

**304.48-250 Assessment of members when assets insufficient or when deficiency in fund year -- Determination of insolvency -- Delinquency proceedings -- Financing of payments by governmental entities.**

- (1) If the assets of a liability self-insurance group are at any time insufficient to enable the group to discharge its legal liabilities, other obligations, and to maintain the required reserves under this subtitle, the group shall immediately levy an assessment upon its members for the amount necessary to make up the deficiency.
- (2) If there is a deficiency in any fund year, the deficiency shall be made up immediately, from the following:
  - (a) Surplus from a fund year other than the current fund year after prior notice of the transfer has been given to the commissioner;
  - (b) Administrative funds;
  - (c) Assessment of membership; or
  - (d) Alternate methods as the commissioner may direct or approve.
- (3) If a liability self-insurance group fails to assess its members within thirty (30) days to make up a deficit, the commissioner shall order it to do so. This subsection shall not apply to liability self-insurance groups formed by governmental entities which do not have joint and several liability.
- (4) If a liability self-insurance group fails to make the required assessment of its members within thirty (30) days after the commissioner orders it to do so, or if the deficiency is not fully made up within sixty (60) days after the date on which the assessment is made, or within a longer period of time as may be permitted by the commissioner, the group shall be determined to be insolvent and may be placed in delinquency proceedings as an insurer pursuant to Subtitle 33 of this chapter.
- (5)
  - (a) Governmental entities that:
    1. Participate or have participated in a liability self-insurance group authorized by this subtitle; and
    2. Are assessed by the liability self-insurance group to cover an accrued deficit;  
may finance the payment of the assessment over a period not to exceed twenty (20) years.
  - (b) Financing obtained pursuant to paragraph (a) of this subsection may be accomplished by:
    1. The issuance of bonds, notes, or other obligations; or
    2. A lease, installment payment agreement, or other similar agreement.
  - (c) If the governmental entity fails to make a scheduled payment on the financing obtained pursuant to paragraph (a) of this subsection, any payments due to that governmental entity shall be withheld or intercepted using the process established in KRS 160.160(7).
- (6) Except as provided in subsection (5) of this section, all other provisions of the Kentucky Revised Statutes applying to any financing obtained by a governmental entity shall apply.

**Effective:** April 14, 2026

**History:** Amended 2026 Ky. Acts ch. 154, sec. 12, effective April 14, 2026. -- Amended 2024 Ky. Acts ch. 126, sec. 5, effective July 15, 2024. -- Amended 2013 Ky. Acts ch. 75, sec. 4, effective June 25, 2013. -- Amended 2010 Ky. Acts ch. 24, sec. 1604, effective July 15, 2010; and ch. 48, sec. 7, effective July 15, 2010. -- Created 1994 Ky. Acts ch. 358, sec. 25, effective July 15, 1994.