

# Welcome

- **Kentucky Assigned Claims Plan**
  - Annual Meeting
  - Governing Committee Meeting
  
- **Kentucky Insurance Arbitration Association**
  - Annual Meeting
  - Board Meeting

# Kentucky Assigned Claims Plan

**Annual & Governing Committee Meetings**

**May 13, 2021**

# KACP Meeting Etiquette & Expectations

## Keys to a successful meeting

- Please keep your phone on mute to keep background noise to a minimum.
- If you need to step away from the phone, please do not place us on hold, as your hold music would disrupt the presenter.

## Participation

- Role Call: During role call please unmute your phone. We will call you by name and company. We ask that you verbally confirm you are in attendance.
- Voting: During voting we ask that you unmute your phone. We will ask for verbal affirmation as we do in our in-person meetings.
- Questions: You may ask your question(s) throughout the presentation by unmuting your phone or by typing in the chat box. You may also raise your hand, using the hand icon next to your name in the chat room.
- Motions: We ask those whom motion and second to identify themselves by name.

# KACP Annual Meeting

## **Agenda:**

- Call to Order
- Roll Call
- Anti Trust Preamble
- Approval of Minutes
- Selection of Governing Committee
- Other Business
- Adjournment

# Governing Committee Selection

- Roster of Governing Committee Members in handout
- Kentucky Department of Insurance approved:
  - Taylor Martin— Nationwide Insurance
- Need motion to approve 2021 Governing Committee

- Other Business?
- Adjournment of Annual Meeting

# KACP Governing Committee Meeting

## **Agenda:**

- Call to Order
- Roll Call
- Anti-Trust Preamble
- Approval of Minutes
- Nominating Committee and Election of Officers
- Auditor's Report and Financial Statement
- Secretary-Treasurer's Report
- Other Business
- Adjournment

# Election of Officers

- Report of Nominating Committee:
  - Karen Perdue – Kentucky Farm Bureau
  
- Nominations from floor?
  
- Election of Officers



# Report of Annual Financial Audit

**Deming Malone Livesay & Ostroff -**  
*Certified Public Accountants*

**Sarah Antle, CPA**

# Financial Highlights



## KENTUCKY ASSIGNED CLAIMS PLAN Year Ended December 31, 2020

<u>Financial Highlights</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Cash	\$ 5,819,024	\$ 6,533,726
Assessments received	\$ 3,285,584	\$ 3,401,771
Subrogation recovery	\$ 2,371,000	\$ 2,868,456
Interest income	\$ 3,742	\$ 17,384
Membership fees	\$ 810	\$ 1,500
Total cash receipts	\$ 5,661,136	\$ 6,289,111
Change in cash receipts	-9.99%	
Claims paid	\$ 5,537,039	\$ 5,738,077
Assessments remitted	\$ 400,816	\$ 410,108
Salaries and benefits	\$ 247,543	\$ 249,753
Computer	\$ 145,846	\$ 198,763
Rent	\$ 12,039	\$ 10,743
Other	\$ 32,555	\$ 34,678
Total cash disbursements	\$ 6,375,838	\$ 6,642,122
Change in cash disbursements	-4.01%	
Excess cash receipts	\$ (714,702)	\$ (353,011)

### Comments

- Financial statements are prepared on the cash basis of accounting
- No new accounting policies adopted or changed during the year
- No internal control related findings to report

# Secretary Treasurer's Report

**Mark Hillis**

# 2021 Manager's Report

- 2020 Year End Reconciled Bank Balance:  
(Inclusive of Assessments for 2021 received in 2020)
- On Deposit with Republic Bank: \$ 5,819,024
  - Operating Account: \$2,029,577
  - Cash Sweep Account: \$3,789,447
- 9 Servicing Carriers - No change

# Financial Report

- 99% of all assessments have been collected.
- Bank Balance- Republic Bank (as of 3/31/21)
  - \$5,470,020
    - \$4,290,049– ICS account
    - \$ 1,179,971– operating account
- 2021 Budget Status through March – 18% under budget

# Manager's Report

Kentucky Assigned Claims Plan							
Report of Activity							
Year	2017	2018	Δ 2018 from 2017	2019	Δ 2019 from 2018	2020	Δ 2020 from 2019
<b>New Claims:</b>							
Received	930	905	-2.7%	864	-4.5%	794	-8.1%
Rejected	118	102	-13.6%	90	-11.8%	70	-22.2%
Assigned	786	785	-0.1%	850	8.3%	718	-15.5%
Closed	854	920	7.7%	946	2.8%	965	2.0%
<b>Claims Open:</b>							
Open/Active	730	758	3.8%	684	-9.8%	659	-3.7%
Pending Subro	426	411	-3.5%	348	-15.3%	312	-10.3%
Uninsured	679	568	-16.3%	539	-5.1%	396	-26.5%
Judgments	607	633	4.3%	670	5.8%	655	-2.2%
Benefits Paid	\$5,325,833	\$4,522,813	-\$803,020	\$4,579,539.8	\$56,727	4,463,435.42	-\$116,104

# 2020 Budget Results

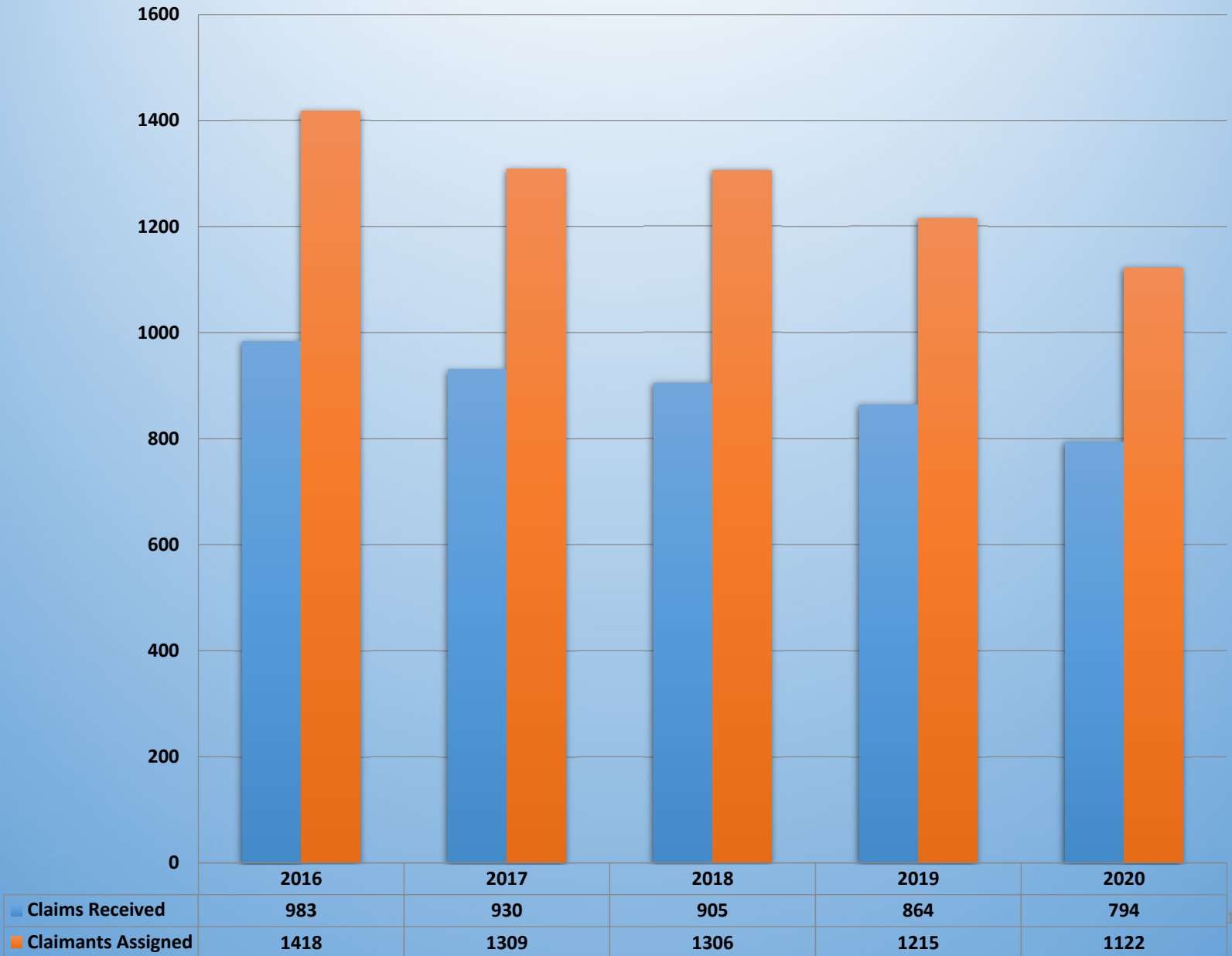
Kentucky Assigned Claims Plan			
Budget Status			
	2019 Budget	2020 Budget	2020 Final
Wages (W-2)	\$ 174,133	\$ 174,046	\$ 161,143
Payroll Taxes	\$ 17,413	\$ 17,405	\$ 11,643
Pension Benefits	\$ 22,986	\$ 22,974	\$ 22,143
401K Match	\$ 5,224	\$ 5,221	\$ 4,641
Office Supplies and Equip.	\$ 4,900	\$ 4,600	\$ 2,801
Professional Services	\$ 8,068	\$ 8,260	\$ 6,956
Human Resources	\$ 1,800	\$ 1,500	\$ 1,599
Rent	\$ 12,273	\$ 12,144	\$ 12,039
Telephone and Tel.Equip.	\$ 2,100	\$ 2,100	\$ 3,095
Travel	\$ 2,800	\$ 3,200	\$ 1,564
Meals and Entertainment	\$ 1,000	\$ 1,200	\$ 192
Insurance - P & C	\$ 11,488	\$ 11,833	\$ 7,285
Health and Employee Benefits	\$ 33,234	\$ 37,517	\$ 43,022
Postage	\$ 2,300	\$ 2,100	\$ 768
Computer and Systems	\$ 93,403	\$ 75,850	\$ 35,642
Dues & Subscriptions	\$ 500	\$ 500	\$ 562
Board Meetings	\$ 400	\$ 350	\$ 81
Education	\$ 350	\$ 300	\$ 102
Miscellaneous	\$ 1,300	\$ 1,300	\$ 1,057
<b>Totals</b>	<b>\$ 395,672</b>	<b>\$ 382,400</b>	<b>\$ 316,335</b>

# Claims Report

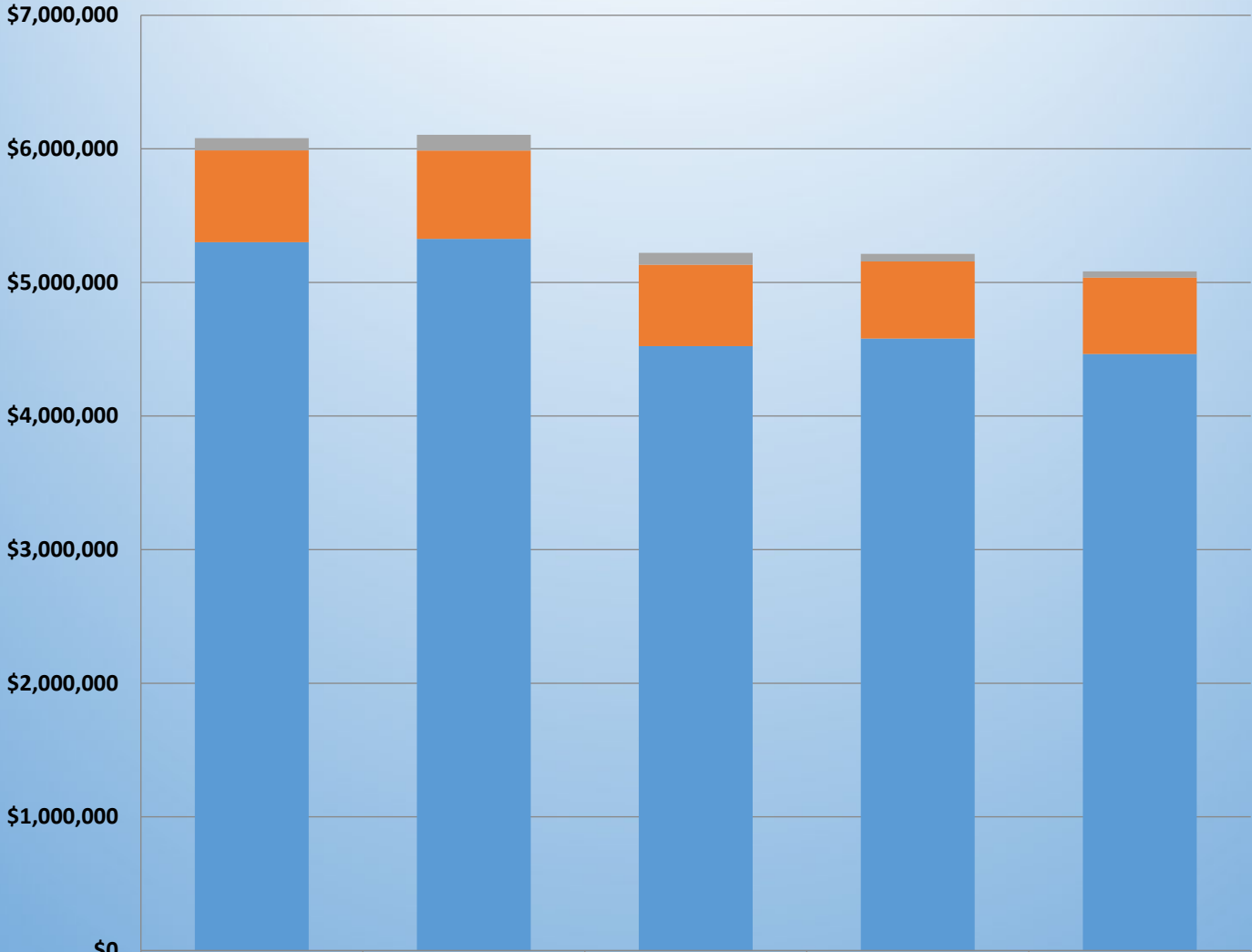
**Erin Lux**  
**Carrie Manor**



# Claim Activity

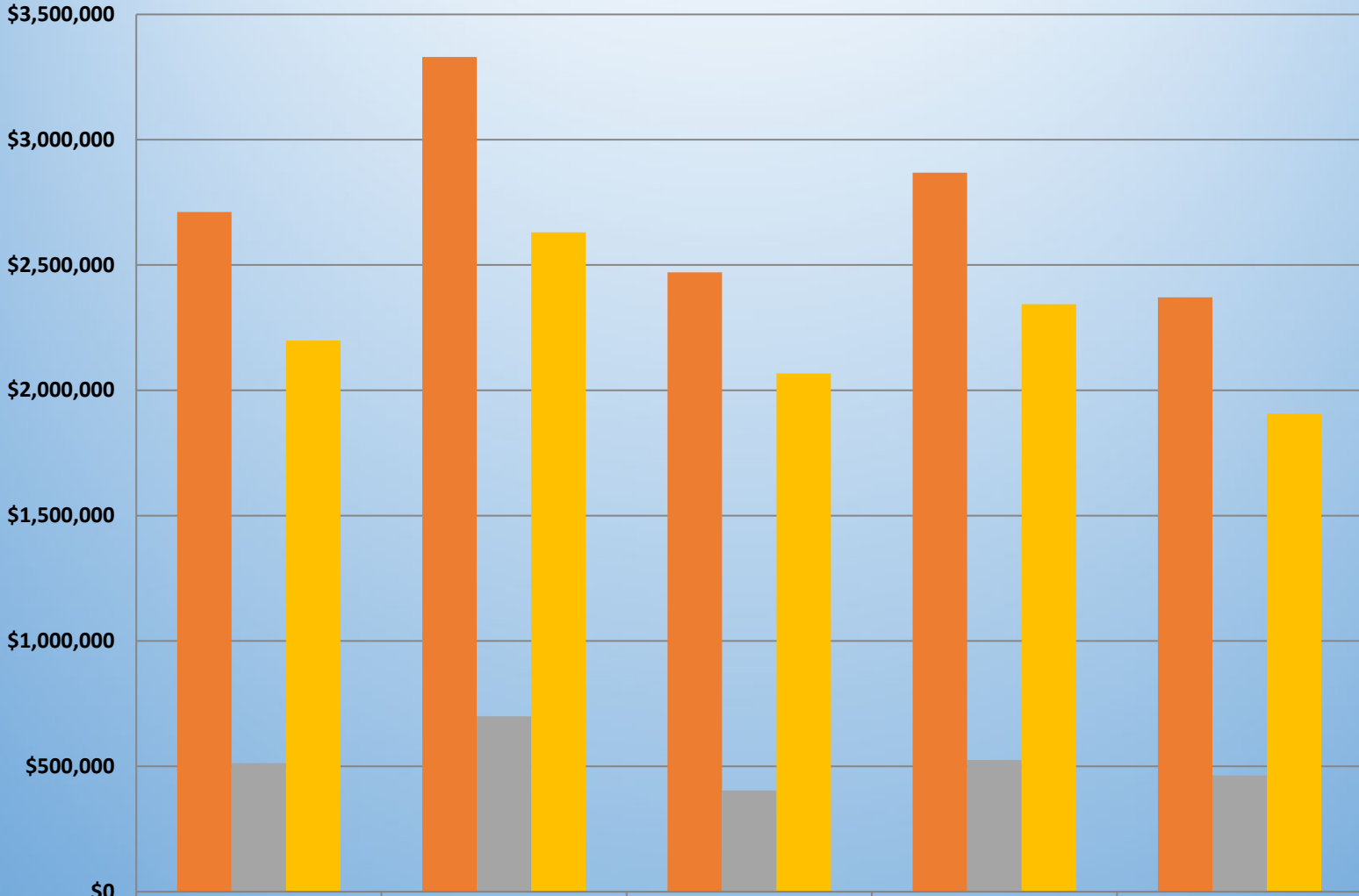


# Benefits Paid and Costs



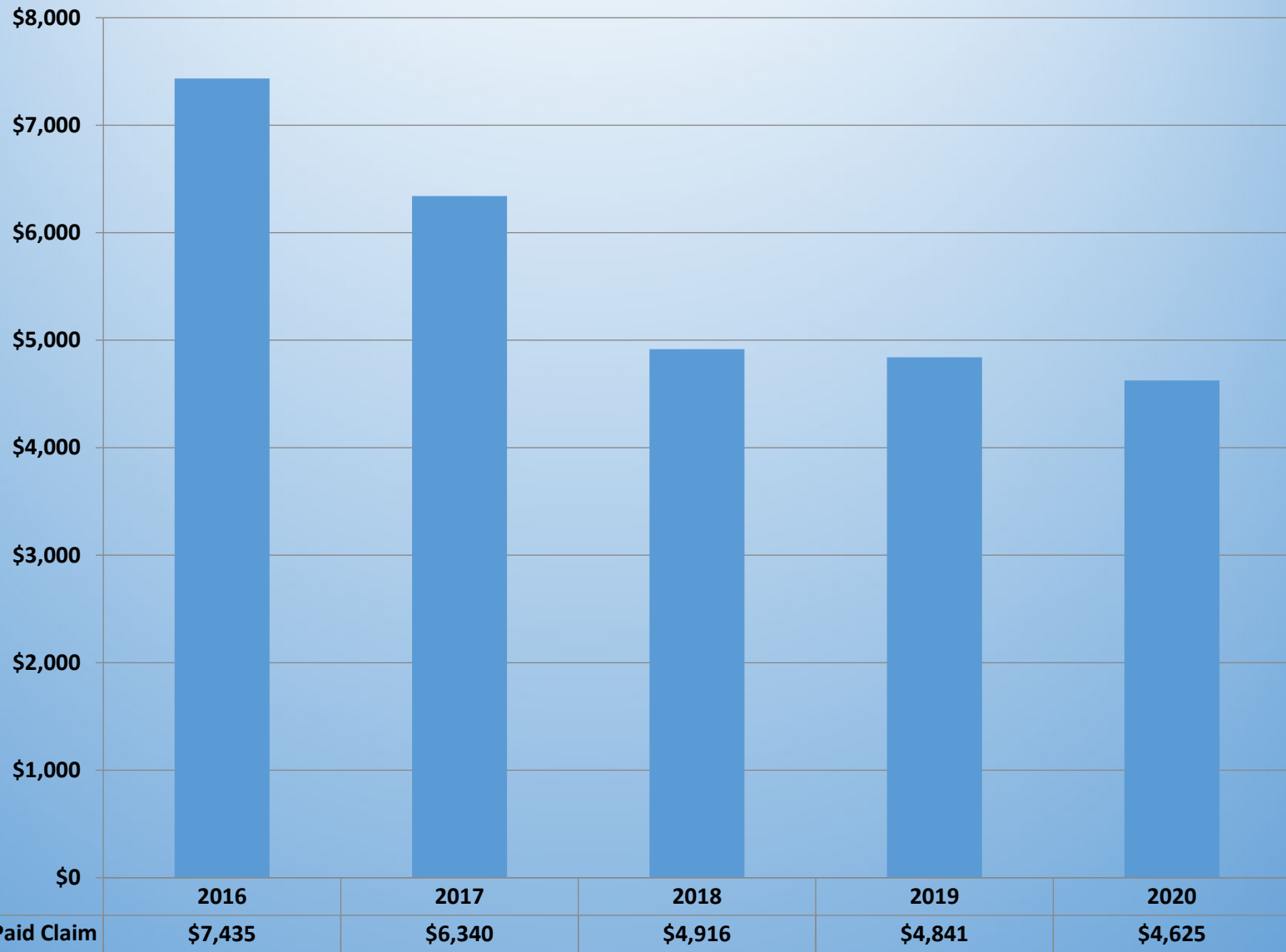
	2016	2017	2018	2019	2020
Allocated Costs	\$91,824	\$117,936	\$88,407	\$56,277	\$45,318
Fees	\$686,432	\$660,941	\$609,694	\$577,114	\$573,581
Benefits Paid	\$5,301,079	\$5,325,833	\$4,522,813	\$4,579,540	\$4,463,435

# Subrogation

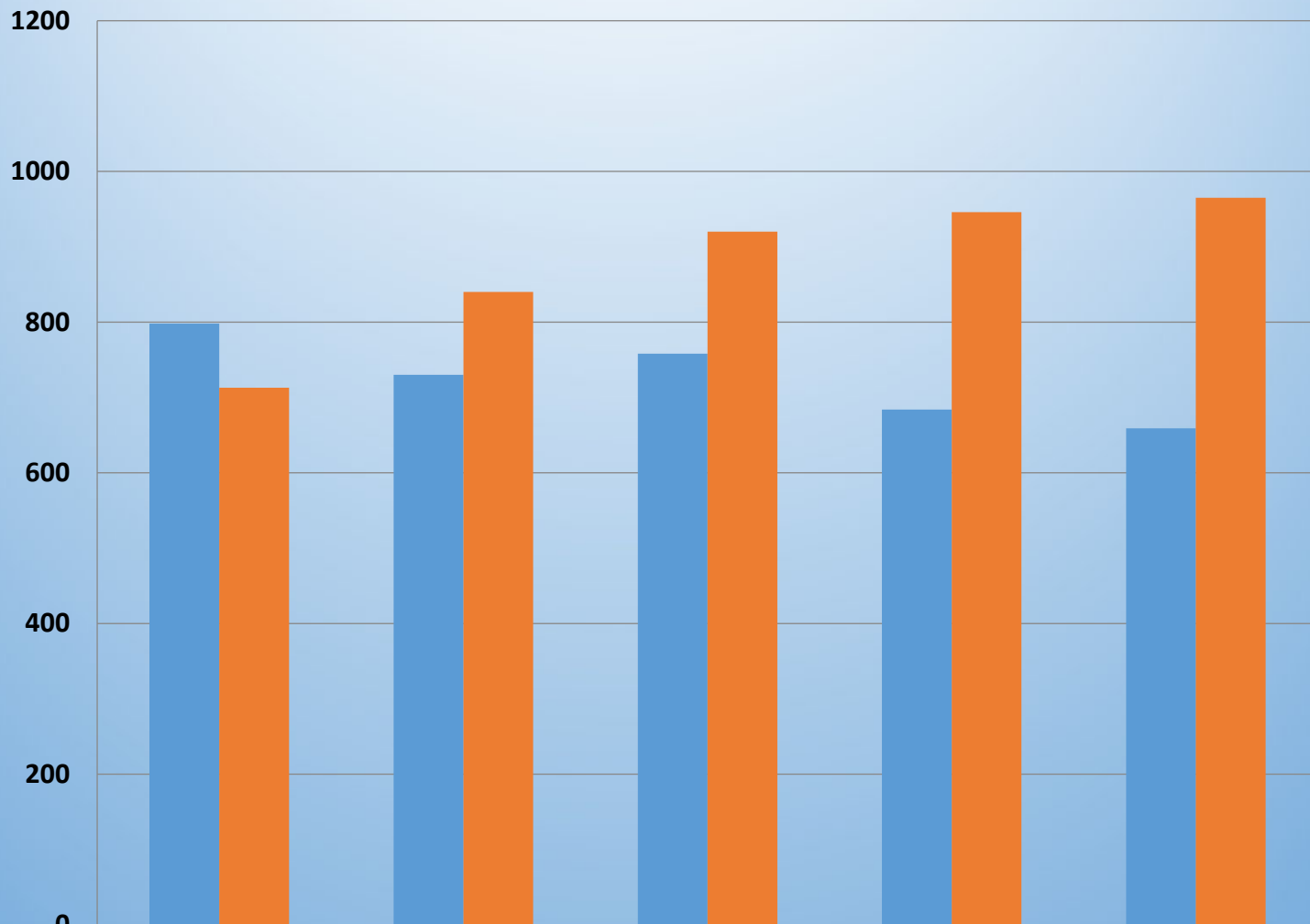


	2016	2017	2018	2019	2020
Subro	\$2,711,219	\$3,329,752	\$2,470,718	\$2,868,456	\$2,371,000
Fees & Costs	\$512,647	\$699,548	\$403,373	\$525,146	\$463,705
Net Subro	\$2,198,572	\$2,630,204	\$2,067,345	\$2,343,310	\$1,907,295

# Average Paid



# Open and Closed Claims



	2016	2017	2018	2019	2020
Open Claims	798	730	758	684	659
Closed Claims	713	840	920	946	965

# As of March 31st

- **New Claims:**

- 2020: 301
- 2021: 227

- **Paid (benefits + fees/costs):**

- 2020: \$1,475,769
- 2021: \$1,342,057

- **Subrogation:**

- 2020: \$437,076
- 2021: \$430,842

# Claims System

## New System Updates – Melissa Chlon

- The new system rolled out March 1, 2021.

### Cost Breakdown:

- Overall cost of the new system: \$345,000
- Annual maintenance agreement: \$0

- Kentucky Dept. of Insurance Comments
  
- Other Business
  - Roth K Addition to 401K Plan
  
- Next Meeting Dates
  - September 30, 2021, In-Person
  - May 12, 2022, Remote



# Adjournment (Break)

# Kentucky Insurance Arbitration Association

**Annual & Board Meetings  
May 13, 2021**

# KIAA Meeting Etiquette & Expectations

## Keys to a successful meeting

- Please keep your phone on mute to keep background noise to a minimum.
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## Participation

- Role Call: During role call please unmute your phone. We will call you by name and company. We ask that you verbally confirm you are in attendance.
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- Motions: We ask those whom motion and second to identify themselves by name.

# KIAA Annual Meeting

## **Agenda:**

- Call to Order
- Roll Call
- Anti-Trust Preamble
- Approval of Minutes
- Election of Board Members
- Other Business
- Adjournment

# Board Selection

- Roster of Board Members included in handout
- Kentucky Department of Insurance approved:
  - Taylor Martin— Nationwide Insurance
- Need motion to seat the Board for 2021
  - Extend 3-year terms for:
    - Brooke McNeil - Grange Insurance
    - Aubrey Chewning – Travelers Insurance
    - Owen Caster – Progressive Insurance

- Other Business?
- Adjournment of Annual Meeting

# KIAA Board Meeting

## **Agenda:**

- Call to Order
- Roll Call
- Anti-Trust Preamble
- Approval of Minutes
- Election of Officers
- Auditor's Report and Financial Statement
- Panel Secretary's Report
- Other Business
- Adjournment

# Election of Officers

- Nominating Committee
  - Owen – Progressive Insurance
- Other Nominations from Floor?
- Election of Officers



# Report of Annual Financial Audit

**Deming Malone Livesay & Ostroff -**  
*Certified Public Accountants*

**Sarah Antle, CPA**

# Financial Highlights



## KENTUCKY INSURANCE ARBITRATION ASSOCIATION Year Ended December 31, 2020

<u>Financial Highlights</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Cash	\$ 560,103	\$ 491,894
Assessments	\$ 400,816	\$ 410,108
Filing fees	\$ 48,220	\$ 53,542
Interest income	\$ 621	\$ 5,302
Membership fees	\$ 80	\$ 900
Total cash receipts	\$ 449,737	\$ 469,852
Change in cash receipts	-4.28%	
Salaries and benefits	\$ 297,982	\$ 283,503
Computer	\$ 42,944	\$ 65,319
Rent	\$ 12,039	\$ 10,743
Other	\$ 28,563	\$ 34,149
Total cash disbursements	\$ 381,528	\$ 393,714
Change in cash disbursements	-3.10%	
Excess cash receipts	\$ 68,209	\$ 76,138

### Comments

- Financial statements are prepared on the cash basis of accounting
- No new accounting policies adopted or changed during the year
- No internal control related findings to report

# Panel Secretary's Report

**Mark Hillis**

# MANAGERS REPORT

Kentucky Insurance Arbitration Association					
Quarterly Report of Activity to Board of Directors					
<u>Category</u>	<u>4th Qtr. 2019</u>	<u>2019 YTD</u>	<u>4th Qtr. 2020</u>	<u>2020 YTD</u>	<u>YTD % Chg</u>
Files Received	331	1363	297	1221	-10.4%
Decisions Rendered	154	609	157	596	-2.1%
Files Withdrawn	148	645	160	653	1.2%
Files Rejected	11	46	36	64	39.1%
Duplicate Filings	0	1	0	4	0.0%
Files Deferred	120	462	98	395	-14.5%
Files Opened	352	1355	321	1177	-13.1%
Files Set for Hearing	207	817	185	827	1.2%
Total: Returned & Currently Pending Addt'l Docs	5	---	1	---	---
Total: Currently Pending Fees	35	---	62	---	---
Total: Currently Set for Hearing	108	---	106	---	---
Total: Currently Open	145	---	108	---	---
Total: Currently Deferred	659	---	615	---	---
Filing Fees	\$13,348	\$52,582	\$11,800	\$48,220	-8.3%

# 2020 Budget Results

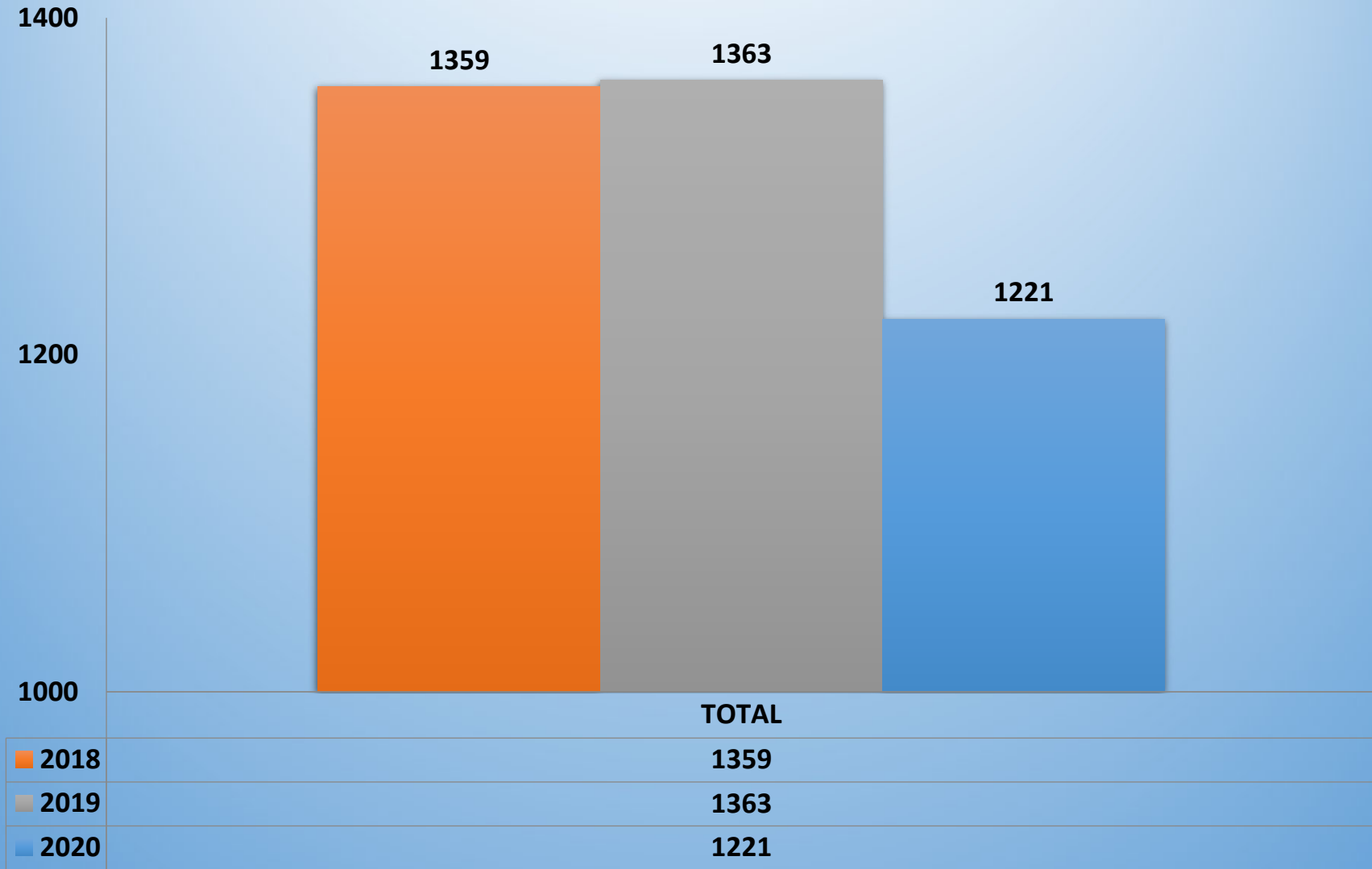
Kentucky Insurance Arbitration Association			
Budget Status			
	2019 Budget	2020 Budget	2020 Final
Wages (W-2)	\$ 193,214	\$ 192,704	\$ 190,843
Payroll Taxes	\$ 19,321	\$ 19,270	\$ 13,801
Pension Benefits	\$ 25,504	\$ 25,437	\$ 26,138
401K Match	\$ 5,796	\$ 5,781	\$ 5,601
Office Supplies and Equip.	\$ 4,850	\$ 4,350	\$ 3,344
Professional Services	\$ 9,125	\$ 9,125	\$ 3,439
Human Resources	\$ 1,500	\$ 1,500	\$ 2,590
Rent	\$ 12,766	\$ 12,588	\$ 12,039
Telephone	\$ 2,400	\$ 2,400	\$ 3,793
Travel	\$ 2,400	\$ 2,600	\$ 1,737
Meals and Entertainment	\$ 1,000	\$ 1,200	\$ 145
Insurance - P & C	\$ 11,096	\$ 11,429	\$ 9,062
Health and Employee Benefits	\$ 52,432	\$ 45,211	\$ 54,036
Postage	\$ 6,440	\$ 6,440	\$ 3,098
Computer and Systems	\$ 60,063	\$ 58,680	\$ 42,944
Dues & Subscriptions	\$ 500	\$ 500	\$ 546
Board Meetings	\$ 400	\$ 300	\$ 46
Education	\$ 300	\$ 300	\$ 129
Miscellaneous	\$ 1,000	\$ 1,000	\$ 55
<b>Total</b>	<b>\$ 410,108</b>	<b>\$ 400,816</b>	<b>\$ 373,386</b>

2021 Budget Status through March – 13% under budget

# Arbitration Report

**Becky Darst**  
**Carrie Manor**

# KIAA FILINGS REPORT



# KIAA 2020 ASSIGNMENTS





# KIAA Filings Report

<b>Kentucky Insurance Arbitration Association</b>			
<b>Quarterly Report of Activity to Board of Directors</b>			
<b>Category</b>	<b>1st Qtr. 2020</b>	<b>1st Qtr. 2021</b>	<b>YTD % Chg</b>
Files Received	325	324	-0.3%
Decisions Rendered	163	128	-21.5%
Files Withdrawn	171	147	-14.0%
Files Rejected	9	20	122.2%
Duplicate Filings	3	5	66.7%
Files Deferred	98	123	25.5%
Files Opened	313	264	-15.7%
Files Set for Hearing	225	156	-30.7%
Files Pending Addt'l Docs	4	—	—
Files Pending Fees	46	69	—
Total: Currently Set for Hearing	112	82	—
Total: Currently Open	138	128	—
Total: Currently Deferred	632	626	—
Filing Fees	\$12,680	\$11,042	-12.9%

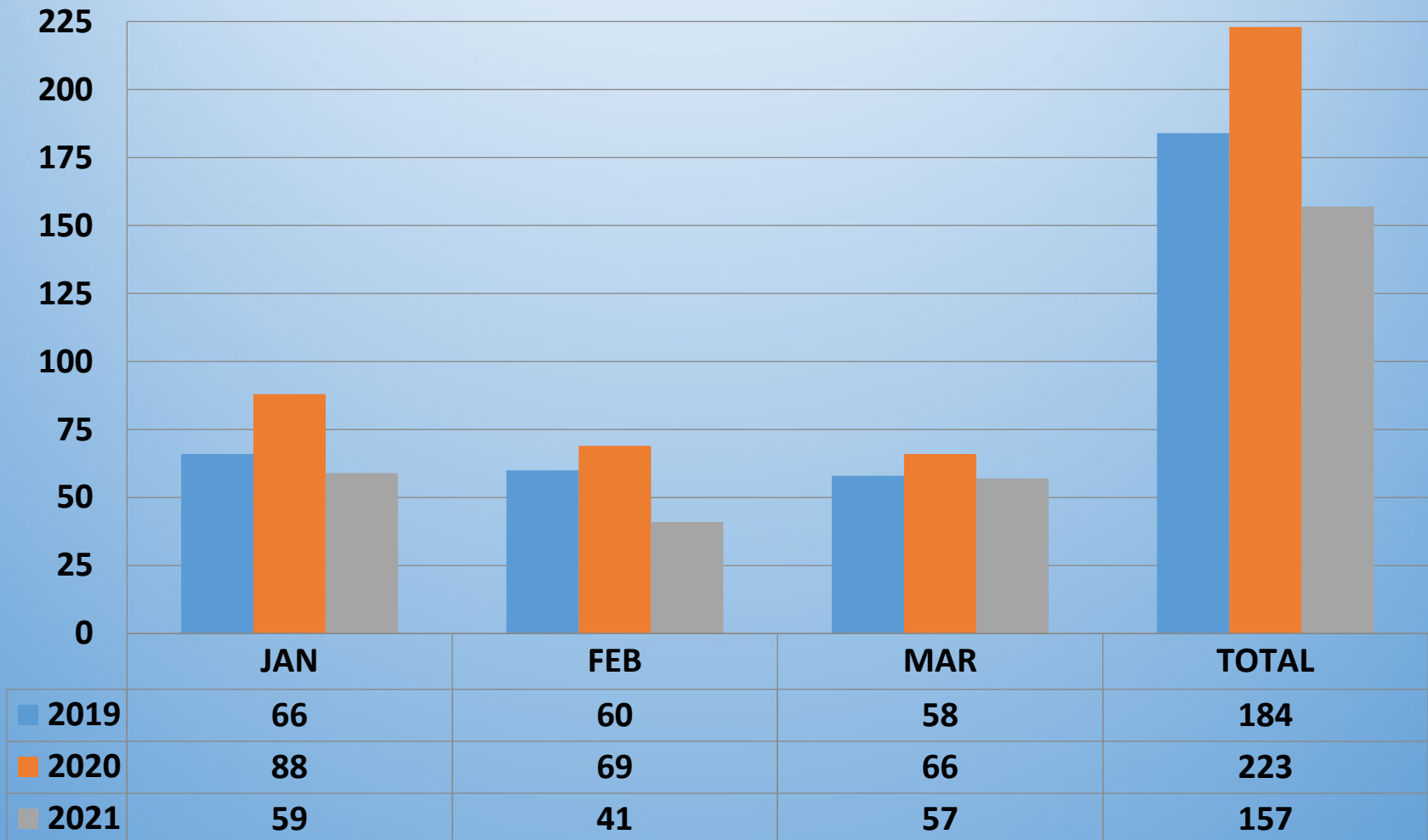
# As of March 31, 2021

## KIAA FILINGS



# As of March 31, 2021

## Files Set for Hearing



# KIAA New System Planning

- Kentucky Dept. of Insurance Comments
  
- Other Business
  - Roth K Addition to 401K
  
- Next Meeting Dates
  - September 30, 2021, In-Person
  - May 12, 2022, Remote
  
- Adjournment