution the board of directors shall adopt such amendments to the articles of incorporation and bylaws of the nonprofit hospital, medical-surgical, dental, and health service corporation as shall be necessary and file the same with the commissioner of the Department of Insurance of the Commonwealth of Kentucky. Upon such filing, said nonprofit hospital, medical-surgical, dental, and health service corporation shall no longer be subject to the provisions of this subtitle, but shall be subject to Subtitle 24 of this chapter governing domestic mutual insurers and shall honor all legitimate claims presented by its member policyholders under the terms and conditions of its policy who have incurred claims in any private hospital with acute care in the State of Kentucky as long as the hospital is duly licensed and certified by the State of Kentucky; provided, however, that group certificate holders may also be members of the insurer, if so specified in the bylaws of the insurer; and further provided that the conversion of a nonprofit hospital, medical-surgical, dental, and health service corporation, subject to this subtitle, into a domestic mutual insurance company shall not impair the rights or obligations of the nonprofit hospital, medical-surgical, dental, and health service corporation or its members on any contract heretofore or hereafter made.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1413, effective July 15, 2010. -- Created 1986 Ky. Acts ch. 320, sec. 1, effective July 15, 1986.