

304.50-015 Definitions for subtitle.

As used in this subtitle, unless the context requires otherwise:

- (1) "Adjuster" means any person required to be licensed as an adjuster under Subtitle 9 of this chapter, who for a fee or compensation investigates or settles claims arising under contracts issued by a workers' compensation self-insured group on behalf of either the group member or the group;
- (2) "Administrator" means an individual or legal entity engaged by a self-insured group's board of trustees to carry out the policies established by the self-insured group's board of trustees and provide day-to-day management of the self-insured group;
- (3) "Agent" means an individual or business entity required to be licensed by the Department of Insurance under Subtitle 9 of this chapter, to sell or solicit applications for insurance or to negotiate insurance contracts;
- (4) "Aggregate excess insurance" means insurance which provides that the excess insurer pays on behalf of or reimburses a self-insurer for its payment of benefits on claims incurred during a policy period in excess of the retention amount to the excess insurer's limit of liability;
- (5) "Assessment" means a levy made on members of the group to fund deficiencies;
- (6) "Bona fide trade association" means an association of employers created for a noninsurance trade purpose and which has been operating in the Commonwealth for at least two (2) years prior to its sponsorship of a self-insured group;
- (7) "Certificate of filing" means the certificate issued to a workers' compensation self-insured group to indicate that it has complied with the provisions of this subtitle which are prerequisites to its operation;
- (8) "Common interests" means employers that are engaged in similar activities, share common standard industrial classification codes and common risk factors;
- (9) "Consultant" means an individual, required to be licensed under Subtitle 9 of this chapter, who as an independent contractor in relation to his or her client, for fee or compensation other than from a workers' compensation self-insured group, in any manner advises or purports to advise any person actually or prospectively a member of such a group concerning coverage, advisability, rights, or interests under the contract or relative to the retention, exchange, surrender, or exercise of rights thereunder;
- (10) "Coverage form" means coverage contract forms, endorsements, applications, indemnity agreements, clauses, riders, and all other documents regarding coverage;
- (11) "Deficiency" means that the self-insured group's assets are insufficient to enable the group to discharge its legal liabilities and other obligations and maintain the reserves required under this subtitle, or that the group has a negative members' fund balance;
- (12) "Deficit" means the amount of any deficiency in the self-insured group or group self-insurance fund;

- (13) "Dividends" means disbursements from surplus funds to group members in accordance with a plan filed with, and approved by, the commissioner;
- (14) "Earned premium" means the prorated portion of the full, actual premium charged to the group members that is applicable to the group's accounting period or fiscal year;
- (15) "Employee" means those persons covered under the provisions of KRS 342.640 and those persons voluntarily covered under KRS 342.660;
- (16) "Employer" means an employer mandatorily subject to and required to comply with the provisions of KRS Chapter 342, and those voluntarily covering excluded employees pursuant to KRS 342.660;
- (17) "Commissioner" means the commissioner of the Kentucky Department of Insurance;
- (18) "Fiscal agent" means a person or legal entity, other than a service organization or employees or agents of a service organization, designated by the trustees to receive, invest, and disburse the self-insured group's funds;
- (19) "Forms" means coverage contract forms, endorsements, applications, indemnity agreements, clauses, riders, articles of association, articles of incorporation, trust agreements or bylaws of the proposed group, and all other documents regarding coverage and membership;
- (20) "Governmental entities" means cities, counties, urban-county governments, charter county governments, consolidated local governments, school districts, and other political subdivisions of the Commonwealth, and their boards, agencies, authorities, and commissions;
- (21) "Group members" means employers who have joined a self-insured group;
- (22) "Group self-insurance fund" means the contractual arrangement whereby twenty (20) or more employers with common interests or two (2) or more governmental entities associate to jointly self-insure their workers' compensation liability;
- (23) "Insolvent" or "insolvency" means the inability of a self-insured group to pay its outstanding lawful obligations as they mature in the regular course of business, or to hold sufficient assets to prospectively pay all incurred workers' compensation benefits when due;
- (24) "Insurance producer" means an individual or business entity required to be licensed under Subtitle 9 of this chapter to sell, solicit, or negotiate insurance. "Insurance producer" includes agent, consultant, managing general agent, surplus lines broker, reinsurance intermediary broker and manager, and, for a workers' compensation self-insured group, a third-party administrator;
- (25) "Person" includes, but is not limited to, any individual, partnership, association, limited liability company, trust, or corporation;
- (26) "Premium" means the amount of money charged each member of the self-insured group to fund the obligations and expenses of the self-insured group;
- (27) "Qualified actuary" means an associate or fellow of the Casualty Actuarial Society;

- (28) "Rate" means the expected value of the future cost of insurance per exposure unit which accounts for the treatment of losses, expenses, and profit prior to any application of individual risk variations based on loss or expense considerations, but does not include minimum premium;
- (29) "Self-insured group" means a group self-insurance fund;
- (30) "Self-insurance year" means the annual period of certification of the self-insured group authorized under KRS 304.50-010 and 342.350;
- (31) "Service organization" means a person or entity that provides services to a self-insured group and includes claims adjustment, safety engineering, statistical compilation, preparation of premium charges, loss and tax reports or other reports required by the commissioner, administration of the self-insured group, marketing services, placement of excess insurance, development of member payroll audits, administration of investments, or legal assistance;
- (32) "Specific excess insurance" means an insurance policy which insures the amount of a claim from one (1) occurrence involving one (1) or more employees or employers in the same occurrence or incident of exposure in excess of a specified dollar amount to a stated limit;
- (33) "Supplementary rating information" means any manual or plan of rates, classification, rating schedule, minimum premium, policy fees, rating rules, or any similar information needed to determine the applicable rate or premium. This shall include underwriting rules, but only to the extent necessary to determine the rate or premium that will be applicable to a risk should the self-insured group decide to provide coverage. This does not include guidelines that relate to the selection of those risks that are acceptable to a workers' compensation self-insured group;
- (34) "Supporting information" means the experience and judgment of the filer and the experience or data of other insurers or organizations relied on by the filer, the interpretation of any other data relied on by the filer, descriptions of methods used in making the rates, and any other information required by the commissioner;
- (35) "Surplus funds" means the excess of the self-insured group's assets over its liabilities; and
- (36) "Trustees" means persons elected by the group members or appointed by the board of directors of the sponsoring trade association or association of governmental entities to oversee the administration of the self-insured group.

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History: Amended 2010 Ky. Acts ch. 24, sec. 1625, effective July 15, 2010. -- Created 2005 Ky. Acts ch. 7, sec. 3, effective March 1, 2005.