

1 AN ACT relating to state property and declaring an emergency.

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

3 ➔Section 1. KRS 56.100 is amended to read as follows:

4 (1) **(a)** Each fiscal year the State Treasurer shall deduct from any funds in the
5 Treasury payable to an agency for the care and maintenance of public
6 buildings or property~~[-]~~ an amount equal to the premiums certified to him or
7 her as chargeable against that agency. The amount so debited shall be credited
8 to an account kept by the State Treasurer and known as the state fire and
9 tornado insurance fund.

10 **(b)** *On and after the effective date of this Act until June 30, 2025, no premium*
11 *shall be charged on any one (1) subject of risk upon a valuation of more*
12 *than ten million dollars (\$10,000,000), unless the Office of the Controller in*
13 *the Finance and Administration Cabinet has contracted for reinsurance*
14 *that limits the liability of the fund to ten million dollars (\$10,000,000) upon*
15 *that risk.*

16 **(c)** *On and after July 1, 2025,* no premium shall be charged on any one (1)
17 subject of risk upon a valuation of more than one million dollars (\$1,000,000),
18 unless the Office of the Controller in the Finance and Administration Cabinet
19 has contracted for reinsurance that limits the liability of the fund to one
20 million dollars (\$1,000,000) upon such subject of risk.

21 (2) The Office of the Controller in the Finance and Administration Cabinet shall
22 prescribe a certificate setting forth the terms and conditions of coverage under the
23 state fire and tornado insurance fund. Different forms of certificates may be used
24 for different risks. Such certificates may contain such terms and conditions as the
25 Office of the Controller in the Finance and Administration Cabinet may prescribe,
26 including but not limited to a deductible, in order that there be fair allocation of
27 significant losses and the elimination of unnecessary costs in administering the state

1 fire and tornado insurance fund.

2 ➔Section 2. KRS 56.120 is amended to read as follows:

3 (1) When the amount of damage has been determined, the State Treasurer shall debit
4 the account of the state fire and tornado insurance fund by that amount and credit
5 with an equal amount the account of the agency that has control or custody of the
6 property damaged, and upon warrant from the Finance and Administration Cabinet,
7 the Treasurer shall pay to the agency the amount so credited to it, for the purpose of
8 repairing the damage or reconstructing or replacing the damaged or destroyed
9 property. If the agency deems it impracticable or undesirable to use the money for
10 repair, reconstruction, or replacement of the property damaged or destroyed, it may,
11 with the approval of the Finance and Administration Cabinet, and subject to the
12 provisions of KRS 56.491, expend said funds for the acquisition, repair,
13 construction, or reconstruction of property similar to the property damaged or
14 destroyed.

15 (2) On and after the effective date of this act until June 30, 2025, no debit, credit, or
16 payment made on account of the damage to any one (1) subject of risk, by any
17 one (1) loss, shall be in excess of ten million dollars (\$10,000,000), unless the
18 Office of the Controller in the Finance and Administration Cabinet has effected
19 reinsurance upon that risk to limit the liability of the state fire and tornado
20 insurance fund to ten million dollars (\$10,000,000), and unless the excess over
21 this amount has actually been paid into the fund by the reinsuring company or
22 companies.

23 (3) On and after July 1, 2025, no debit, credit, or payment made on account of the
24 damage to any one (1) subject of risk, by any one (1) loss, shall be in excess of one
25 million dollars (\$1,000,000), unless the Office of the Controller in the Finance and
26 Administration Cabinet has effected reinsurance upon the subject of risk such as to
27 limit the liability of the state fire and tornado insurance fund to one million dollars

1 (\$1,000,000), and unless the excess over this amount has actually been paid into the
2 fund by the reinsuring company or companies.

3 ➔Section 3. KRS 56.160 is amended to read as follows:

4 **(1) On or after the effective date of this Act until June 30, 2025, the Office of the**
5 **Controller in the Finance and Administration Cabinet may contract with any**
6 **responsible fire and tornado insurance or reinsurance company authorized to do**
7 **business in Kentucky to reinsure any subject of risk of which the total valuation**
8 **has been fixed at over ten million dollars (\$10,000,000) in such a way as to limit**
9 **the net liability of the state fire and tornado insurance fund with respect to that**
10 **risk to ten million dollars (\$10,000,000). The premium for reinsurance shall be**
11 **paid out of the state fire and tornado insurance fund, on warrant of the cabinet.**

12 **(2) On or after July 1, 2025,** the Office of the Controller in the Finance and
13 Administration Cabinet may contract with any responsible fire and tornado
14 insurance or reinsurance company authorized to do business in Kentucky to
15 reinsure any subject of risk of which the total valuation has been fixed at over one
16 million dollars (\$1,000,000) in such a way as to limit the net liability of the state
17 fire and tornado insurance fund with respect to such subject of risk to one million
18 dollars (\$1,000,000). The premium for reinsurance shall be paid out of the state fire
19 and tornado insurance fund, on warrant of the cabinet.

20 ➔Section 4. KRS 56.180 is amended to read as follows:

21 **(1) On or after the effective date of this Act until June 30, 2025, if at the end of any**
22 **fiscal year the moneys and securities to the credit of the state fire and tornado**
23 **insurance fund exceed one hundred million dollars (\$100,000,000), that excess**
24 **shall be transferred to the general fund.**

25 **(2) On or after July 1, 2025,** if at the end of any fiscal year the moneys and securities
26 to the credit of the state fire and tornado insurance fund exceed ten million dollars
27 (\$10,000,000), any such excess shall be transferred to the general fund.

1 (2) The moneys and securities to the credit of the state fire and tornado insurance fund
2 shall not be used for any purpose unrelated to fund operations.

3 ➔Section 5. Whereas it may be necessary to negotiate upcoming insurance rates
4 for the Commonwealth of Kentucky, an emergency is declared to exist, and this Act takes
5 effect upon its passage and approval of the Governor or upon its otherwise becoming a
6 law.