

304.36-110 Effect of paid claims.

- (1) Any person recovering under this subtitle shall be deemed to have assigned his rights under the policy to the association to the extent of his recovery from the association. Every insured or claimant seeking the protection of this subtitle shall cooperate with the association to the same extent as such person would have been required to cooperate with the insolvent insurer. The association shall have no cause of action against the insured of the insolvent insurer for any sums it has paid out, except as follows:
 - (a) Any insured whose net worth on December 31 of the year next preceding the date the insurer becomes an insolvent insurer exceeds twenty-five million dollars (\$25,000,000) and whose liability obligations to other persons are satisfied in whole or in part by payments made under this subtitle;
 - (b) Any person who is an affiliate of the insolvent insurer and whose liability obligations to other persons are satisfied in whole or in part by payments made under this subtitle; and
 - (c) No limitation is placed on the ability of the association to recover from the principal all claim payments and expenses arising from a surety contract that is a covered claim to the association.
- (2) The receiver, liquidator, or statutory successor of an insolvent insurer shall be bound by settlements of covered claims by the association or a similar organization in another state. The court having jurisdiction shall grant such claims priority equal to that which the claimant would have been entitled in the absence of this subtitle against the assets of the insolvent insurer. The expenses of the association or similar organization in handling claims shall be accorded the same priority as the liquidator's expenses.
- (3) The association shall periodically file with the receiver or liquidator of the insolvent insurer statements of the covered claims paid by the association and estimates of anticipated claims on the association which shall preserve the rights of the association against the assets of the insolvent insurer.

Effective: July 15, 1998

History: Amended 1998 Ky. Acts ch. 99, sec. 7, effective July 15, 1998. -- Created 1972 Ky. Acts ch. 137, sec. 11., effective June 16, 1972