

304.40-060 Stabilization reserve fund -- Administration -- Charge -- Corporate trustee to hold moneys -- Refund.

- (1) There is hereby created a stabilization reserve fund which shall be administered by three (3) directors, one (1) of whom shall be the commissioner or the commissioner's deputy. The remaining two (2) directors shall be appointed by the commissioner. One (1) shall be a representative of the association; the other a representative of its policyholders. The directors shall serve without salary, but shall be reimbursed for actual and necessary expenses incurred in the performance of their duties when approved by the commissioner.
- (2) Each policyholder shall pay to the association a stabilization reserve fund charge equal to one-third (1/3) of each premium payment due for insurance through the association. Such charge shall be separately stated in the policy. The association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.
- (3) The association shall promptly pay to the trustee of the fund all stabilization reserve fund charges which it collects from its policyholders and any retrospective premium refunds payable under the group retrospective rating plan authorized by KRS 304.40-050.
- (4) All moneys received by the fund shall be held in trust by a corporate trustee selected by the directors. The trustee may invest the trust fund, subject to the approval of the directors. All investment income shall be credited to the fund. All expenses of administration of the fund shall be charged against the fund. The trust fund shall be used solely for the purpose of discharging when due any retrospective premium charges payable by policyholders of the association under the group retrospective rating plan authorized by KRS 304.40-050. Payment of retrospective premium charges shall be made by the directors upon certification to them by the association of the amount due. If the trust fund is finally exhausted in payment of retrospective premium charges, all liability and obligations of the association's policyholders with respect to the payment of retrospective premium charges shall thereupon terminate and shall be conclusively presumed to have been discharged. Any moneys remaining in the fund after all such retrospective premium charges have been paid shall be returned to policyholders under procedures authorized by the directors.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1538, effective July 15, 2010. -- Created 1976 Ky. Acts ch. 164, sec. 6, effective June 19, 1976.