

Both the liability policy and the commercial crime policy shall be purchased immediately after notification of the findings, shall be for a term of four years or for a lesser term to be renewed for a total period of four years, shall be for a minimum coverage of \$1,000,000 per incident; and may include prior acts coverage.

HB 57 does not require a county to purchase a liability insurance policy with a retrospective policy date covering specific acts.

Commercial General Liability Insurance for cities or counties is generally rated using population count and budget figures. Public Official (Directors and Officers) Liability Insurance use those as well but would factor in the number of employees. If they buy liability insurance then Sovereign Immunity becomes moot.

Crime Insurance, also known as Employee Dishonesty Insurance, is rated by the number of employees and protection controls in place (such as division of duties, etc.). The following figures are provided as cost reference points:

The Master Crime policy that the Commonwealth of Kentucky purchases has a limit of \$100,000 with a \$10,000 deductible. The annual premium runs about \$40,000. A city or county with fewer employees would be less. For example, a city employing 300 workers and with an operating budget of \$34 million might have an errors and omission policy and a crime policy with the following limits and cost:

Commercial Crime Policy costing \$20,200 for 3 years of coverage with the following limits:

Employee Theft	\$200K Each Occurrence
Forgery	\$100K Each Occurrence
Theft	\$200K Each Occurrence

The city might also have a Public Officials Policy with \$6 M Coverage and an \$87,000 annual premium.

Part III: Differences to Local Government Mandate Statement from Prior Versions

The Part II section above pertains to the bill as drafted and there are not any prior versions of the bill to complete the Part III section.

Data Source(s): LRC Staff

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