

LEGISLATION



Commonwealth of Kentucky

Finance & Administration Cabinet – Office of the Controller

Division of State Risk & Insurance Services

Kentucky Revised Statutes

Division of State Risk & Insurance Services

KRS 42.0651

Duties of Division of State Risk and Insurance Services -- Assistance from other agencies -- Risk management program.

(1) The Division of State Risk and Insurance Services shall:

(a) Oversee and assist the management of the state fire and tornado insurance fund established in KRS Chapter 56;

(b) Develop and manage programs of risk assessment and insurance for the protection of state property not covered by the state fire and tornado insurance fund;

(c) Advise the secretary of the Finance and Administration Cabinet on the fiscal management of programs relating to life insurance, workers' compensation, and health care benefits for state employees;

(d) Serve as the central clearinghouse for coordinating and evaluating existing and new risk management programs within all state agencies;

(e) Develop financing techniques for risk protection;

(f) Provide insurance for all state-owned and state-operated facilities and vehicles; and

(g) Develop and implement other risk management, insurance, and self-insurance programs or other functions and duties as the secretary of the Finance and Administration Cabinet may direct the division to undertake and implement within the general statutory authority and control of the Finance and Administration Cabinet over state property and fiscal affairs of the executive branch of state government, including, but not limited to, those areas pertaining to tort and contractual liability, fidelity, and property risks.

(2) Nothing in this section shall be construed or interpreted as affecting the operation of the employee benefit programs generally administered by the Office of Employee Relations and Department of Employee Insurance within the Personnel Cabinet. These agencies shall coordinate the operation of life insurance, workers' compensation, health care benefit programs, and other self-insured programs with the Division of State Risk and Insurance Services.

(3) All cabinets, departments, boards, commissions, and other state agencies shall provide to the Division of State Risk and Insurance Services the technical advice and other assistance the Division of State Risk and Insurance Services or the secretary of the Finance and Administration Cabinet shall request in the performance of the functions of the division as described in this section.

(4) The secretary of the Finance and Administration Cabinet shall have the power and authority to promulgate administrative regulations pursuant to KRS Chapter 13A for purposes of implementing a risk management program for the executive branch of state government. Any administrative regulations promulgated by the secretary shall be administered by the Division of State Risk and Insurance Services. **Effective:** July 12, 2012

KRS 45A.022

Application of chapter to insurance contracts.

- (1) This chapter shall apply to all insurance contracts purchased by the Commonwealth, except where the commissioner of insurance determines, with the concurrence of the secretary of Finance and Administration Cabinet, that:
 - (a) An emergency exists;
 - (b) Competition is not feasible; or
 - (c) The annual premium is less than ten thousand dollars (\$10,000).
- (2) Notwithstanding subsection (1) of this section, the health insurance contract or contracts for state employees as authorized by KRS 18A.225 shall be subject to the provisions of KRS 45A.080, 45A.085 and 45A.090. **Effective:** July 15, 2010

KRS 45A.095

Noncompetitive negotiation.

- (1) For purposes of this section:
 - (a) "Emergency condition" means a situation which creates a threat or impending threat to public health, welfare, or safety such as may arise by reason of fires, floods, tornadoes, other natural or man-caused disasters, epidemics, riots, enemy attack, sabotage, explosion, power failure, energy shortages, transportation emergencies, equipment failures, state or federal legislative mandates, or similar events. The existence of the emergency condition creates an immediate and serious need for services, construction, or items of tangible personal property that cannot be met through normal procurement methods and the lack of which would seriously threaten the functioning of government, the preservation or protection of property, or the health or safety of any person; and
 - (b) "Sole source" means a situation in which there is only one (1) known capable supplier of a commodity or service, occasioned by the unique nature of the requirement, the supplier, or market conditions.
- (2) A contract may be made by noncompetitive negotiation only:
 - (a) For sole source purchases;
 - (b) When competition is not feasible, as determined by the purchasing officer in writing prior to award, under administrative regulations promulgated by the secretary of the Finance and Administration Cabinet or the governing boards of universities operating under KRS Chapter 164A;
 - (c) When emergency conditions exist; or

(d) For sponsorships, naming rights, or other advertising or similar considerations for which competition is not feasible.

(3) Insofar as it is practical, no fewer than three (3) suppliers shall be solicited to submit written or oral quotations whenever it is determined that competitive sealed bidding is not feasible. Award shall be made to the supplier offering the best value. The names of the suppliers submitting quotations and the date and amount of each quotation shall be placed in the procurement file and maintained as a public record.

(4) Competitive bids may not be required:

(a) For contractual services where no competition exists, such as telephone service, electrical energy, and other public utility services;

(b) Where rates are fixed by law or ordinance;

(c) For library books;

(d) For commercial items that are purchased for resale;

(e) For interests in real property;

(f) For visiting speakers, professors, expert witnesses, and performing artists;

(g) For personal service contracts executed pursuant to KRS 45A.690 to 45A.725; and

(h) For agricultural products in accordance with KRS 45A.645.

(5) The chief procurement officer, the head of a using agency, or a person authorized in writing as the designee of either officer may make or authorize others to make emergency procurements when an emergency condition exists.

(6) The Finance and Administration Cabinet may negotiate directly for the purchase of contractual services, supplies, materials, or equipment in bona fide emergencies regardless of estimated costs. The existence of the emergency shall be fully explained, in writing, by the head of the agency for which the purchase is to be made. The explanation shall be approved by the secretary of the Finance and Administration Cabinet and shall include the name of the vendor receiving the contract along with any other price quotations and a written determination for selection of the vendor receiving the contract. This information shall be filed with the record of all such purchases and made available to the public. Where practical, standard specifications shall be followed in making emergency purchases. In any event, every effort should be made to effect a competitively established price for purchases made by the state. **Effective:** June 29, 2017

KRS 45A.100

Small purchases by state governmental bodies.

(1) Procurements may be made in accordance with small purchase administrative regulations promulgated by the secretary of the Finance and Administration Cabinet, pursuant to KRS Chapter 13A, as follows:

(a) Up to ten thousand dollars (\$10,000) per project for construction and one thousand dollars (\$1,000) for purchases by any state governmental body, except for those state administrative bodies specified in paragraph (b) of this subsection; and

(b) Up to forty thousand dollars (\$40,000) per project for construction or purchases by the Finance and Administration Cabinet, state institutions of higher education, and the legislative branch of government.

(2) Procurement requirements shall not be artificially divided so as to constitute a small purchase under this section. Reverse auctions may be used for small purchase procurements. At least every two (2) years, the secretary shall review the prevailing costs of labor and materials and may make recommendations to the next regular session of the General Assembly for the revision of the then current maximum small purchase amount as justified by intervening changes in the cost of labor and materials.

(3) The secretary of the Finance and Administration Cabinet may grant to any state agency with a justifiable need a delegation of small purchasing authority which exceeds the agency's small purchase limit provided in subsection (1) of this section. Delegations of small purchasing authority shall be granted or revoked by the secretary of the Finance and Administration Cabinet, in accordance with administrative regulations promulgated by the cabinet pursuant to KRS Chapter 13A. These administrative regulations shall establish, at a minimum, the criteria for granting and revoking delegations of small purchasing authority, including the requesting agency's past compliance with purchasing regulations, the level of training of the agency's purchasing staff, and the extent to which the agency utilizes the Kentucky Automated Purchasing System. The administrative regulations may permit the secretary of the Finance and Administration Cabinet to delegate small purchase procurements up to the maximum amount specified in subsection (1) (b) of this section. **Effective:** July 15, 2010

KRS 49.060

Legislative intent as to sovereign immunity in negligence claims.

It is the intention of the General Assembly to provide the means to enable a person negligently injured by the Commonwealth, any of its cabinets, departments, bureaus, or agencies, or any of its officers, agents, or employees while acting within the scope of their employment by the Commonwealth or any of its cabinets, departments, bureaus, or agencies to be able to assert their just claims as herein provided. The Commonwealth thereby waives the sovereign immunity defense only in the limited situations as herein set forth. It is further the intention of the General Assembly to otherwise expressly preserve the sovereign immunity of the Commonwealth, its cabinets, departments, bureaus, and agencies and its officers, agents, and employees while acting in the scope of their employment in all other situations except where sovereign immunity is specifically and expressly waived as set forth by statute. The commission shall have exclusive jurisdiction to hear claims for damages, except as otherwise specifically set forth by statute, against the Commonwealth, its cabinets, departments, bureaus, or agencies, or any of its officers, agents, or employees while acting within the scope of their employment.

Effective: June 29, 2017

Formerly codified as KRS 44.072.

KRS 56.065

Definitions for KRS 56.065 to 56.180. As used in KRS 56.070 to 56.180, unless the context requires otherwise:

- (1) "Subject of risk" means any or all property reasonably considered to be subject to loss or damage by any single occurrence of any event insured against.
- (2) "Cabinet" means the Finance and Administration Cabinet.

KRS 56.070

Finance and Administration Cabinet determines state property to be insured through state fire and tornado insurance fund -- Exceptions.

- (1) The cabinet shall determine which state property shall be insured against loss by fire and other hazards. The cabinet shall insure with a responsible company or companies authorized to do business in Kentucky all property financed under a statutory amortization plan, to the extent of the lien indebtedness upon the property or to the extent of its reasonable value, whichever is the lesser.
- (2) Any officer or agent of the state having control or custody of any property belonging to or controlled or used by the state or any agency of the state may, with the approval of the secretary of the Finance and Administration Cabinet, from the funds allotted to such agency, purchase insurance of an additional kind or kinds which cannot properly be covered in the state fire and tornado insurance fund.

KRS 56.080

Appraisal and valuation of state property.

Before July 1 of each year, the cabinet shall reconsider its appraisal and valuation of public buildings and personal property belonging to or under the control and use of the state or any state agency, and shall certify any changes in value to the agency that has the custody or control of the property. The appraisal and valuation shall equal the amount that the cabinet deems necessary to replace the property at the time of the appraisal, which may be less actual depreciation.

KRS 56.090

Rate of premium, how fixed and certified.

Before July 1 of each year the cabinet shall fix, upon each public building and upon each class of personal property belonging to or controlled or used by the state or any agency of the state, the rate of premium that the cabinet deems to be the average rate charged by responsible insurance companies doing business in this state for insurance against damage by fire and other hazards upon property of like kind and degree of risk. The premium and insurance shall be calculated upon ninety percent (90%) of the valuation. Before July 1 of each year the cabinet shall certify to the State Treasurer the premium to be charged against each agency of the state.

KRS 56.095

KRS Chapter 45A applicable to fire and tornado insurance contracts.

Notwithstanding the provisions of any other law, KRS Chapter 45A shall apply to fire and tornado insurance contracts entered into by the cabinet, except as provided in KRS 45A.022.

KRS 56.100

State fire and tornado insurance fund -- Payments into -- Limit on risk -- Certificate of terms and conditions.

(1) Each fiscal year the State Treasurer shall deduct from any funds in the Treasury payable to an agency for the care and maintenance of public buildings or property, an amount equal to the premiums certified to him or her as chargeable against that agency. The amount so debited shall be credited to an account kept by the State Treasurer and known as the state fire and tornado insurance fund. No premium shall be charged on any one (1) subject of risk upon a valuation of more than one million dollars (\$1,000,000), unless the Office of the Controller in the Finance and Administration Cabinet has contracted for reinsurance that limits the liability of the fund to one million dollars (\$1,000,000) upon such subject of risk.

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

KRS 56.110

Damage to state property -- How appraised.

In case any building or other property belonging to the state or a state agency is damaged by any of the perils insured against, except as otherwise provided in KRS 56.070 to 56.180, the agency having control or custody over the property shall within thirty (30) days certify the event to the cabinet. After receiving in any manner knowledge of the event, the cabinet shall ascertain and fix the amount of damage and file with the State Treasurer a statement thereof. If the agency having control or custody of the property disagrees with the estimate of damage, the agency and the cabinet shall each appoint one (1) member of a board of appraisers, which two (2) members shall select a third member. An award in writing, submitted by the board of appraisers to the State Treasurer, shall determine the amount of damage.

KRS 56.120

Payment for damages.

When the amount of damage has been determined, the State Treasurer shall debit the account of the state fire and tornado insurance fund by that amount and credit with an equal amount the account of the agency that has control or custody of the property damaged, and upon warrant from the Finance and Administration Cabinet, the Treasurer shall pay to the agency the amount so credited to it, for the purpose of repairing the damage or reconstructing or replacing the damaged or destroyed property. If the agency deems it impracticable or undesirable to use the money for repair, reconstruction, or replacement of the property damaged or destroyed, it may, with the approval of the Finance and Administration Cabinet, and subject to the provisions of KRS 56.491, expend said funds for the acquisition, repair, construction, or reconstruction of property similar to the property damaged or destroyed. No debit, credit, or payment

made on account of the damage to any one (1) subject of risk, by any one (1) loss, shall be in excess of one million dollars (\$1,000,000), unless the Office of the Controller in the Finance and Administration Cabinet has effected reinsurance upon the subject of risk such as to limit the liability of the state fire and tornado insurance fund to one million dollars (\$1,000,000), and unless the excess over this amount has actually been paid into the fund by the reinsuring company or companies

KRS 56.130

Insufficient amount in fund.

If there is not in the account of the state fire and tornado insurance fund an amount sufficient to cover the damage, the State Treasurer shall debit the fund only with the amount actually to its credit at the time, and shall continue, subject to prior claims, to debit the fund by the amount of each ensuing credit to the fund, until the total damage is covered. No payments shall be made on account of such damage to any agency of the state in excess of the amount debited against the fund at the time of payment.

KRS 56.140

Investment of insurance fund.

(1) The State Treasurer, with approval of every investment by the Finance and Administration Cabinet, may invest the state fire and tornado insurance fund in:

- (a) Obligations of the United States government, its agencies, and Kentucky cities of the first and home rule classes;
- (b) Warrants issued on the State Treasurer;
- (c) State bonds, including bridge revenue bonds issued under KRS 180.010 to 180.250;
- (d) Bonds or other evidences of indebtedness of any domestic corporation that is an agent or instrumentality of the state or of any city, county, or school district of the state, secured by a mortgage on real estate in Kentucky that has been conveyed to the corporation by any city, county, school district, or state educational institution, and which the corporation has leased and given the option to lease to the city, county, school district, or state educational institution, with option in the lessee to purchase the property, or an interest therein, on the payment of the aggregate sum of the bond issue, plus the expenses incident to the issuance of the bonds and the formation and dissolution of the corporation, subject to credit of the amounts paid as rental for such property; and
- (e) School bonds issued by cities under KRS 162.120 to 162.290.

(2) The Finance and Administration Cabinet shall not approve investments on which there has ever been a default in payment of principal or interest preceding the date of acceptance by the State Treasurer.

(3) All income from investments credited to the state fire and tornado insurance fund shall be credited to that fund.

KRS 56.150

Expenses of administration.

The cabinet and the State Treasurer may employ such assistance and incur such expenses as are necessary to carry out the purposes of KRS 56.070 to 56.180. All such expenses may be debited against the state fire and tornado insurance fund, and paid on warrant of the cabinet, but the total of such expenses during any fiscal year shall not exceed ten percent (10%) of the total receipts of the fund during the same fiscal year. If such expenses are incurred at a time when there is not a sufficient amount in the fund to pay them, they shall constitute a prior claim to be paid out of the first receipts of the fund thereafter before any damages on account of insured losses are paid.

KRS 56.160

Reinsurance.

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

KRS 56.170

Inspection for fire hazards -- Adjustment of premiums.

The cabinet shall annually have an inspection made of each building and its contents owned by the state or any agency thereof, for the purpose of determining the unnecessary causes of a fire hazard therein, and shall make recommendations to the agency having control or custody of the building relative to the removal or correction of the hazard. Reasonable differences in the premium chargeable against the agency on account of the building and its contents may be made contingent upon compliance with such recommendations.

KRS 56.180

Fund exceeding ten million dollars -- Use of fund -- Disposition of excess.

(1) If at the end of any fiscal year the moneys and securities to the credit of the state fire and tornado insurance fund exceed ten million dollars (\$10,000,000), any such excess shall be transferred to the general fund.

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

KRS 56.185

State agencies to comply with National Flood Insurance Program requirements for new construction.

(1) All state agencies shall comply with the requirements of the National Flood Insurance Program when constructing state buildings, structures, roads, or other facilities in a flood plain.

(2) The Finance and Administration Cabinet shall issue regulations to ensure compliance with subsection (1) of this section.

(3) The Energy and Environment Cabinet shall assist the Finance and Administration Cabinet in interpreting the federal law and regulations relating to the National Flood Insurance Program.

(4) The Finance and Administration Cabinet shall submit to the Legislative Research Commission verification of the proper initial implementation of this section and shall annually report to the Commission on its continued implementation.

KRS 189.910 to 189.950

Kentucky Emergency Vehicles Statutes - Pursuit & Non-Pursuit State Vehicles

(1) As used in KRS 189.920 to 189.950, "emergency vehicle" means any vehicle used for emergency purposes by:

(a) The Department of Kentucky State Police;

(b) A public police department;

(c) The Department of Corrections;

(d) A sheriff's office;

(e) A rescue squad;

(f) An emergency management agency if it is a publicly owned vehicle;

(g) An ambulance service or medical first-response provider licensed by the Kentucky Board of Emergency Medical Services, for any vehicle used to respond to emergencies or to transport a patient with a critical medical condition;

(h) Any vehicle commandeered by a police officer;

(i) Any vehicle with the emergency lights required under KRS 189.920 used by a paid or volunteer fireman or paid or volunteer ambulance personnel, or a paid or local emergency management director while responding to an emergency or to a location where an emergency vehicle is on emergency call;

(j) An elected coroner granted permission to equip a publicly or privately owned motor vehicle with lights and siren pursuant to KRS 189.920; or

(k) A deputy coroner granted permission to equip a publicly or privately owned motor vehicle with lights and siren pursuant to KRS 189.920.

(3) As used in KRS 189.920 to 189.950, "public safety vehicle" means public utility repair vehicle; wreckers; state, county, or municipal service vehicles and equipment; highway equipment which performs work that requires stopping and standing or moving at slow speeds within the traveled portions of highways; and vehicles which are escorting wide-load or slow-moving trailers or trucks.

KRS 189.930 Right-of-way to emergency vehicles

Blocking or following emergency vehicles -- Driving over unprotected hoses of fire department.

(1) Upon the approach of an emergency vehicle equipped with, and operating, one (1) or more flashing, rotating, or oscillating red or blue lights, visible under normal conditions from a distance of five hundred (500) feet to the front of such vehicle; or the driver is given audible signal by siren, exhaust whistle, or bell, the driver of every other vehicle shall yield

the right-of-way, immediately drive to a position parallel to, and as close as possible to, the edge or curb of the highway clear of any intersection, and stop and remain in such position until the emergency vehicle has passed, except when otherwise directed by a police officer or firefighter.

(2) Upon the approach of any emergency vehicle, operated in conformity with the provisions of subsection (1) of this section, the operator of every vehicle shall immediately stop clear of any intersection and shall keep such position until the emergency vehicle has passed, unless directed otherwise by a police officer or firefighter.

(3) No operator of any vehicle, unless he is on official business, shall follow any emergency vehicle being operated in conformity with the provisions of subsection (1) of this section closer than five hundred (500) feet, nor shall he drive into, or park the vehicle into, or park the vehicle within, the block where the vehicle has stopped in answer to an emergency call or alarm unless he is directed otherwise by a police officer or firefighter.

(4) No vehicle, train, or other equipment shall be driven over any unprotected hose of a fire department when the hose is laid down on any street, private driveway, or track for use at any fire or fire alarm unless the fire department official in command consents that the hose be driven over.

(5) Upon approaching a stationary emergency vehicle or public safety vehicle, when the emergency vehicle or public safety vehicle is giving a signal by displaying alternately flashing yellow, red, red and white, red and blue, or blue lights, a person who drives an approaching vehicle shall, while proceeding with due caution:

(a) Yield the right-of-way by moving to a lane not adjacent to that of the authorized emergency vehicle, if:

(1) The person is driving on a highway having at least four (4) lanes with not fewer than two;

(2) Lanes proceeding in the same direction as the approaching vehicle; and 2. If it is possible to make the lane change with due regard to safety and traffic conditions; or

(b) Reduce the speed of the vehicle, maintaining a safe speed to road conditions, if changing lanes would be impossible or unsafe.

(6) This section does not operate to relieve the person who drives an emergency vehicle from the duty to operate the vehicle with due regard for the safety of all persons using the highway.

KRS 189.940

Exemptions from traffic regulations.

(1) Except as provided in KRS 189.920, the speed limitations set forth in the Kentucky Revised Statutes do not apply to emergency vehicles:

(a) When responding to emergency calls; or

(b) To police vehicles when in pursuit of an actual or suspected violator of the law; or

(c) To ambulances when transporting a patient to medical care facilities; and

(d) The driver thereof is giving the warning required by subsection (5)(a) and (b) of this section. No portion of this subsection shall be construed to relieve the driver of the duty to operate the vehicle with due regard for the safety of all persons using the street or highway.

(2) The driver of an emergency vehicle, when responding to an emergency call, or of a police vehicle in pursuit of an actual or suspected violator of the law, or of an ambulance transporting a patient to a medical care facility and giving the warning required by subsection (5) of this section, upon approaching any red light or stop signal or any stop sign shall slow down as necessary for safety to traffic, but may proceed past such red or stop light or stop sign with due regard for the safety of persons using the street or highway.

(3) The driver of an emergency vehicle, when responding to an emergency call, or of a police vehicle in pursuit of an actual or suspected violator of the law, or of an ambulance transporting a patient to a medical care facility and giving warning required by subsection (5) of this section, may drive on the left side of any highway or in the opposite direction of a one-way street provided the normal lanes of traffic are blocked and he does so with due regard for the safety of all persons using the street or highway.

(4) The driver of an emergency or public safety vehicle may stop or park his vehicle upon any street or highway without regard to the provisions of KRS 189.390 and 189.450, provided that, during the time the vehicle is parked at the scene of an emergency, at least one (1) warning light is in operation at all times.

(5) The driver of an emergency vehicle desiring the use of any option granted by subsections (1) through (3) of this section shall give warning in the following manner:

(a) By illuminating the vehicle's warning lights continuously during the period of the emergency; and

(b) By continuous sounding of the vehicle's siren, bell, or exhaust whistle; unless

(c) The vehicle is an ambulance and the driver is of the opinion that sounding of the siren, bell, or exhaust whistle would be detrimental to the victim's health. In the event the driver of an ambulance elects not to use the siren, bell, or exhaust whistle he shall not proceed past red lights or drive in the opposite direction on a one-way street or in oncoming lanes of traffic unless no other vehicles are within five hundred (500) feet of the front of the ambulance. The driver shall not extinguish the warning lights during the period of the emergency.

(6) No driver or operator of any emergency or public safety or other vehicle shall use the warning lights or siren, bell, or exhaust whistle of his vehicle for any purposes or under any circumstances other than those permitted by KRS 189.910 to 189.950.

(7) KRS 189.910 to 189.950 does not relieve the driver of any emergency or public safety vehicle from the duty to drive with due regard for the safety of all persons and property upon the highway.