

299.060 Emergency fund -- Creation -- Use -- Administration on discontinuance of business -- Reserve fund.

- (1) Each company shall provide in its contracts with policyholders for the accumulation of an emergency fund. From the money realized from the admission fees and dues paid by the policyholders, two percent (2%) shall be deducted and set apart as an emergency fund, which shall be invested in securities in which insurance companies are allowed by law to invest their capital. This emergency fund, together with the income thereon, shall be a trust fund for the payment of death and disability claims, and may be applied to that purpose whenever an actual emergency arises necessitating the use thereof, to avoid levying assessments upon policyholders to meet the emergency. Whenever the emergency fund or any part thereof is so used, the amount used shall be replaced, as soon as possible, out of any future surplus fund the company may accumulate.
- (2) When a company discontinues business, any circuit judge may appoint a receiver to administer any unexhausted portion of the emergency fund. The receiver shall receive such compensation, not to exceed five percent (5%) when the assets exceed five thousand dollars (\$5,000) as the court may allow him. The receiver shall use the fund, first, in the payment of accrued claims upon policies, or if insufficient to pay such claims in full, they shall be paid pro rata; second, if a balance remains, in the payment of like claims thereafter accruing in the order of their accrual.
- (3) Nothing contained in this chapter is intended to prevent the creation of a reserve fund by any company, which fund or its accretions, or both, are to be used for the payment of assessments or death losses, or for benefits in case of physical disability only.

Effective: October 1, 1942

History: Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. secs. 662, 672.