



# **Kentucky FAIR Plan**

**Governing Committee Annual Meeting**

**June 3, 2021**

# 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.



# Annual and Governing Committee Meeting Agenda

1. Roll Call
2. Anti-Trust Preamble Reminder
3. Approval of Minutes
4. Election of Members of Governing Committee
5. Election of Officers
6. Auditor's Report and Financial Statement
7. Executive Director's Report
8. Other Business
9. Adjournment



# Approval of the Minutes

Approval of minutes of prior meetings:

- October 22, 2020 Governing Committee (PAGE 3)
- April 14, 2021 Products and Forms Committee (PAGE 7)
- April 14, 2021 Audit Committee (PAGE 9)
- April 14, 2021 Finance and Investment Committee (PAGE 11)

Need: A motion to approve minutes, please.



# Election of Governing Committee Members

New member since last annual meeting:

- Keith Howard – Hanover Insurance Group (PAGE 14)
- Jay Kepperling – Nationwide (PAGE 15)
  - Approved by the Department of Insurance.
  - Motion – Election of new member



# Election of Officers

Nominations: John Miner

Name	
Kristen Mellinger	Chair
Rudy Schlich	Vice Chair
Mark Hillis	Secretary Treasurer



# Report of Financial Audit

Deming, Malone, Livesay & Ostroff

**Sarah Antle, CPA**

- Financial Highlights – PAGE 18
- Audited Financials – PAGE 19
- Letter to Management – PAGE 38

# Financial Highlights

## KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION

Year Ended December 31, 2020

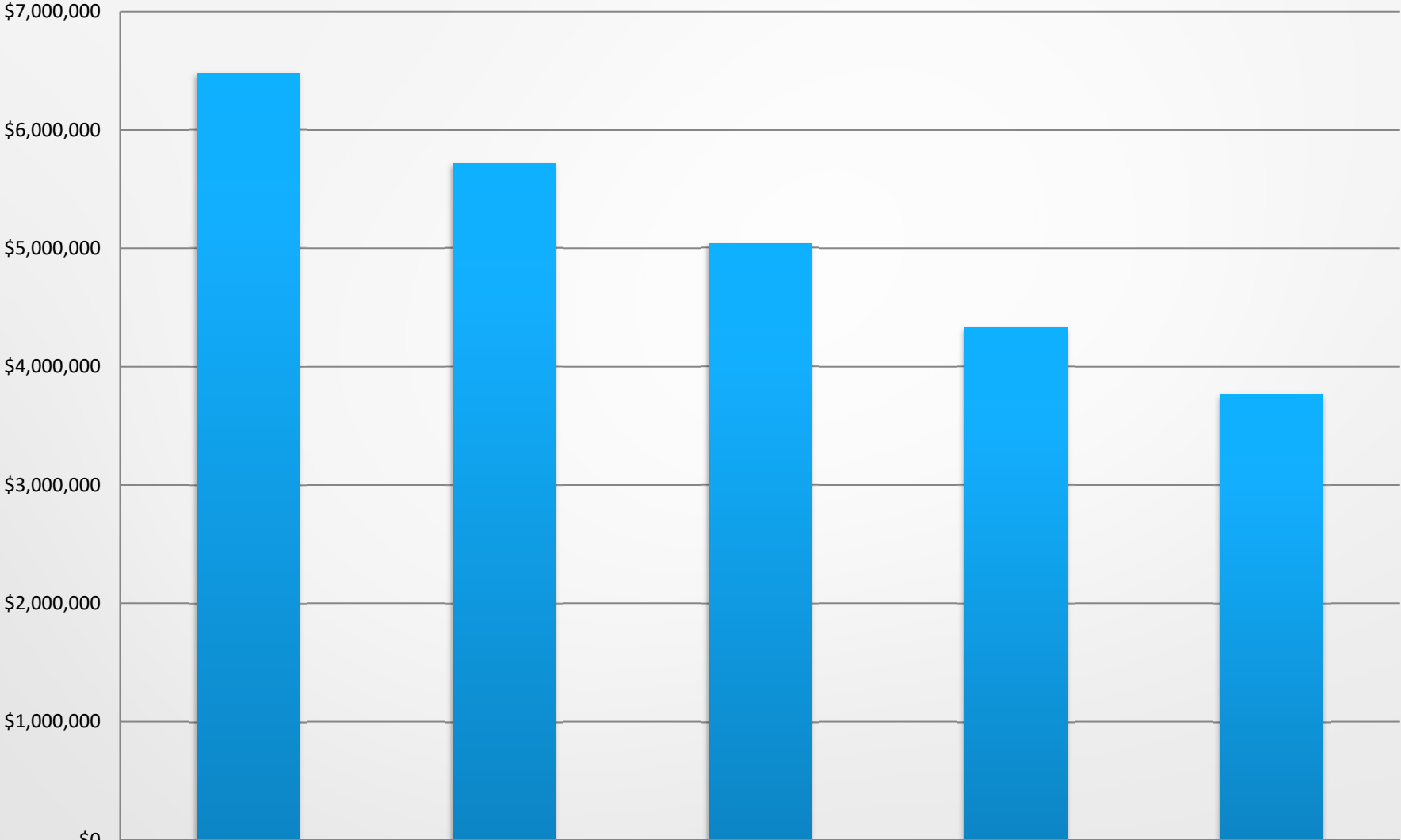
<u>Financial Highlights</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Investments	\$ 14,013,066	\$ 14,875,606
Cash and cash equivalents	\$ 3,086,289	\$ 1,086,565
Premiums receivable	\$ 542,016	\$ 682,483
Property occupied	\$ 880,542	\$ 1,415,428
Total admitted assets	\$ 19,052,823	\$ 18,510,615
Insurance reserves	\$ 1,924,114	\$ 2,515,799
Total liabilities	\$ 2,157,934	\$ 2,676,036
Members' equity	\$ 16,894,889	\$ 15,834,579
Premiums earned	\$ 3,895,618	\$ 4,511,117
Change in premiums earned	-13.6%	
Underwriting expenses	\$ 3,828,739	\$ 4,058,062
Change in underwriting expenses	-5.7%	
Investment income	\$ 585,128	\$ 271,224
Income tax expense	\$ 148,507	\$ 212,525
Net income	\$ 600,563	\$ 559,633
Distribution to members	\$ -	\$ 5,007,273
Net cash flow from operations	\$ (105,693)	\$ 528,891
Change in cash	\$ 1,999,724	\$ (1,831,968)





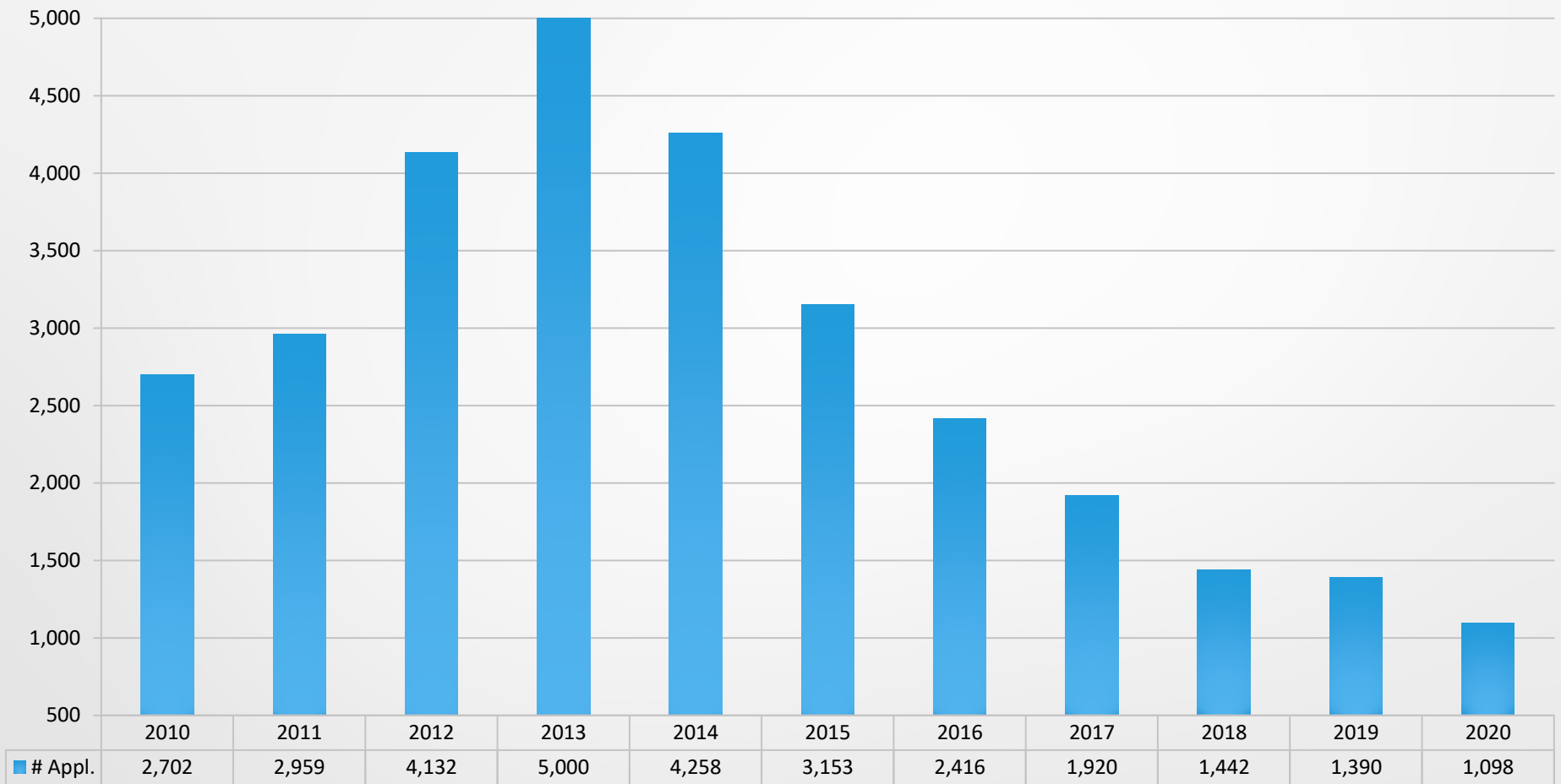
# Executive Director's Report

# Written Premium

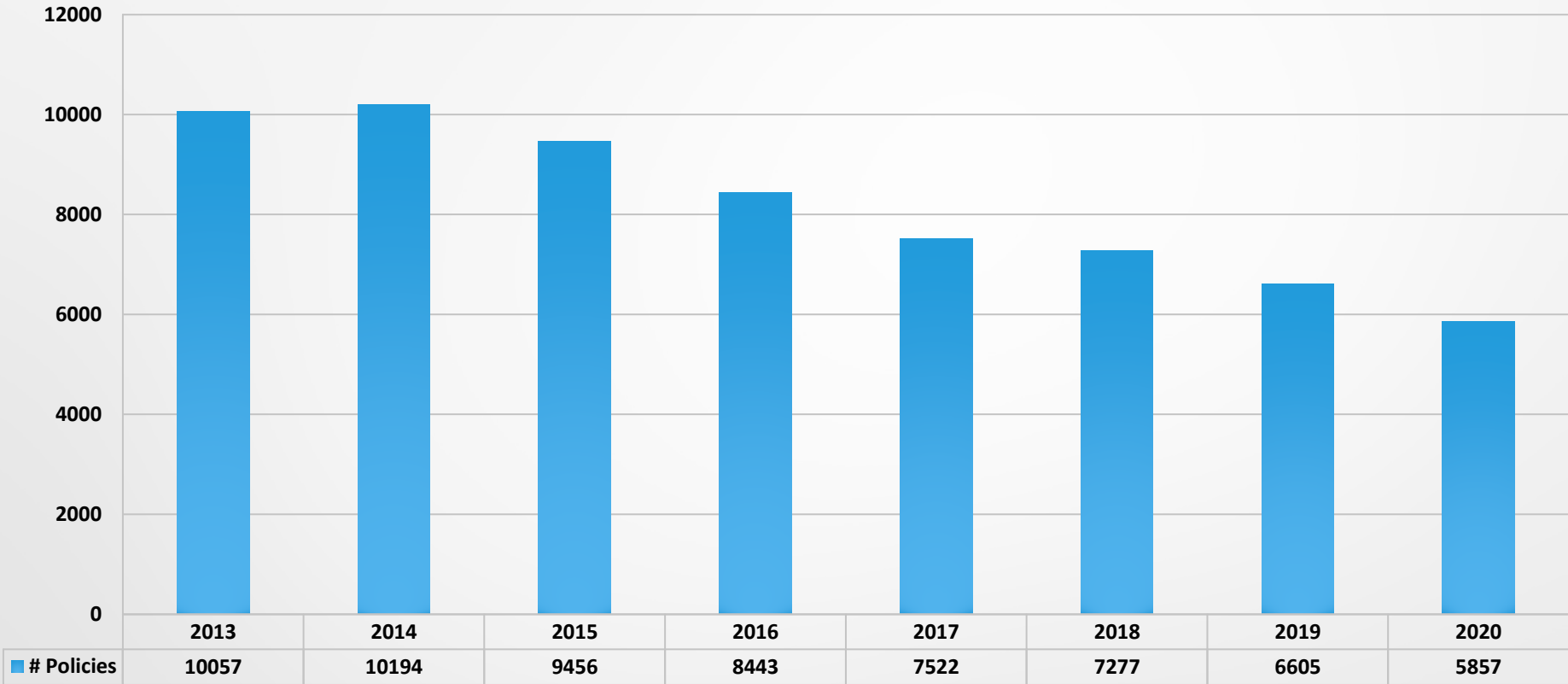


	2016	2017	2018	2019	2020
Written Premium	\$6,480,263	\$5,714,365	\$5,039,864	\$4,330,252	\$3,765,008

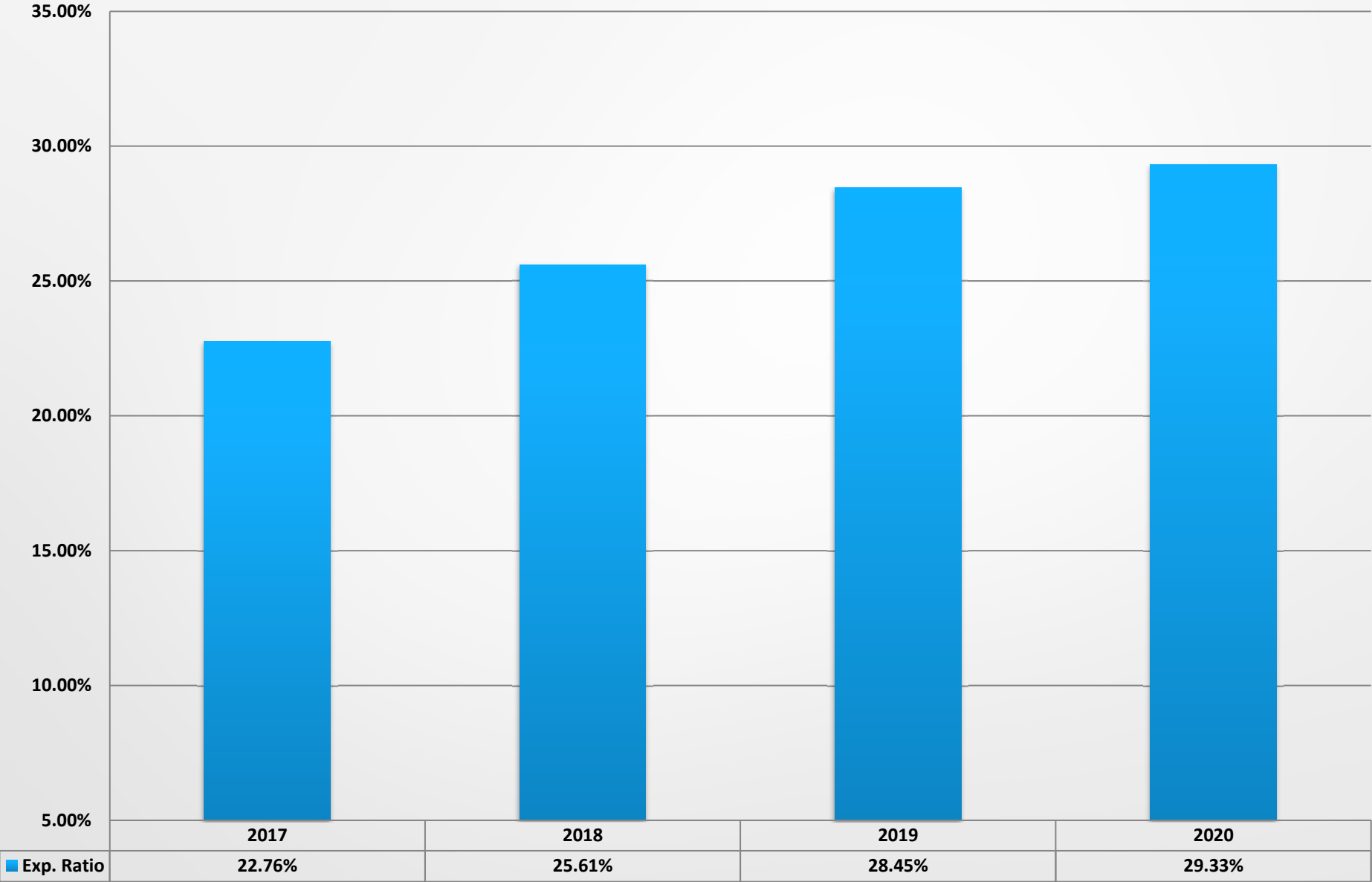
# New Business Applications



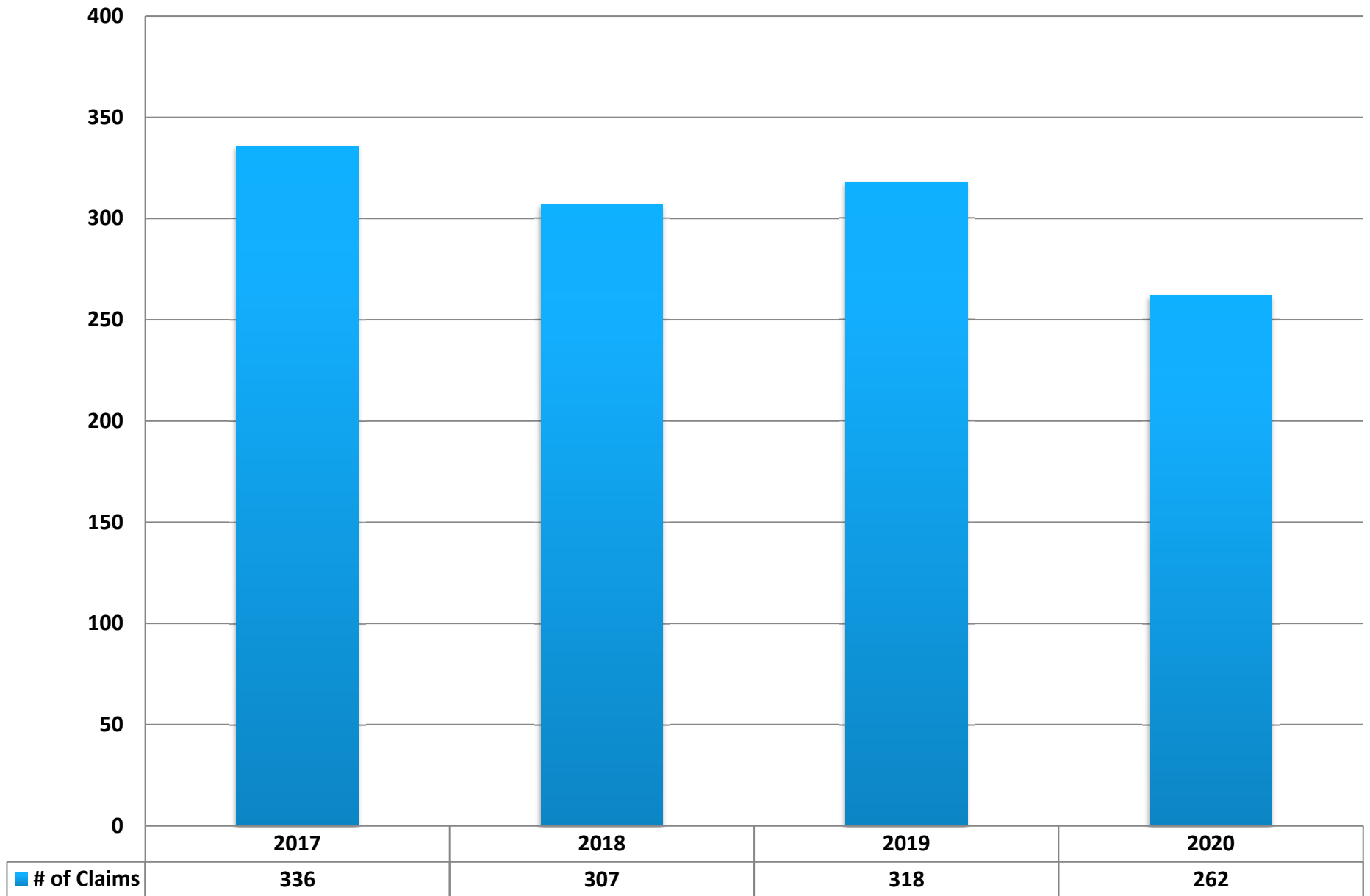
# Number of Inforce Policies



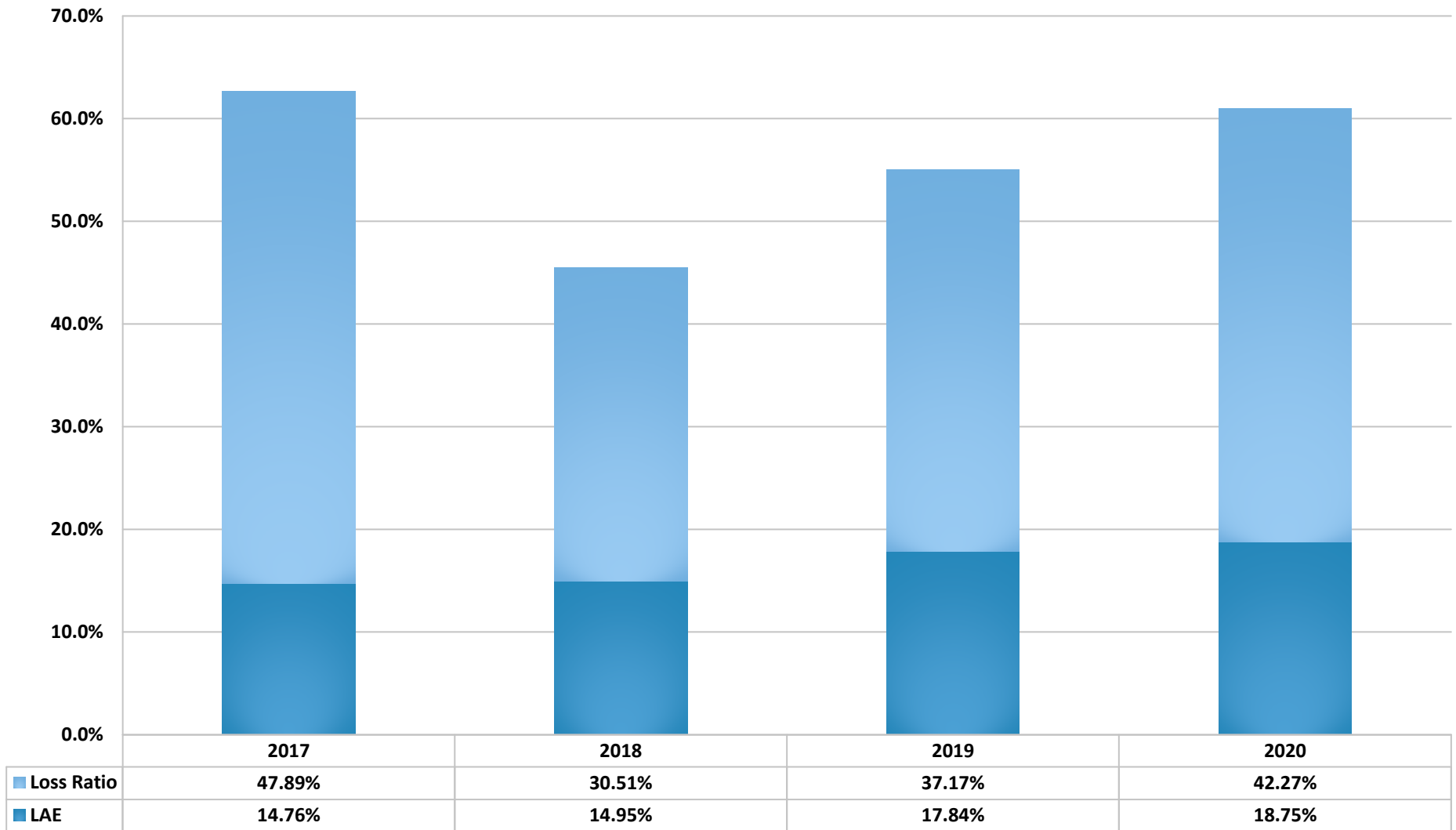
# Operating Expense Ratio



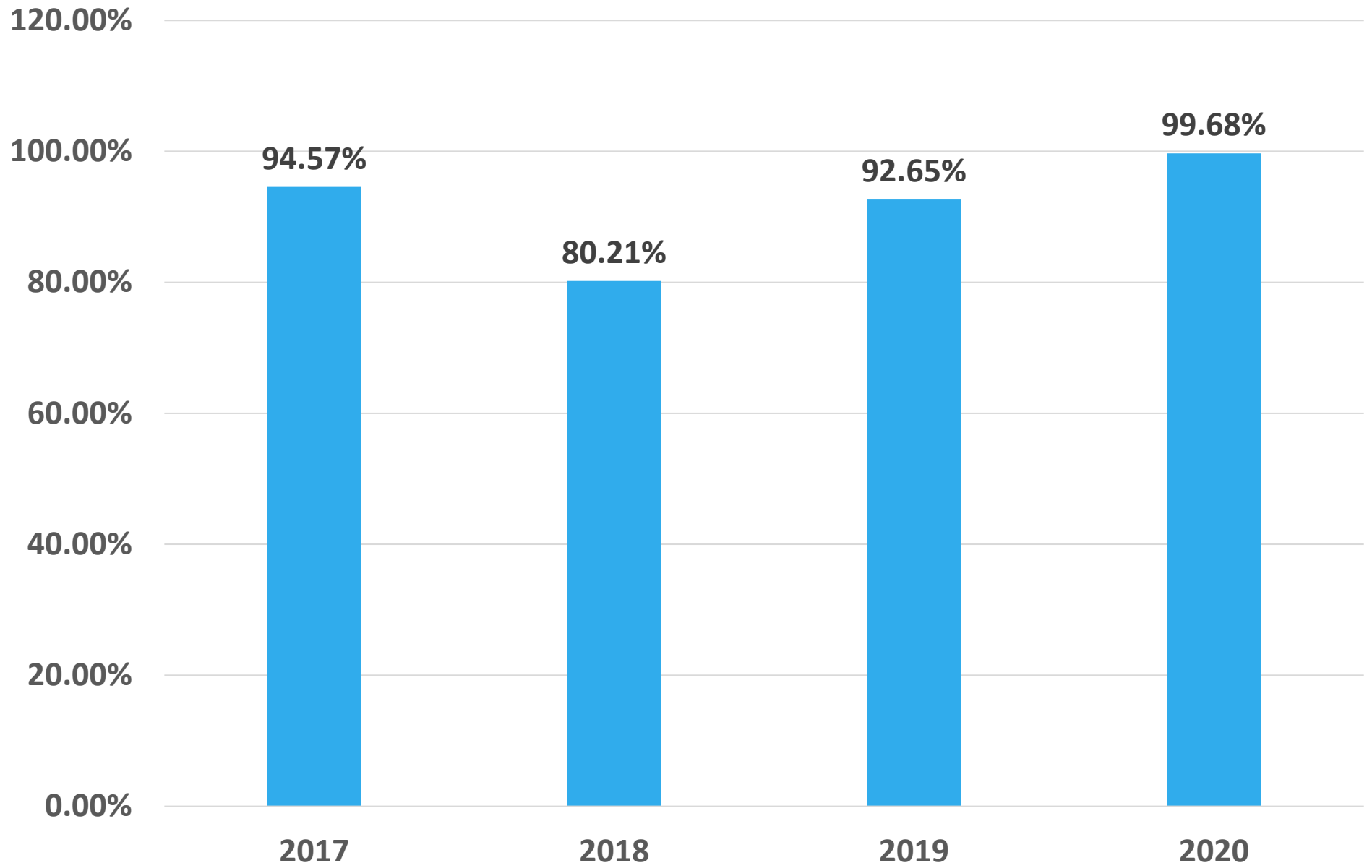
# Claims Reported



# Loss and LAE Ratio

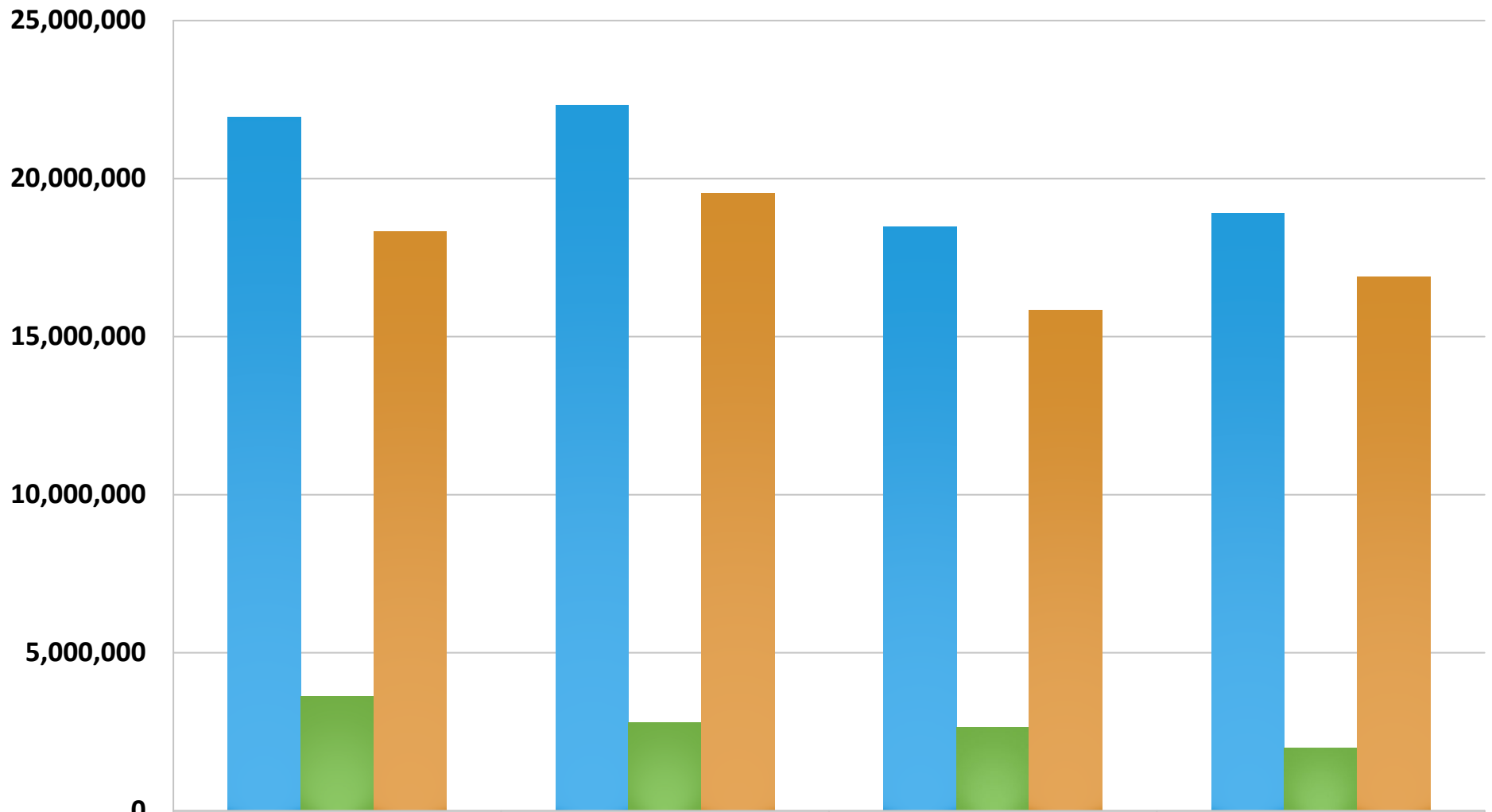


## Combined Ratio






## Balance Sheet



	2017	2018	2019	2020
Assets	21,941,623	\$22,315,335	\$18,477,797	\$18,895,325
Liabilities	\$3,612,158	\$2,781,288	\$2,643,216	\$2,000,434
Equity	\$18,329,465	\$19,534,047	\$15,834,581	\$16,894,891

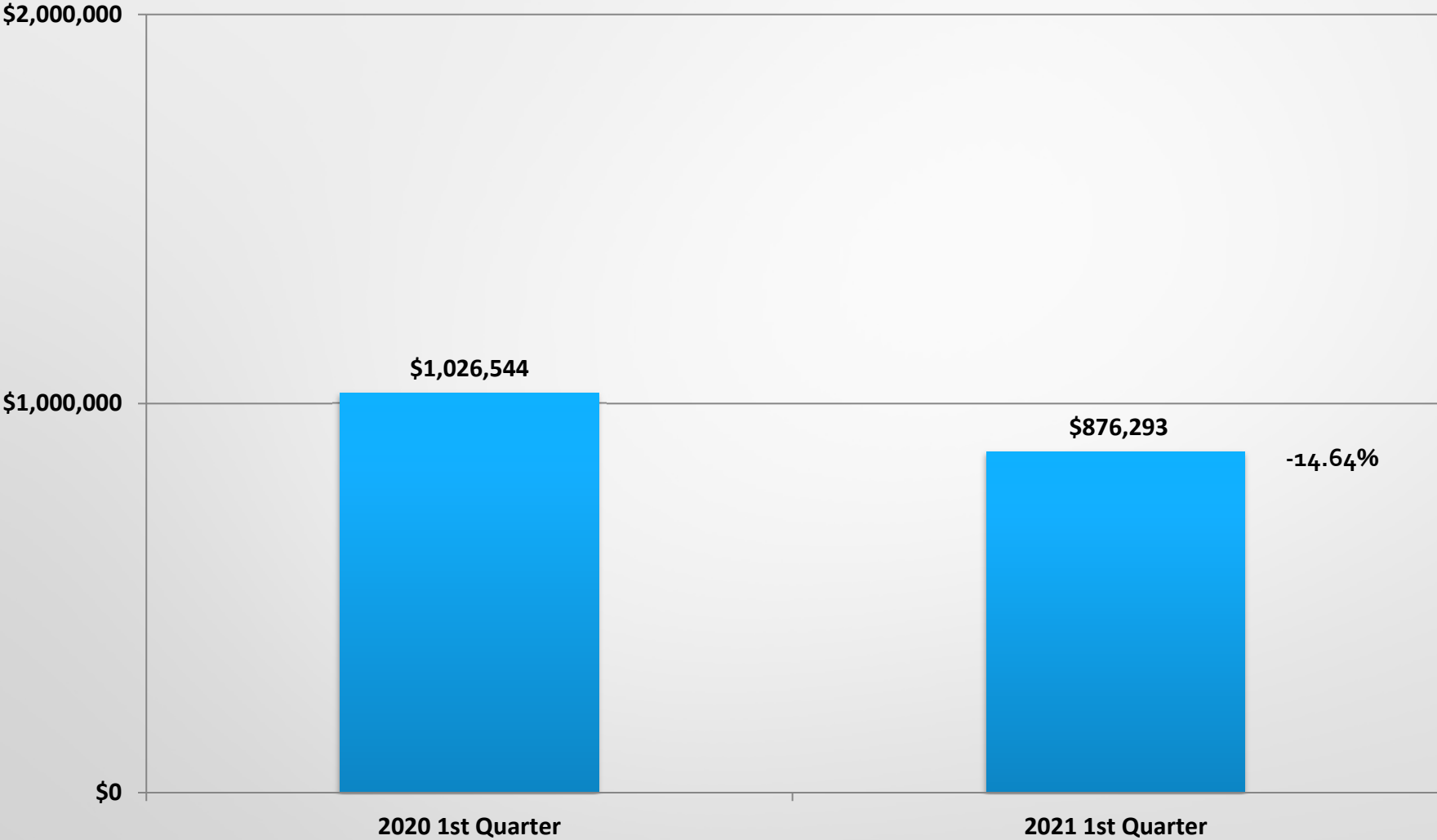
# Budget

KENTUCKY FAIR PLAN				
Budget Status				
Line	2018 Budget	2019 Budget	2020 Budget	2020 Final
Accounting Fees	\$ 17,108	\$ 17,644	\$ 19,000	\$ 17,390
Actuarial Review	\$ 19,008	\$ 17,600	\$ 9,400	\$ 4,400
Allocated Wages	\$ 70,610	\$ 114,737	\$ -	\$ -
Board Meetings	\$ 700	\$ 700	\$ 700	\$ -
Bldg. Repairs & Main.	\$ 35,335	\$ 35,500	\$ 35,320	\$ 31,316
Bldg. Utilities	\$ 20,132	\$ 18,788	\$ 18,647	\$ 14,197
Building Taxes	\$ 19,188	\$ 18,662	\$ 19,836	\$ 9,996
Computer Expenses	\$ 30,434	\$ 57,406	\$ 59,306	\$ 69,603
Courier Services	\$ 500	\$ -	\$ -	\$ -
Dues & Subscriptions	\$ 1,100	\$ 1,284	\$ 1,615	\$ 2,468
Education	\$ 6,191	\$ 6,630	\$ 2,953	\$ 2,428
Filing Fees	\$ 420	\$ 420	\$ 420	\$ -
Health Insurance	\$ 98,399	\$ 120,985	\$ 107,312	\$ 125,558
Human Resources	\$ 3,243	\$ 6,466	\$ 14,950	\$ 11,818
Inspections	\$ 66,460	\$ 54,715	\$ 51,397	\$ 60,864
P&C Insurance	\$ 26,085	\$ 23,764	\$ 23,938	\$ 33,343
Legal/Professional	\$ 9,000	\$ 7,000	\$ 7,000	\$ 4,797
Meals & Entertainment	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,060
Memb.Fees - PIPSO/ISO	\$ 40,751	\$ 41,392	\$ 41,132	\$ 33,551
Miscellaneous	\$ 1,000	\$ 1,000	\$ 1,200	\$ 1,209
Office Equipment	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,672
Office Supplies	\$ 7,676	\$ 5,000	\$ 5,000	\$ 4,240
Payroll Fees	\$ 5,439	\$ 5,511	\$ 5,343	\$ 4,131
Payroll Tax	\$ 60,755	\$ 74,618	\$ 72,347	\$ 52,708
Retirement Savings Plan	\$ 120,783	\$ 104,681	\$ 117,203	\$ 113,273
Postage	\$ 15,608	\$ 11,622	\$ 9,475	\$ 14,843
Printing	\$ 3,402	\$ 3,420	\$ 2,380	\$ 7
Processing	\$ 166,590	\$ 130,222	\$ 171,481	\$ 161,520
Repairs and Maintenance	\$ 5,928	\$ 5,268	\$ 4,845	\$ 5,562
Systems/PASS	\$ 150,560	\$ 128,969	\$ 80,000	\$ 57,474
Telephone	\$ 9,142	\$ 9,140	\$ 10,940	\$ 15,370
Travel	\$ 11,669	\$ 8,519	\$ 9,250	\$ 2,999
Wages (Non Allocated)	\$ 665,809	\$ 631,443	\$ 723,474	\$ 645,224
<b>Total</b>	<b>\$ 1,692,925</b>	<b>\$ 1,667,006</b>	<b>\$ 1,627,764</b>	<b>\$ 1,504,021</b>

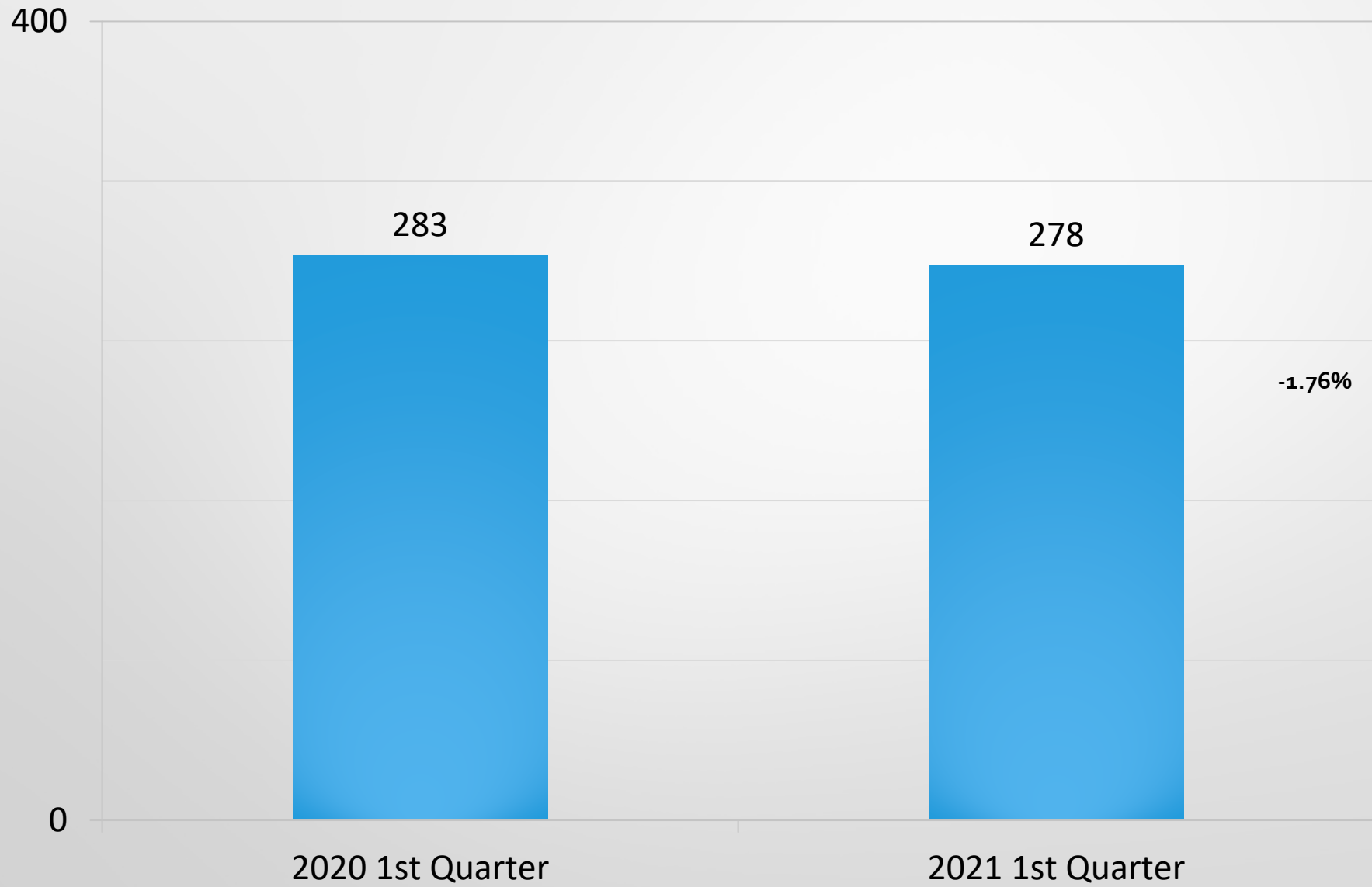


# 2021 1<sup>st</sup> Quarter

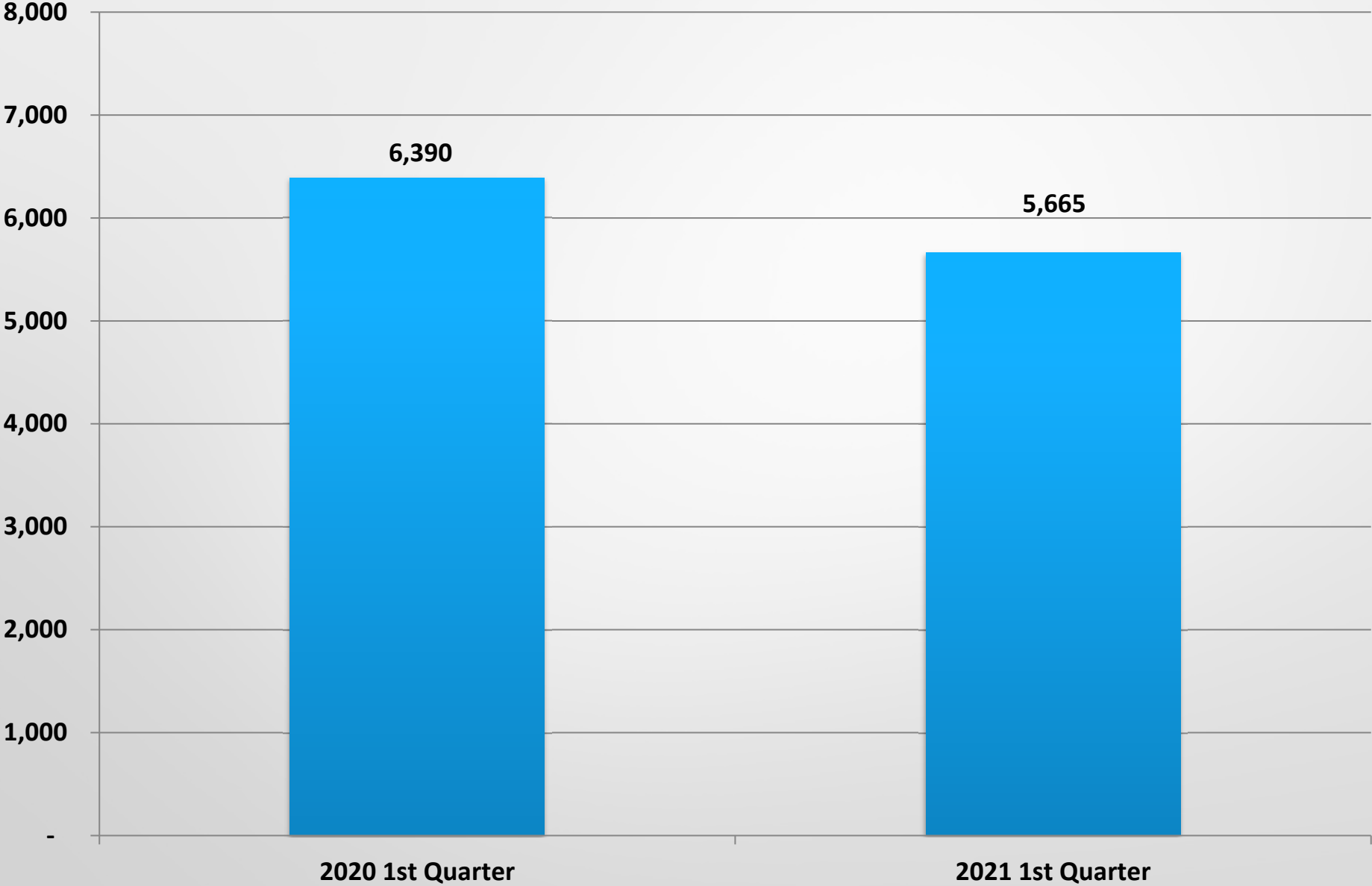
# Written Premium



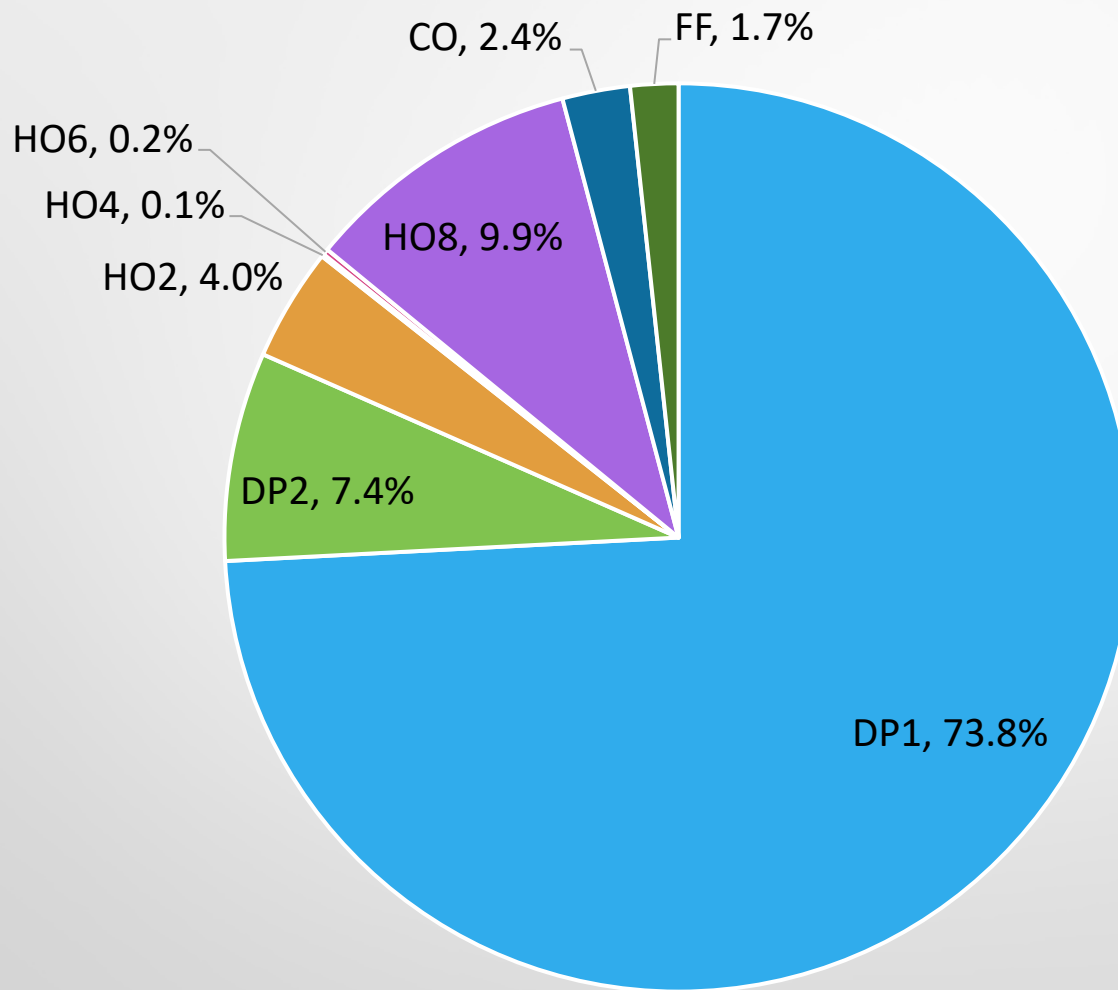
# New Applications



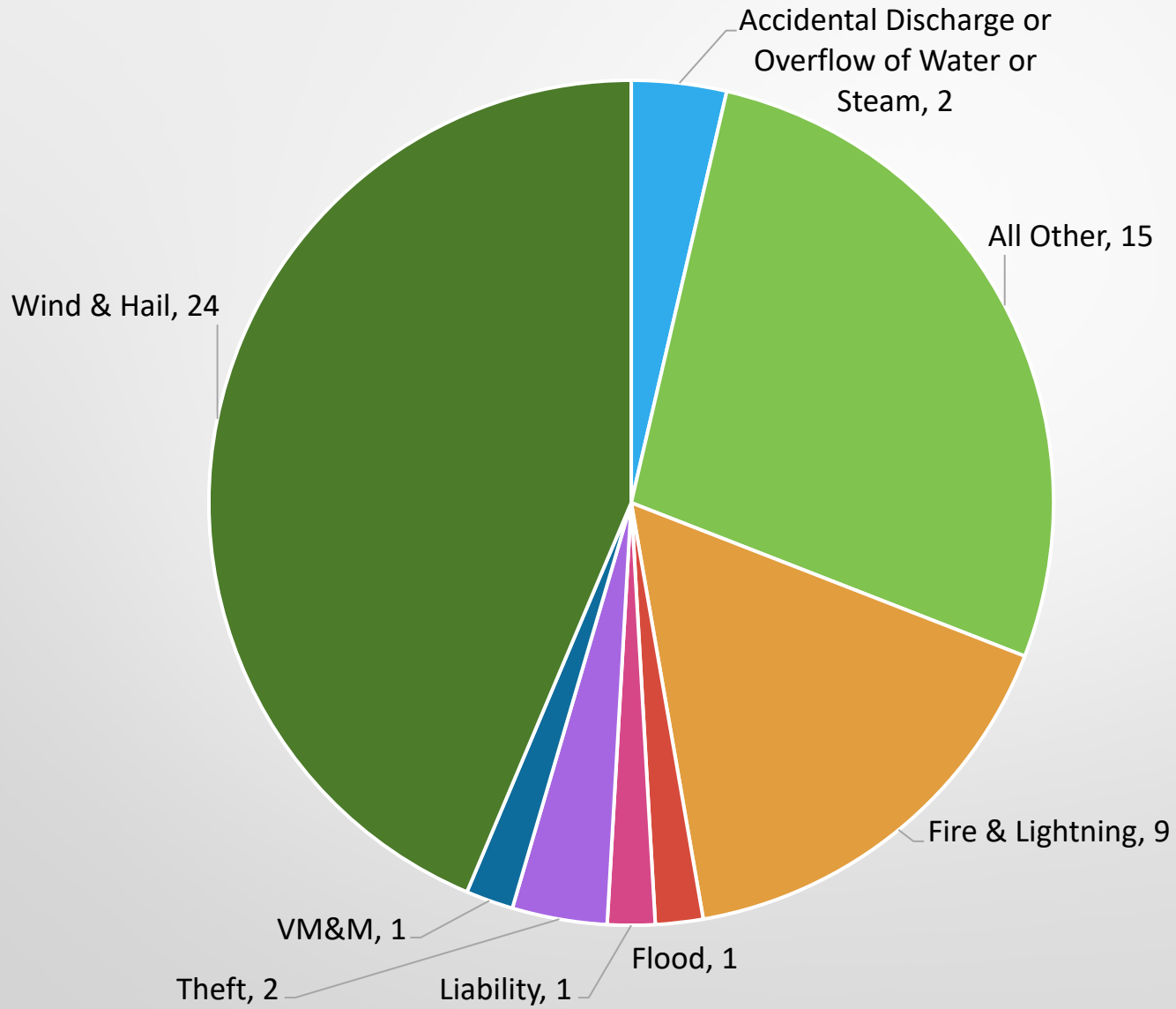
# Policies in Force



## Policies in Force



# Claims Reported





# Reinsurance

- Contract runs 10/1 to 9/30
- Annual Contracts using Guy Carpenter as Broker
- Renewal data provided in July
- Reinsurance and Equity meeting is scheduled in Sept 2021.



# Other Business

# Updates

- Member's Equity Update
  - Outstanding Balance: \$559,043
  - Escheatment process will begin in the fall of 2023
- COVID-19
  - KFP Staff
  - Policyholders
  - Market Impacts
- Cost Sharing Alliance Update

# Team Building and Community Service

- The Plans raised money internally and purchased gifts for Maryhurst and Good Samaritan around the holiday season.
- The Plans provided breakfast for COVID vaccine workers.
- The Plans contributed to a statewide initiative to curb food/hunger needs across the Commonwealth.

# Other Business

- Addition of Roth 401K
- 1<sup>st</sup> Quarter PIPSO Report – (PAGE 42)
- 2020-2021 Committee Assignments (PAGE 43)
- Comments from the Department of Insurance
- Next Meeting: 10/28/2021 – In Person



Thanks for your support!