

367.403 Bond requirement.

- (1) Every club that has a membership fee in excess of thirty-five dollars (\$35) shall maintain a bond of fifty thousand dollars (\$50,000) issued by a surety company admitted to do business in this state.
- (2) The bond required by this section shall be in favor of the Attorney General of the Commonwealth of Kentucky for the benefit of any member who suffers loss of prepayment made pursuant to a contract entered into after July 15, 1982, due to insolvency of the club or the cessation of business by the club, or failure by the club to perform under any contract. A copy of the bond shall be filed with the Attorney General prior to the making of any membership contract by a club. Any person claiming against the bond may maintain an action at law against the club and the surety. Failure to so maintain a bond as required by this section shall make the principals of any club personally liable for the claims of members.
- (3) The aggregate liability of the surety to all persons for all breaches of the conditions of the bonds provided herein shall in no event exceed the amount of the bond.

Effective: July 15, 1988

History: Amended 1988 Ky. Acts ch. 62, sec. 4, effective July 15, 1988. -- Created 1982 Ky. Acts ch. 21, sec. 5, effective July 15, 1982.