

304.50-045 Initial and continuing financial solvency requirements.

- (1) To obtain and maintain a certificate of filing, a workers' compensation self-insured group shall have sufficient financial strength to pay all benefits for compensation required by KRS Chapter 342 for risks covered by the group, including known claims and expenses and incurred but not reported claims and expenses.
- (2)
 - (a) The trustees and administrators shall provide a fidelity bond to the commissioner in the amount of not less than three hundred thousand dollars (\$300,000), which may be subject to a deductible not exceeding ten thousand dollars (\$10,000), for each trustee, each administrator and the administrator's employees.
 - (b) The fiscal agent shall provide a fidelity bond to the trustees of not less than fifty percent (50%) or one million dollars (\$1,000,000), whichever is lower, of the funds to be handled by the fiscal agent. This requirement shall be waived if the fiscal agent is a national bank.
 - (c) The service organization shall provide a fidelity bond to the trustees of not less than two (2) times the amount of the revolving fund.
 - (d) In lieu of the bonds required under paragraphs (a), (b), and (c) of this subsection, the trustees may secure a fidelity blanket bond in an amount not less than fifty percent (50%) of the self-insured group's premium or two million dollars (\$2,000,000), whichever is lower. The fidelity blanket bond shall include the trustees, the administrator, the service organization, personnel of the service organization, and the fiscal agent, unless the fiscal agent is a national bank.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1631, effective July 15, 2010. -- Created 2005 Ky. Acts ch. 7, sec. 9, effective March 1, 2005.