

1 AN ACT relating to the interpretation of state insurance laws and declaring an  
2 emergency.

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

4 ➔SECTION 1. A NEW SECTION OF SUBTITLE 1 OF KRS CHAPTER 304 IS  
5 CREATED TO READ AS FOLLOWS:

6 *A statement of the law in the American Law Institute's Restatement of the Law,*  
7 *Liability Insurance does not constitute the law or public policy of this state if the*  
8 *statement of the law is inconsistent or in conflict with:*

9 *(1) The Constitution of the United States or of this state;*

10 *(2) A statute of this state;*

11 *(3) This state's case law precedent; or*

12 *(4) Other common law that may have been adopted by this state.*

13 ➔Section 2. KRS 304.1-120 is amended to read as follows:

14 No provision of this code, *except Section 1 of this Act,* shall apply to:

15 (1) Fraternal benefit societies (as identified in Subtitle 29), except as stated in Subtitle  
16 29.

17 (2) Nonprofit hospital, medical-surgical, dental, and health service corporations (as  
18 identified in Subtitle 32) except as stated in Subtitle 32.

19 (3) Burial associations (as identified in KRS Chapter 303), except as stated in Subtitle  
20 31.

21 (4) Assessment or cooperative insurers (as identified in KRS Chapter 299), except as  
22 stated in KRS Chapter 299.

23 (5) Insurance premium finance companies (as identified in Subtitle 30), except as stated  
24 in Subtitle 30.

25 (6) Qualified organizations which issue charitable gift annuities within the  
26 Commonwealth of Kentucky. For the purposes of this subsection:

27 (a) A "qualified organization" means one which is:

- 1           1.   Exempt from taxation under Section 501(c)(3) of the Internal Revenue  
2           Code as a charitable organization, if it files a copy of federal form 990  
3           with the Division of Consumer Protection in the Office of the Attorney  
4           General; or  
5           2.   Exempt from taxation under Section 501(c)(3) of the Internal Revenue  
6           Code as a religious organization; or  
7           3.   Exempt as a publicly owned or nonprofit, privately endowed educational  
8           institution approved or licensed by the State Board of Education, the  
9           Southern Association of Colleges and Schools, or an equivalent public  
10          authority of the jurisdiction where the institution is located; and  
11          (b) A "charitable gift annuity" means a giving plan or method by which a gift of  
12          cash or other property is made to a qualified organization in exchange for its  
13          agreement to pay an annuity.
- 14   (7) A religious organization, as identified in this subsection, or its participants, that:
- 15          (a) Is a nonprofit religious organization;
- 16          (b) Is limited to participants who are members of the same denomination or  
17          religion;
- 18          (c) Matches its participants who have financial, physical, or medical needs with  
19          participants who choose to assist with those needs;
- 20          (d) 1. Includes the following notice for delivery to all participants, printed in  
21          not less than ten (10) point, bold-faced type on or accompanying all  
22          applications, guideline materials, or any similar documents:  
23          "NOTICE: UNDER KENTUCKY LAW, THE RELIGIOUS  
24          ORGANIZATION FACILITATING THE SHARING OF MEDICAL  
25          EXPENSES IS NOT AN INSURANCE COMPANY, AND ITS  
26          GUIDELINES, PLAN OF OPERATION, OR ANY OTHER  
27          DOCUMENT OF THE RELIGIOUS ORGANIZATION DO NOT

1           CONSTITUTE OR CREATE AN INSURANCE POLICY.  
2           PARTICIPATION IN THE RELIGIOUS ORGANIZATION OR A  
3           SUBSCRIPTION TO ANY OF ITS DOCUMENTS SHALL NOT BE  
4           CONSIDERED INSURANCE. ANY ASSISTANCE YOU RECEIVE  
5           WITH YOUR MEDICAL BILLS WILL BE TOTALLY VOLUNTARY.  
6           NEITHER THE ORGANIZATION OR ANY PARTICIPANT SHALL  
7           BE COMPELLED BY LAW TO CONTRIBUTE TOWARD YOUR  
8           MEDICAL BILLS. WHETHER OR NOT YOU RECEIVE ANY  
9           PAYMENTS FOR MEDICAL EXPENSES, AND WHETHER OR  
10          NOT THIS ORGANIZATION CONTINUES TO OPERATE, YOU  
11          SHALL BE PERSONALLY RESPONSIBLE FOR THE PAYMENT  
12          OF YOUR MEDICAL BILLS."

13          2. A participant shall acknowledge receipt of the "Notice" by signing  
14          below the "Notice" on the application;

15          (e) Suggests amounts to give that are voluntary among the participants, with no  
16          assumption of risk or promise to pay either among the participants or between  
17          the participants and the organization.

18          (8) A public or private ambulance service licensed and regulated by the Cabinet for  
19          Health and Family Services to the extent that it solicits membership subscriptions,  
20          accepts membership applications, charges membership fees, and furnishes prepaid  
21          or discounted ambulance services to subscription members and designated members  
22          of their households.

23          (9) A direct primary care agreement established under KRS 311.6201, 311.6202,  
24          314.198, and 314.199.

25          ➔Section 3. This Act shall be known as the Model Act Concerning Interpretation  
26          of Kentucky Insurance Laws.

27          ➔Section 4. Whereas several areas of the American Law Institute's Restatement

1 of Law, Liability Insurance are inconsistent with well-established law and purport to  
2 address matters which are properly in the legislative prerogative, an emergency is  
3 declared to exist, and this Act takes effect upon its passage and approval by the Governor  
4 or upon its otherwise becoming law.