

**304.45-070 Requirements and prohibitions for risk retention and purchasing groups.**

- (1) A risk retention group:
  - (a) Shall not be required or permitted to join or contribute financially to any insurance insolvency guaranty fund or similar mechanism in this state, nor shall any risk retention group, its insureds, or claimants against its insureds receive any benefit from any such fund for claims arising under insurance policies issued by such risk retention group; and
  - (b) Shall participate in this state's joint underwriting associations and mandatory liability pools as provided by this chapter.
- (2) A purchasing group:
  - (a) Which obtains insurance covering its members' risks from an authorized insurer shall have Kentucky Insurance Guaranty Association coverage only for risks resident or located in this state;
  - (b) Which obtains insurance covering its members' risks from an insurer not authorized in this state or a risk retention group shall not have any Kentucky Insurance Guaranty Association coverage for such risks, wherever resident or located;
  - (c) Shall not purchase insurance from a risk retention group that is not chartered in a state or from an insurer not admitted in the state in which the purchasing group is located, unless the purchase is effected through a person holding the appropriate license pursuant to the insurance agent, insurance broker, or surplus lines laws and regulations of such state;
  - (d) Shall not offer insurance policy coverage prohibited by statute or regulation or declared unlawful by the highest court of this state;
  - (e) Shall not purchase insurance providing for a deductible or self-insured retention applicable to the group as a whole, but may provide for a deductible or self-insured retention applicable to individual members; and
  - (f) Is subject to the same standards regarding aggregate limits which are applicable to all purchases of group insurance.

**Effective:** July 13, 1990

**History:** Amended 1990 Ky. Acts ch. 165, sec. 7, effective July 13, 1990. -- Created 1986 Ky. Acts ch. 308, sec. 7, effective July 15, 1986.