

1 AN ACT relating to county finance.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 68 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) For the purposes of this section:*

6 *(a) "County" means any:*

- 7 *1. County;*
- 8 *2. Urban-county;*
- 9 *3. Consolidated local government;*
- 10 *4. Charter county; or*
- 11 *5. Unified local government; and*

12 *(b) "County officer" means:*

- 13 *1. The county judge/executive or chief executive officer of the county;*
- 14 *2. Any magistrate, commissioner, or member of the legislative body of*
15 *the county; or*
- 16 *3. The county treasurer, the officer acting as the equivalent of a county*
17 *treasurer, or any employee of the treasurer's or the equivalent's staff.*

18 *(2) If, in an audit conducted pursuant to KRS 43.070, the Auditor of Public Accounts*
19 *finds:*

20 *(a) Any errors, unsafe handling, or other improper practice of financial*
21 *administration to have been committed by a county official, then the county,*
22 *if not already maintaining such coverage, shall purchase a liability*
23 *insurance policy covering potential financial losses arising out of any*
24 *future act or omission of the county officer or officers; or*

25 *(b) Any illegal acts related to financial administration to have been committed*
26 *by a county officer, then the county, if not already maintaining such*
27 *coverage, shall purchase a commercial crime insurance policy or other*

1 policy covering potential financial losses arising from any future
2 commission of a crime by a county officer.

3 (3) Any policy required by subsection (2) of this section:

4 (a) Shall be purchased by the county immediately upon notification that the
5 Auditor has made findings related to subsection (2)(a) or (b) of this section;

6 (b) Shall be for a term of four (4) years, or for a lesser period and renewed for a
7 total period of four (4) years;

8 (c) Shall include a minimum coverage in the amount of one million dollars
9 (\$1,000,000) per incident; and

10 (d) May include prior acts coverage.

11 (4) Nothing in this section shall be construed to require a county to purchase a
12 liability insurance policy with a retrospective policy date covering specific acts
13 discovered by the Auditor of Public Accounts in an audit.