

## CHAPTER 83

( HB 351 )

AN ACT relating to state property.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 56.100 is amended to read as follows:

- (1) Each fiscal year the State Treasurer shall deduct from any funds in *the Treasury*~~{his hands}~~ payable to an agency for the care and maintenance of public buildings or property, an amount equal to the premiums certified to him *or her* as chargeable against that agency. The amount so debited shall be credited to an account kept by the State Treasurer and known as the state fire and tornado insurance fund. No premium shall be charged on any one (1) subject of risk upon a valuation of more than *one million dollars (\$1,000,000)*~~{five hundred thousand dollars (\$500,000)}~~ unless the *Office of the Controller in the Finance and Administration* Cabinet has contracted for reinsurance that limits the liability of the fund to *one million dollars (\$1,000,000)*~~{five hundred thousand dollars (\$500,000)}~~ upon such subject of risk.
- (2) The *Office of the Controller in the Finance and Administration* Cabinet shall prescribe a certificate setting forth the terms and conditions of coverage under the state fire and tornado insurance fund. Different forms of certificates may be used for different risks. Such certificates may contain such terms and conditions as the *Office of the Controller in the Finance and Administration* Cabinet may prescribe, including, but not limited to, a deductible in order that there be fair allocation of significant losses and the elimination of unnecessary costs in administering the state fire and tornado insurance fund.

➔Section 2. KRS 56.120 is amended to read as follows:

When the amount of damage has been determined, the State Treasurer shall debit the account of the state fire and tornado insurance fund by that amount and credit with an equal amount the account of the agency that has control or custody of the property damaged, and upon warrant from the Finance and Administration Cabinet, the Treasurer shall pay to the agency the amount so credited to it, for the purpose of repairing the damage or reconstructing or replacing the damaged or destroyed property. If the agency deems it impracticable or undesirable to use the money for repair, reconstruction, or replacement of the property damaged or destroyed, it may, with the approval of the Finance and Administration Cabinet, and subject to the provisions of KRS 56.491, expend said funds for the acquisition, repair, construction, or reconstruction of property similar to the property damaged or destroyed. No debit, credit, or payment made on account of the damage to any one (1) subject of risk, by any one (1) loss, shall be in excess of *one million dollars (\$1,000,000)*~~{five hundred thousand dollars (\$500,000)}~~, unless the *Office of the Controller in the Finance and Administration* Cabinet has effected reinsurance upon the subject of risk such as to limit the liability of the state fire and tornado insurance fund to *one million dollars (\$1,000,000)*~~{five hundred thousand dollars (\$500,000)}~~, and unless the excess over this amount has actually been paid into the fund by the reinsuring company or companies.

➔Section 3. KRS 56.160 is amended to read as follows:

The *Office of the Controller in the Finance and Administration* Cabinet may contract with any responsible fire and tornado insurance or reinsurance company authorized to do business in Kentucky to reinsure any subject of risk of which the total valuation has been fixed at over *one million dollars (\$1,000,000)*~~{five hundred thousand dollars (\$500,000)}~~ in such a way as to limit the net liability of the state fire and tornado insurance fund with respect to such subject of risk to *one million dollars (\$1,000,000)*~~{five hundred thousand dollars (\$500,000)}~~. The premium for reinsurance shall be paid out of the state fire and tornado insurance fund, on warrant of the cabinet.

➔Section 4. KRS 56.180 is amended to read as follows:

- (1) If at the end of any fiscal year the moneys and securities to the credit of the state fire and tornado insurance fund exceed *ten million dollars (\$10,000,000)*~~{five million dollars (\$5,000,000)}~~, any such excess shall be transferred to the general fund.
- (2) The moneys and securities to the credit of the state fire and tornado insurance fund shall not be used for any purpose unrelated to fund operations.

**Signed by Governor April 11, 2012.**