

**304.50-030 Application for certification -- Filing fee -- Contents -- Premiums -- Deadline.**

- (1) A proposed workers' compensation self-insured group seeking initial certification shall file with the commissioner an application for a certificate of filing accompanied by a nonrefundable filing fee of six hundred dollars (\$600). An application for initial certification as a workers' compensation self-insured group shall be filed on a form approved by the commissioner by:
  - (a) A group of twenty (20) or more employers having common interests or membership in a bona fide trade association. Any group member having more than fifty percent (50%) common ownership shall constitute one (1) group member; or
  - (b) Two (2) or more governmental entities.
- (2) Each initial application shall set forth or be accompanied by:
  - (a) The self-insured group's name, location of its principal office, date of organization, name and address of each group member, if known at the time of application, or if unknown, a description of the members to be solicited for membership, and identification of its fiscal year;
  - (b) A copy of the articles of association, articles of incorporation, trust agreement, or bylaws of the proposed self-insured group, including a description of the time and method by which premiums shall be determined, assessed, and collected during regular operations and in the event of insolvency of the self-insured group;
  - (c) A copy of any agreements with an administrator, service organization, and fiscal agent, including third-party administrators and consultants;
  - (d) A copy of the agreement between the self-insured group and each member jointly and severally binding the group and each member of the group to comply with the provisions of this subtitle and the decisions of the trustees relating to the operation of the self-insured group;
  - (e) A description of the group members' common interests or a description of the bona fide trade association, including date of organization, articles of incorporation, and a history of the association's activities;
  - (f) The managed care and utilization review plans, if any, established under KRS Chapter 342 for the self-insured group;
  - (g) A copy of each instrument by which the self-insured group or its agent or consultant has made a commitment to pay for a past or future good or service;
  - (h) Identification by name, address, and term of the initial board of trustees, administrator, and service organization together with an attested statement that a pecuniary or personal conflict does not exist between the official duties of the trustees, administrators, and service organizations and the interests of the members;
  - (i) The name of the custodian and the address where the self-insured group's books and records will be kept;

- (j) Specimen of the proposed policy and certificate of insurance for the specific and aggregate excess coverage, clearly stating any deductible or retention amount;
  - (k) Copies of security deposits and fidelity bonds required under this subtitle;
  - (l) A proposed schedule of projected annual premium rates and any factor or plan by which rates may be modified. Experience modification factors shall be calculated according to the rules of the advisory organization designated by the commissioner in accordance with Subtitle 13 of this chapter;
  - (m) Financial statements for initial group members audited by a certified public accountant, and signed by an owner or officer of each member, demonstrating a combined net worth of not less than ten million dollars (\$10,000,000) for the group, except for governmental entities, and the financial condition of each member;
  - (n) A feasibility study prepared by a qualified actuary demonstrating the overall adequacy and soundness of the proposed plan of operation for the self-insured group; and
  - (o) A three (3) year financial projection including income statements, balance sheets, statements of cash flow, and all material assumptions relating to the financial projection for the self-insured group.
- (3) (a) Except as provided in paragraph (b) of this subsection, the premium of one (1) group member shall not exceed twenty percent (20%) of the estimated total premium for the workers' compensation self-insured group.
  - (b) If the group consists of two (2) or more governmental entities, the premium of one (1) group member shall not exceed sixty percent (60%) of the estimated total premium for the self-insured group.
- (4) The first year's premium for the initial certification of the self-insured group shall not be less than one million dollars (\$1,000,000). Verification shall be presented that twenty-five percent (25%) of the initial estimated premium has been paid and deposited with the self-insured group's fiscal agent.
  - (5) The initial application shall be filed a minimum of ninety (90) days prior to the proposed inception date of the self-insured group.

**Effective:** July 15, 2010

**History:** Amended 2010 Ky. Acts ch. 24, sec. 1628, effective July 15, 2010. -- Created 2005 Ky. Acts ch. 7, sec. 6, effective March 1, 2005.