

1 AN ACT relating to legislative committees.

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

3 ➔Section 1. KRS 11.202 is amended to read as follows:

- 4 (1) The duties of the Commission on Small Business Advocacy shall include~~[,]~~ but not
5 be limited to:
- 6 (a) Coordinate and promote the awareness of the Federal Small Business
7 Regulatory Enforcement Fairness Act of 1996, and its subsequent
8 amendments within the small business community of the Commonwealth;
 - 9 (b) Develop a process by which the small business community is made aware of
10 state legislation and administrative regulations affecting it, both prior to its
11 enactment and during its implementation;
 - 12 (c) Advocate for the small business sectors when state legislation and
13 administrative regulations are overly burdensome, costly, or harmful to the
14 success and growth of the sector;
 - 15 (d) Collect information and research those public policies and government
16 practices which are helpful or detrimental to the success and growth of the
17 small business community; and
 - 18 (e) Review administrative regulations that may impact small business. The
19 commission may seek input from other agencies, organizations, or interested
20 parties. In acting as an advocate for small business, the commission may
21 submit a written report to the promulgating administrative body to be
22 considered as comments received during the public comment period required
23 by KRS 13A.270(1)(c). The report may specify the commission's findings
24 regarding the administrative regulation, including an identification and
25 estimate of the number of small businesses subject to the administrative
26 regulation, the projected reporting, recordkeeping, and other administrative
27 costs required for compliance with the administrative regulation, and any

1 suggestions the commission has for reducing the regulatory burden on small
2 businesses through the use of tiering or exemptions, in accordance with KRS
3 13A.210. A copy of the report shall be filed with the regulations compiler of
4 the Legislative Research Commission.

5 (2) By September 1 of each year, the commission shall submit a report to the Governor
6 and the Interim Joint Committee on ~~[Economic Development and]Tourism, Small~~
7 **Business, and Information Technology** detailing its work in the prior fiscal year,
8 including, but not limited to the following:

9 (a) Activities and achievements of the commission in accomplishing its purposes
10 and duties;

11 (b) Findings of the commission related to its collection of information and
12 research on public policies and government practices affecting small
13 businesses, including specific legislation and administrative regulations that
14 are helpful or detrimental to the success of small businesses; and

15 (c) Specific recommendations of ways state government could better promote the
16 economic development efforts of small businesses in the Commonwealth.

17 (3) Beginning December 1, 2012, and on every December 1 thereafter, the commission
18 shall submit an annual report to the Secretary of State and the Legislative Research
19 Commission setting forth an analysis of how the one-stop electronic business portal
20 established in KRS 14.250 may be improved to make the business portal more user
21 friendly for businesses.

22 ➔Section 2. KRS 304.13-340 is amended to read as follows:

23 The Workers' Compensation Insurance Plan (KWCIP), a workers' compensation residual
24 market mechanism, in existence by virtue of this subtitle, shall not write new policies or
25 renew policies after September 1, 1995. The board of directors of the Employers' Mutual
26 Insurance Authority, the commissioner of the Department of Workers' Claims, and the
27 commissioner of the Department of Insurance shall develop a plan, which shall be

1 reviewed by the *Economic Development and Workforce Investment*~~[Labor and Industry]~~
2 Committee and the Banking and Insurance Committee of the General Assembly, for the
3 orderly and equitable phase-out of the KWCIP. All claims on workers' compensation
4 assigned risk policies in effect or issued prior to September 1, 1995, shall be paid by the
5 KWCIP. The plan developed shall include procedures for application and transfer of the
6 insureds in the KWCIP to the authority, who shall be subject to the qualifications and
7 conditions of coverage required in KRS 342.801 to 342.843 and this section. The
8 authority shall not be liable for any liabilities or deficits incurred on assigned risk policies
9 in effect or issued prior to September 1, 1995.

10 →Section 3. KRS 304.50-160 is amended to read as follows:

11 Annually on or before the fifteenth day of December, the commissioner shall make a
12 report to the Governor and the Interim Joint Committees of Banking and Insurance and
13 *Economic Development and Workforce Investment*~~[Labor and Industry]~~ on the status of
14 workers' compensation self-insured groups.

15 →Section 4. KRS 341.240 is amended to read as follows:

16 (1) There is hereby created in the State Treasury a special fund to be known as the
17 unemployment compensation administration fund. All money deposited or paid into
18 this fund is hereby appropriated and shall be continuously available to the secretary
19 for expenditure consistent with this chapter, and shall not lapse at any time. A
20 general statement that all continuing appropriations are repealed shall not be
21 construed as repealing this section.

22 (2) All money in the unemployment compensation administration fund shall be
23 expended solely to defray the cost of the administration of this chapter.

24 (3) (a) The unemployment compensation administration fund shall consist of all
25 money appropriated by this state and all money received from the United
26 States, or any agency thereof or from any other source, for the administration
27 of this chapter.

- 1 (b) The secretary is authorized to obtain funding through any commercially
2 reasonable means for the benefit of the unemployment compensation
3 administration fund, including reasonable expenses, so long as the debt, note,
4 security, or obligations are payable solely from the surcharge proceeds,
5 revenues, or funds and accounts specifically authorized for such purpose
6 under this chapter. The State Treasurer shall maintain a separate record of all
7 money received for the unemployment compensation administration fund
8 under this paragraph. The secretary is authorized to pledge the surcharge
9 proceeds under this chapter as security for financing obtained pursuant to this
10 section.
- 11 (c) Any obligation incurred under this subsection shall not constitute a debt,
12 liability, obligation, or pledge of the credit or taxing power of this
13 Commonwealth. Any debt or obligation incurred as a result of this subsection
14 shall be payable solely from the surcharge proceeds, revenues, or funds and
15 accounts pledged or available for such purpose under this chapter.
- 16 (d) On or before July 1, 2012, and quarterly thereafter, the secretary shall report to
17 the Legislative Research Commission, for referral to the Appropriations and
18 Revenue Committee and the *Economic Development and Workforce*
19 *Investment*~~Labor and Industry~~ Committee, on the financing authorized in
20 this section for the payment of interest on advances under Title XII of the
21 Social Security Act, the status of the trust fund, and efforts to obtain a cap on
22 the federal unemployment tax credit reduction.
- 23 (4) In order to establish and maintain free employment offices, the secretary may enter
24 into agreements with the Railroad Retirement Board or any other agency charged
25 with the administration of an unemployment insurance law, with any cities or other
26 political subdivisions of this state or with any private nonprofit organization. As a
27 party to any such agreement, the secretary may accept money, service or quarters as

1 a contribution to the unemployment compensation administration fund.

2 ➔Section 5. KRS 342.035 is amended to read as follows:

- 3 (1) Periodically, the commissioner shall promulgate administrative regulations to adopt
4 a schedule of fees for the purpose of ensuring that all fees, charges, and
5 reimbursements under KRS 342.020 and this section shall be fair, current, and
6 reasonable and shall be limited to such charges as are fair, current, and reasonable
7 for similar treatment of injured persons in the same community for like services,
8 where treatment is paid for by general health insurers. In determining what fees are
9 reasonable, the commissioner may also consider the increased security of payment
10 afforded by this chapter. On or before November 1, 1994, and on July 1 every two
11 (2) years thereafter, the schedule of fees contained in administrative regulations
12 promulgated pursuant to this section shall be reviewed and updated, if appropriate.
13 Within ten (10) days of April 4, 1994, the commissioner shall execute a contract
14 with an appropriately qualified consultant pursuant to which each of the following
15 elements within the workers' compensation system are evaluated; the methods of
16 health care delivery; quality assurance and utilization mechanisms; type, frequency,
17 and intensity of services; risk management programs; and the schedule of fees
18 contained in administrative regulation. The consultant shall present
19 recommendations based on its review to the commissioner not later than sixty (60)
20 days following execution of the contract. The commissioner shall consider these
21 recommendations and, not later than thirty (30) days after their receipt, promulgate
22 a regulation which shall be effective on an emergency basis, to effect a twenty-five
23 percent (25%) reduction in the total medical costs within the program.
- 24 (2) No provider of medical services or treatment required by this chapter, its agent,
25 servant, employee, assignee, employer, or independent contractor acting on behalf
26 of any medical provider, shall knowingly collect, attempt to collect, coerce, or
27 attempt to coerce, directly or indirectly, the payment of any charge, for services

1 covered by a workers' compensation insurance plan for the treatment of a work-
2 related injury or occupational disease, in excess of that provided by a schedule of
3 fees, or cause the credit of any employee to be impaired by reason of the employee's
4 failure or refusal to pay the excess charge. In addition to the penalty imposed in
5 KRS 342.990 for violations of this subsection, any individual who sustains damages
6 by any act in violation of the provisions of this subsection shall have a civil cause of
7 action in Circuit Court to enjoin further violations and to recover the actual
8 damages sustained by the individual, together with the costs of the lawsuit,
9 including a reasonable attorney's fee.

10 (3) Where these requirements are furnished by a public hospital or other institution,
11 payment thereof shall be made to the proper authorities conducting it. No
12 compensation shall be payable for the death or disability of an employee if his or
13 her death is caused, or if and insofar as his disability is aggravated, caused, or
14 continued, by an unreasonable failure to submit to or follow any competent surgical
15 treatment or medical aid or advice.

16 (4) The commissioner shall, by December 1, 1994, promulgate administrative
17 regulations to adopt a schedule of fees for the purpose of regulating charges by
18 medical providers and other health care professionals for testimony presented and
19 medical reports furnished in the litigation of a claim by an injured employee against
20 the employer. The workers' compensation medical fee schedule for physicians, 803
21 KAR 25:089, having an effective date of February 9, 1995, shall remain in effect
22 until July 1, 1996, or until the effective date of any amendments promulgated by the
23 commissioner, whichever occurs first, it being determined that this administrative
24 regulation is within the statutory grant of authority, meets legislative intent, and is
25 not in conflict with the provisions of this chapter. The medical fee schedule and
26 amendments shall be fair, current, and reasonable and otherwise comply with this
27 section.

- 1 (5) (a) To ensure compliance with subsections (1) and (4) of this section, the
2 commissioner shall promulgate administrative regulations by December 31,
3 1994, which require each insurance carrier, self-insured group, and self-
4 insured employer to certify to the commissioner the program or plan it has
5 adopted to ensure compliance.
- 6 (b) In addition, the commissioner shall periodically have an independent audit
7 conducted by a qualified independent person, firm, company, or other entity
8 hired by the commissioner, in accordance with the personal service contract
9 provisions contained in KRS 45A.690 to 45A.725, to ensure that the
10 requirements of subsection (1) of this section are being met. The independent
11 person, firm, company, or other entity selected by the commissioner to
12 conduct the audit shall protect the confidentiality of any information it
13 receives during the audit, shall divulge information received during the audit
14 only to the commissioner, and shall use the information for no other purpose
15 than the audit required by this paragraph.
- 16 (c) The commissioner shall promulgate administrative regulations governing
17 medical provider utilization review activities conducted by an insurance
18 carrier, self-insured group, or self-insured employer pursuant to this chapter.
19 Utilization review required under administrative regulations may be waived if
20 the insurance carrier, self-insured group, or self-insured employer agrees that
21 the recommended medical treatment is medically necessary and appropriate or
22 if the injured employee elects not to proceed with the recommended medical
23 treatment.
- 24 (d) Periodically, or upon request, the commissioner shall report to the Interim
25 Joint Committee on Economic Development and Workforce
26 Investment~~[Labor and Industry]~~ of the Legislative Research Commission or to
27 the corresponding standing committees of the General Assembly, as

1 appropriate, the degree of compliance or lack of compliance with the
2 provisions of this section and make recommendations thereon.

3 (e) The cost of implementing and carrying out the requirements of this subsection
4 shall be paid from funds collected pursuant to KRS 342.122.

5 (6) The commissioner may promulgate administrative regulations incorporating
6 managed care or other concepts intended to reduce costs or to speed the delivery or
7 payment of medical services to employees receiving medical and related benefits
8 under this chapter.

9 (7) For purposes of this chapter, any medical provider shall charge only its customary
10 fee for photocopying requested documents. However, in no event shall a
11 photocopying fee of a medical provider or photocopying service exceed fifty cents
12 (\$0.50) per page. However, a medical provider shall not charge a fee when the
13 initial copy of medical records is provided to the injured worker or his or her
14 attorney in response to a written request pursuant to KRS 422.317. In addition, there
15 shall be no charge for reviewing any records of a medical provider, during regular
16 business hours, by any party who is authorized to review the records and who
17 requests a review pursuant to this chapter.

18 (8) (a) The commissioner shall develop or adopt practice parameters or evidence-
19 based treatment guidelines for medical treatment for use by medical providers
20 under this chapter, including but not limited to chronic pain management
21 treatment and opioid use, and promulgate administrative regulations in order
22 to implement the developed or adopted practice parameters or evidenced-
23 based treatment guidelines on or before December 31, 2019. The
24 commissioner may adopt any parameters for medical treatment as developed
25 and updated by the federal Agency for Health Care Policy Research, or the
26 commissioner may adopt other parameters for medical treatment which are
27 developed by qualified bodies, as determined by the commissioner, with

1 periodic updating based on data collected during the application of the
2 parameters.

3 (b) The commissioner shall develop or adopt a pharmaceutical formulary for
4 medications prescribed for the cure of and relief from the effects of a work
5 injury or occupational disease and promulgate administrative regulations to
6 implement the developed or adopted pharmaceutical formulary on or before
7 December 31, 2018.

8 (c) Any provider of medical services under this chapter who has followed the
9 practice parameters or treatment guidelines or formularies developed or
10 adopted and implemented pursuant to this subsection shall be presumed to
11 have met the appropriate legal standard of care in medical malpractice cases
12 regardless of any unanticipated complication that may thereafter develop or be
13 discovered.

14 (9) (a) Notwithstanding any other provision of law to the contrary, the medical fee
15 schedule adopted under subsection (4) of this section shall require all worker's
16 compensation insurance carriers, worker's compensation self-insured groups,
17 and worker's compensation self-insured employers to provide coverage and
18 payment for surgical first assisting services to registered nurse first assistants
19 as defined in KRS 216B.015.

20 (b) The provisions of this subsection apply only if reimbursement for an assisting
21 physician would be covered and a registered nurse first assistant who
22 performed the services is used as a substitute for the assisting physician. The
23 reimbursement shall be made directly to the registered nurse first assistant if
24 the claim is submitted by a registered nurse first assistant who is not an
25 employee of the hospital or the surgeon performing the services.

26 ➔Section 6. KRS 342.1223 is amended to read as follows:

27 (1) The Kentucky Workers' Compensation Funding Commission is created as an

1 agency of the Commonwealth for the public purpose of controlling, investing, and
2 managing the funds collected pursuant to KRS 342.122.

3 (2) The commission shall:

- 4 (a) Hold, administer, invest, and reinvest the funds collected pursuant to KRS
5 342.122 and its other funds separate and apart from all "state funds" or "public
6 funds," as defined in KRS Chapter 446;
- 7 (b) Act as a fiduciary, as defined in KRS Chapter 386, in exercising its power
8 over the funds collected pursuant to KRS 342.122, and may invest association
9 funds through one (1) or more banks, trust companies, or other financial
10 institutions with offices in Kentucky in good standing with the Department of
11 Financial Institutions, in investments described in KRS Chapter 386, except
12 that the funding commission may, at its discretion, invest in equity securities;
- 13 (c) Report to the General Assembly at each even-numbered-year regular session
14 the actuarial soundness and adequacy of the funding mechanism for the
15 special fund and other programs supported by the mechanism, including
16 detailed information on the investment of funds and yields thereon;
- 17 (d) Recommend to the General Assembly, not later than October 31 of the year
18 prior to each even-numbered-year regular legislative session, changes deemed
19 necessary in the level of the assessments imposed in this chapter;
- 20 (e) In conjunction with the Labor Cabinet, submit to the General Assembly, not
21 later than October 31 of the year prior to each even-numbered-year regular
22 legislative session, a proposed budget for the biennium beginning July 1
23 following the even-numbered-year regular session of the General Assembly;
- 24 (f) In conjunction with the Labor Cabinet, provide to the Interim Joint Committee
25 on Appropriations and Revenue an annual budget and detailed quarterly
26 financial reports;
- 27 (g) Conduct periodic audits, independently or in cooperation with the Labor

- 1 Cabinet or the Department of Revenue, of all entities subject to the
2 assessments imposed in this chapter; and
- 3 (h) Report monthly to the Committees on Appropriations and Revenue and on
4 *Economic Development and Workforce Investment*~~[Labor and Industry]~~ its
5 monthly expenditures of restricted agency funds and the nature of the
6 expenditures.
- 7 (3) The commission shall have all of the powers necessary or convenient to carry out
8 and effectuate the purposes for which it was established, including, but not limited
9 to, the power:
- 10 (a) To sue and be sued, complain, or defend, in its name;
- 11 (b) To elect, appoint, or hire officers, agents, and employees, and define their
12 duties and fix their compensation within the limits of its budget approved by
13 the General Assembly. Notwithstanding any provision of KRS Chapter 18A to
14 the contrary, officers and employees of the funding commission may be
15 exempted from the classified service;
- 16 (c) To contract for investment counseling, legal, actuarial, auditing, and other
17 professional services in accordance with the provisions relating to personal
18 service contracts contained in KRS Chapter 45A;
- 19 (d) To appoint, hire, and contract with banks, trust companies, and other entities
20 to serve as depositories and custodians of its investment receipts and other
21 funds;
- 22 (e) To take any and all other actions consistent with the purposes of the
23 commission and the provisions of this chapter; and
- 24 (f) To make and promulgate administrative regulations.
- 25 (4) The Kentucky Workers' Compensation Funding Commission may utilize the
26 investment expertise and advice of the Office of Financial Management within the
27 Finance and Administration Cabinet. The Kentucky Workers' Compensation

1 Funding Commission may procure one (1) or more consulting firms and enter into a
2 personal service contract with such consulting firms to provide investment advisory,
3 investment counseling, or investment management services. The Office of Financial
4 Management shall participate in the selection of any firms for investment services
5 provided, however, the Kentucky Workers' Compensation Funding Commission
6 shall have the right to make the final decision on the selection of any firms.
7 Notwithstanding any provisions of this section to the contrary, all contracts for
8 investment advisory, investment counseling, or investment management services or
9 for the management of assets shall be subject to KRS Chapter 45A. The fees
10 charged by financial institutions for managing the investments of the funds of the
11 funding commission shall be paid from the investment earnings of the funds.

12 (5) The commission shall be attached to the Labor Cabinet for administrative purposes
13 only.

14 ➔Section 7. KRS 342.230 is amended to read as follows:

15 (1) The commissioner with the assistance of the board shall train and instruct the
16 administrative law judges on an ongoing basis; assign cases; and monitor the
17 caseloads of the administrative law judges and the Workers' Compensation Board to
18 ensure timely disposition of cases; keep and be the custodian of the records of the
19 board and the administrative law judges; annually report the activities of the board
20 and the administrative law judges to the Governor; and devote his or her full time to
21 the duties of his or her office. The commissioner shall be paid a salary not less than
22 the salary of a member of the board.

23 (2) The Governor shall appoint, with the consent of the Senate in accordance with KRS
24 11.160 for a term of four (4) years, not more than nineteen (19) administrative law
25 judges, each of whom shall be an attorney and shall have five (5) years' experience
26 in the Commonwealth in the practice of workers' compensation law or a related
27 field, and extensive knowledge of workers' compensation law, and shall be paid the

1 same salary as a Circuit Judge. Each administrative law judge shall be exempt from
2 the classified service, and his or her support staff may be exempt from the classified
3 service. Each administrative law judge may be employed for additional terms with
4 the consent of the Senate in accordance with KRS 11.160. The Governor, at least
5 thirty (30) days prior to the expiration of a term of an administrative law judge,
6 shall provide the name of the individual whom he intends to appoint to the position
7 to the chairman of the Senate *Economic Development and Workforce*
8 *Investment*~~[Labor and Industry]~~ Committee. These administrative law judges shall
9 conduct hearings, and otherwise supervise the presentation of evidence and perform
10 any other duties assigned to them by statute and shall render final decisions, orders,
11 or awards. Administrative law judges may, in receiving evidence, make rulings
12 affecting the competency, relevancy, and materiality of the evidence about to be
13 presented and upon motions presented during the taking of evidence as will
14 expedite the preparation of the case.

15 (3) To ensure that the administrative law judges perform their responsibilities
16 competently and issue decisions consistent with this chapter, the commissioner
17 shall, at least twice annually, conduct training and education seminars in workers'
18 compensation law; administrative law; and methods and procedures for writing
19 well-reasoned, clear, correct, and concise opinions, orders, or awards.

20 (4) The Governor may at any time remove the commissioner or any member of the
21 board. The commissioner may remove any administrative law judge. A member of
22 the board or an administrative law judge may be removed for good cause, including
23 violation of the code of judicial ethics or the code of ethics applicable to the
24 executive branch of the Commonwealth. In addition, an administrative law judge or
25 a member of the board may be removed for the persistent or repeated failure to
26 perform satisfactorily the specific duties assigned in this chapter, including the
27 requirement of timely disposition of cases, review of attorney's fees, and failure to

1 attend training and continuing education programs required by this section.

2 (5) Any vacancy in the term of an administrative law judge, which occurs prior to the
3 expiration of the term, shall be filled if necessary by appointment of the Governor in
4 accordance with subsection (2) of this section within sixty (60) days from the date
5 the vacancy occurs, with the consent of the Senate in accordance with KRS 11.160,
6 for the remainder of the term.

7 (6) (a) On January 1, 1998, the Governor shall make four (4) year appointments to
8 fill as many of these positions as are necessary to fulfill the duties assigned to
9 administrative law judges under this chapter.

10 (b) On January 1, 2000, the Governor shall make four (4) year appointments to
11 fill as many of these positions as are necessary to fulfill the duties assigned to
12 administrative law judges under this chapter.

13 (7) One (1) of the administrative law judges appointed pursuant to this section shall be
14 appointed as a chief administrative law judge, to have the same qualifications,
15 powers, duties, and requirements as those of other administrative law judges. The
16 chief administrative law judge shall not be assigned regular dockets but shall
17 instead assist the commissioner by doing all scheduling of the administrative law
18 judges, handling dockets assigned to the administrative law judges in case of an
19 emergency, providing supervision of the administrative law judges, and providing
20 educational opportunities for the administrative law judges. The chief
21 administrative law judge shall be paid at the same rate as the administrative law
22 judges plus an additional three thousand dollars (\$3,000) per year. At any time the
23 commissioner may replace the chief administrative law judge with one (1) of the
24 other administrative law judges at which time the former chief administrative law
25 judge shall resume the duties assigned to the other administrative law judges
26 pursuant to this chapter. On January 1, 1998, the commissioner shall employ a
27 person in this position for a four (4) year term.

1 ➔Section 8. KRS 342.342 is amended to read as follows:

2 (1) Notwithstanding the provisions of KRS 342.340, KRS 342.350, or any
3 administrative regulations promulgated pursuant to those provisions, the
4 commissioner shall annually review the adequacy of the financial or other security
5 requirements contained in administrative regulations, promulgated pursuant to the
6 individual self-insurance provisions in this chapter. The commissioner shall report
7 the results of the review to the *Economic Development and Workforce*
8 *Investment*~~[Labor and Industry]~~ Committee of the General Assembly and any
9 recommendations for proposed changes to insure the financial soundness of the
10 individual self-insurers authorized pursuant to this chapter. In addition, the
11 commissioner shall report not less often than annually a summary report on the
12 financial soundness of the individual self-insurers.

13 (2) The *Economic Development and Workforce Investment*~~[Labor and Industry]~~
14 Committee of the General Assembly shall annually review the administrative
15 regulations promulgated pursuant to the individual provisions under this chapter.

16 (3) On July 1, 1994, the Division of Security and Compliance of the Department of
17 Workers' Claims in the Labor Cabinet shall be expanded by five (5) employees.
18 These additional employees shall be employed for the purpose of conducting
19 financial audits, examinations, and reviews and other activities necessary to ensure
20 and monitor the financial soundness of the individual self-insured employers
21 authorized pursuant to KRS 342.340.

22 ➔Section 9. KRS 342.765 is amended to read as follows:

23 (1) Notwithstanding the provisions of KRS Chapter 342 to the contrary, the office of
24 the Attorney General shall be responsible for the administration of the uninsured
25 employers' fund and shall be charged with the conservation of the assets of the fund.
26 Funds to reimburse the Attorney General's office for expenses incurred in litigation
27 and administration in defense of the uninsured employers' fund shall be transferred

1 upon request of the Attorney General's office and approval by the secretary of the
2 Labor Cabinet.

3 (2) The office of the Attorney General shall report monthly to the Interim Joint
4 Committee on Appropriations and Revenue, the Interim Joint Committee on
5 *Economic Development and Workforce Investment*~~[Labor and Industry]~~, and the
6 commissioner the amount of the agency fund expenditures in each month for the
7 uninsured employers' fund and the nature of these expenditures. In addition, the
8 Office of the Attorney General shall report quarterly to the commissioner on the
9 amount of funds recouped from uninsured employers.

10 ➔Section 10. KRS 342.817 is amended to read as follows:

11 (1) The authority, through its board and manager, shall establish separate rating plans,
12 rates, and underwriting standards for different classes of risks for the authority.

13 (2) The rating plans, rates, and underwriting standards developed for the categories of
14 risk shall be based on generally accepted actuarial practices and procedures as set
15 forth in the Statement of Principles Regarding Property and Casualty Ratemaking of
16 the Casualty Actuarial Society, in accordance with the actuarial standards of
17 practice and compliance guidelines of the Actuarial Standards Board. The rates
18 shall be actuarially sound for both the voluntary market and the market of last resort
19 and set at levels which are expected, in the aggregate, to be sufficient to pay all
20 workers' compensation claims incurred by the participating employer risks and other
21 permitted expenses of the authority. The rates for the voluntary market and the
22 market of last resort shall be filed individually with the commissioner of the
23 Department of Insurance on forms prescribed by the commissioner by the
24 promulgation of administrative regulations.

25 (3) Multitiered premium or rating plans may be developed to provide workers'
26 compensation coverage to insureds in the Commonwealth.

27 (4) The manager shall develop statistical and other information as necessary to

1 distinguish its writings in the voluntary market, and its writings as a market of last
2 resort.

3 (5) The rates established by the authority for its policyholders shall be based only on
4 Kentucky loss experience data, except that other loss experience data may be
5 utilized as a supplement to Kentucky data if supplemental or additional data are
6 necessary to establish statistical credibility of an employment classification.

7 (6) Any and all rates, whether for the voluntary market or the market of last resort,
8 established by the board are deemed competitive and shall be filed with the
9 commissioner of insurance in accordance with KRS Chapter 304 in the same
10 manner as any other mutual insurance company writing workers' compensation in
11 the Commonwealth.

12 (7) Notwithstanding any provision of KRS Chapter 304 to the contrary, the surplus
13 requirements for mutual insurance companies in the Commonwealth shall not apply
14 to the authority until the authority has been in operation for eighty-four (84) months,
15 unless modified by the General Assembly. In addition to other reporting
16 requirements in KRS 342.809 and 342.821, the authority shall report to the
17 *Economic Development and Workforce Investment*~~[Labor and Industry]~~
18 Committee of the General Assembly, no later than October 31 of each year, on the
19 status of its efforts to build and maintain a surplus as required by KRS Chapter 304.