

1

Notice of KACP Governing Committee Meeting

Kentucky Assigned Claims Plan

Notice of Governing Committee Meeting

A meeting of the Kentucky Assigned Claims Plan Governing Committee will be held at 327 Townepark Circle, Louisville, KY 40243 on September 30th, 2021 at 10:30 A.M. EST.

The agenda is as follows:

1. Call to Order.
2. Roll Call.
3. Anti-trust Preamble.
4. Approval of Minutes.
5. Secretary Treasurer's report.
 - a. Claims Summary
 - b. Financial Report
 - c. 2022 Assessment
 - d. Systems Update
6. Other Business.
7. Adjournment.

If you are unable to attend, please consider giving your proxy to another Governing Committee Member.

Sincerely,



Mark Hillis, Manager

Cc: Governing Committee Members

Shawn Boggs, Kentucky Department of
Insurance

2

KACP Governing Committee

KENTUCKY ASSIGNED CLAIMS PLAN
Governing Committee

Owen K. Caster, Chairperson 502-909-3584
Progressive Insurance Company
9520 Ormsby Station Road, Suite 200
P O Box 436989
Louisville, Kentucky 40223
Email Address: owen_caster@progressive.com

Allison “Brooke” McNeil, Vice-Chairperson 800-837-0801
Grange Insurance Company
PO Box 183243
Columbus, OH 43218
Email Address: McNeilB@grangeinsurance.com

Karen Perdue, CPCU, AIC, AIM, AU, FCLA 502-495-5000
Kentucky Farm Bureau Mut. Ins. Co.
9201 Bunsen Parkway
P O Box 20700
Louisville, Kentucky 40250-0700
Email Address: Karen.Perdue@kyfb.com

Taylor Martin 352-384-5935
Nationwide Insurance Company
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Gainesville, FL 32608
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Scot McFarland 615-884-6514
Allstate Insurance Company
555 Marriott Drive
Suite 850
Nashville, TN 37214
Email Address: Scot.McFarland@Allstate.com

Michael D. Thompson 866-548-5127
Liberty Mutual / Safeco Insurance Company
Marlton Executive Park- Ste 201
701 Route 73 South
Marlton, NJ 08053
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Michelle Kruger 614-917-5655
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KENTUCKY ASSIGNED CLAIMS PLAN
Governing Committee

Aubrey Chewning 216-643-2228
Travelers Insurance Company
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Kimberly McCollom 615-692-7023
State Farm Mutual Automobile Ins. Co.
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Murfreesboro, TN 37131
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Shawn Boggs 502-564-3630
Deputy Commissioner
Kentucky Department of Insurance
P.O. Box 517
Frankfort, Kentucky 40602-0517
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Mark Hillis 502-327-7105
Secretary-Treasurer and Plan Manager
Kentucky Assigned Claims Plan
PO Box 436509
Louisville, Kentucky 40243
Email Address: shillis@kyfairplan.com

3

KACP Anti-Trust Preamble

Anti-Trust Preamble

We are here to discuss and act on matters relating to the business of the Kentucky Assigned Claims Plan and not to discuss or pursue the business interest of our individual companies. We should proceed with caution and alertness towards the requirements and prohibitions of federal and state anti-trust laws. We should not engage in discussions – either at this meeting or in private conversations – of our individual’s companies plans or contemplated activities. We should concern ourselves only with the business of the Kentucky Assigned Claims Plan as set forth in the agenda for this meeting. Only shared market matters may be discussed at shared market meetings and each company’s voluntary market plans cannot be discussed.

4a

Minutes KACP 2021

Annual Meeting

**Kentucky Assigned Claims Plan
Annual Meeting May 13, 2021
Minutes**

The Annual Meeting of the Kentucky Assigned Claims Plan was held at 10:30 AM on May 13, 2021 via virtual platform.

Those in attendance were:

Governing Committee:

Owen K. Caster (Chair)

Progressive Insurance Co.

Taylor Martin

Nationwide Insurance Co.

Scot McFarland

Allstate Insurance Co.

Kimberly McCollom

State Farm Insurance Co.

Karen Perdue

Kentucky Farm Bureau Insurance Co.

Tyler Pilkington

State Automobile Ins. Co.

Michael D. Thompson

Liberty Mutual, Safeco Ins. Co.

Aubrey Chewning

Travelers Insurance Co.

Staff:

Mark Hillis

Secretary Treasurer

Melissa Chlon

Assistant Director

Erin Lux

Assistant Plans Manager

Becky Darst

Claims Manager

Carrie Manor

Claims Supervisor

Guests:

Sarah Antle, CPA

Deming, Malone, Livesay & Ostroff

Christa Hobe

Liberty Mutual, Safeco Ins. Co.

McKenzie Carter

Shelter Insurance Co.

Shawn Boggs

Kentucky Department of Insurance

1. Call to Order

Mr. Caster called the meeting to order.

2. Roll Call

Mr. Caster conducted roll call to confirm attendees and noted a quorum was present. Brooke McNeil was represented by proxy to Karen Perdue.

3. Anti-Trust Preamble

Mr. Caster reminded the Committee that everyone was bound by the Anti-Trust Preamble provided in the meeting documents.

4. Approval of Minutes

Ms. Perdue moved to accept the May 14, 2020 Annual Meeting Minutes as presented, Mr. McFarland seconded, and the motion passed.

5. Selection of the Governing Committee

Mr. Hillis advised that a roster of Governing Committee Members was included with the Agenda for the meeting and that the Kentucky Department of Insurance approves new Governing Committee Members. He noted the changes to the Governing Committee included DOI approval of Taylor Martin of Nationwide.

Ms. McCollom made a motion to elect and seat the Governing Committee. Ms. Perdue seconded, and the motion carried.

6. Any Other Business

There was no other business.

7. Adjournment

There being no further business Ms. Perdue made a motion to adjourn the 2021 Annual Meeting, Mr. McFarland seconded, and the motion carried.

Respectfully submitted,



Mark Hillis
Secretary Treasurer

4b

Minutes KACP 2021

Governing Committee Meeting

**Kentucky Assigned Claims Plan
Governing Committee Meeting May 13, 2021
Minutes**

A Governing Committee Meeting of the Kentucky Assigned Claims Plan was held at 10:30 AM following the Annual Meeting on May 13, 2021, via virtual platform.

Those in attendance were:

Governing Committee:

Owen Caster (Chair)

Taylor Martin

Scot McFarland

Kimberly McCollom

Karen Perdue

Tyler Pilkington

Michael D. Thompson

Aubrey Chewning

Progressive Insurance Co.

Nationwide Insurance Co.

Allstate Insurance Co.

State Farm Insurance Co.

Kentucky Farm Bureau Insurance Co.

State Automobile Ins. Co.

Liberty Mutual, Safeco Ins. Co.

Travelers Insurance Co.

Staff:

Mark Hillis

Melissa Chlon

Erin Lux

Becky Darst

Carrie Manor

Secretary Treasurer

Assistant Director

Assistant Plans Manager

Claims Manager

Claims Supervisor

Guests:

Sarah Antle, CPA

Christa Hobe

McKenzie Carter

Shawn Boggs

Deming, Malone, Livesay & Ostroff

Liberty Mutual, Safeco Ins. Co.

Shelter Insurance Co.

Kentucky Department of Insurance

1. Call to Order

Mr. Caster called the meeting to order.

2. Roll Call

Mr. Caster indicated that a quorum was established in the annual meeting held prior to this meeting. Brooke McNeil was not present but had given her proxy to Karen Perdue.

3. Anti-Trust Preamble

Mr. Caster reminded the Committee that everyone was bound by the Anti-Trust Preamble provided in the meeting documents.

4. Approval of Minutes

Ms. Perdue moved, and Ms. McCollom seconded to approve the minutes of the October 1, 2020 meeting and the motion carried.

5. Report of Nominating Committee

Ms. Perdue, Chairperson of the Nominating Committee, moved to nominate Mr. Caster as Chair, Ms. McNeil as Vice-Chair and Mr. Hillis as Secretary-Treasurer. Ms. Perdue asked for other nominations from the floor. No other nominations were made. Mr. Carter motioned to accept the nominations stated, Mr. McFarland seconded, and the motion carried.

6. Auditors Report and Financial Statement

Mr. Hillis recognized Ms. Antle for her vast knowledge and understanding of the Plans and their operations. Ms. Antle discussed the 2020 Independent Auditor's Report and Financial Statement as described in the Financial Highlights document, prepared by Deming, Malone, Livesay & Ostroff, CPA, which was included with meeting materials. Ms. Antle stated that adequate controls are in place and the audit firm was reporting a clean audit with no irregularities noted. Ms. Antle noted that there is a cost sharing agreement in place, held by the Kentucky FAIR Plan.

7. Secretary Treasurer's Report

Mr. Hillis reported that the 2020 year-end bank balance with Republic Bank was \$5,819,024 which included \$2,029,577 in the operating account and \$3,789,447 in the Cash Sweep Account which provides additional FDIC protection for amounts in \$250,000 increments.

Mr. Hillis advised that most of the assessment for 2021 has been collected. He reported the Plan was 17% under budget for 2020 and 18% under budget for the first quarter of 2021. Mr. Hillis discussed the impact from rising health insurance on the budget, as KACP prepares the next year's budget prior to receipt of actual health care costs. Mr. Hillis reminded the Governing Committee that the Plan offers a defined contribution program and does not offer a defined benefit plan. He noted that the Plan uses zero based budgeting each year. He further noted that the 2020 Annual Managers Report had been distributed to the Governing Committee in January of this year.

Ms. Lux presented a PowerPoint review of activity for 2020 and the preceding four years:

- New claims were down slightly from 864 in 2019 to 794 in 2020.
- Paid benefits decreased slightly from \$4,579,540 in 2019 to \$4,463,435 in 2020.
- Net Subrogation was \$1,907,295 compared to \$2,343,310 for the prior year.
- Average Paid was \$4,625 – which is calculated by the total paid in 2020 divided by the number of claims closed that year.
- 965 claims were closed during the year while 659 remain open.

Ms. Lux noted that our new KACP system will allow for more claimant-level and carrier-level reporting.

Ms. Manor reported that new claims, for the first quarter of 2021, had decreased 24.6%, paid benefits and fees decreased 9% and net subrogation had decreased by 1.4% compared to the same period last year.

Ms. Chlon discussed the system build that went live March 1, 2021. The overall cost of the new system was \$345,000 and would require no ongoing annual maintenance fees. She explained that having no annual maintenance fees was unique and saved the Plan and industry money as prior vendors had bid contracts which included up to \$60,000 in annual maintenance. Ms. Chlon noted that the Plan had provided training sessions for carriers and indicated that the Plan had now trained over 125 representatives.

It was noted that the Plans had begun sending out new system surveys seeking feedback. The initial survey was returned with very positive indications. A second survey will be conducted later this summer after users had additional time and experience working on the new platform. She also complimented the KACP staff for their hard work and dedication during the system build.

8. Other Business

Mr. Caster thanked Mr. Boggs, from the Kentucky Department of Insurance, for his attendance and asked The Department for comments or updates.

Mr. Boggs thanked Mr. Caster and Mr. Hillis for the opportunity to attend and was glad to be part of this team. Mr. Boggs thanked everyone, on behalf of Commissioner Sharon Clark and the Kentucky Department of Insurance, for their part in the Plans and fulfilling the needs within the Residual Markets. They appreciate everything the Plan does for insurers and the people of Kentucky.

Mr. Hillis thanked Mr. Boggs for his contributions and engagement.

Mr. Hillis discussed the Roth K addition to the Plans 401K noting it as a beneficial option to employees with no additional cost to the Plans. He also noted that all employees were moved to the Kentucky FAIR Plans Retirement program as they are the main entity in the cost sharing agreement.

Mr. Caster noted the next meeting which will be an in-person meeting was set for September 30, 2021 at the Plans new office building and the spring virtual meeting set for May 12, 2022.

9. Adjournment

There being no further business, Mr. Carter moved, Ms. Perdue seconded, and the motion carried.

Respectfully submitted,



Mark Hillis
Secretary – Treasurer

5a

2022 KACP Administrative
Budget- Final

Kentucky Assigned Claims Plan

Budget Status

| | 2021 Budget | 2022 Budget |
|----------------------------------------------|-------------------|-------------------|
| Wages (W-2) | \$ 168,148 | \$ 173,203 |
| Payroll Taxes | \$ 16,815 | \$ 17,320 |
| 401K Match and Defined Contribution Benefits | \$ 27,240 | \$ 28,059 |
| Office Supplies and Equip. | \$ 4,200 | \$ 4,000 |
| Professional Services | \$ 7,860 | \$ 7,740 |
| Human Resources | \$ 1,500 | \$ 1,500 |
| Rent | \$ 11,200 | \$ 11,200 |
| Telephone and Tel.Equip. | \$ 2,576 | \$ 3,657 |
| Travel | \$ 2,500 | \$ 3,200 |
| Meals and Entertainment | \$ 1,200 | \$ 1,200 |
| Insurance - P & C | \$ 11,450 | \$ 11,300 |
| Health and Employee Benefits | \$ 34,226 | \$ 32,884 |
| Postage | \$ 900 | \$ 1,100 |
| Computer and Systems | \$ 62,390 | \$ 55,210 |
| Dues & Subscriptions | \$ 400 | \$ 400 |
| Board Meetings | \$ 350 | \$ 350 |
| Education | \$ 300 | \$ 300 |
| Miscellaneous | \$ 1,300 | \$ 1,300 |
| Totals | \$ 354,555 | \$ 353,923 |

5b

KACP Recommended
Assessment

Summary Report and Recommended Assessment for Claims and Expenses (KACP and KIAA)

| Line # | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 Through 8/31 | 2021 Est. | 2022 Est. |
|--------------------------------------------------------|----------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| a | Benefits Paid | \$4,203,752 | \$5,421,339 | \$5,301,079 | \$5,325,833 | \$4,522,813 | \$4,579,540 | \$4,463,435 | \$2,492,564 | \$3,738,846 | \$5,234,384 |
| b | Fees | \$558,602 | \$718,254 | \$686,432 | \$660,941 | \$609,694 | \$577,114 | \$573,581 | \$313,508 | \$470,262 | \$658,367 |
| c | Allocated Costs | \$82,828 | \$104,302 | \$91,824 | \$117,936 | \$88,407 | \$56,277 | \$45,318.0 | \$36,106 | \$54,160 | \$75,824 |
| d | Total Paid | \$4,845,182 | \$6,243,895 | \$6,079,335 | \$6,104,710 | \$5,220,914 | \$5,212,931 | \$5,082,334 | \$2,842,178 | \$4,263,268 | \$5,968,575 |
| e | Subrogation | \$3,260,329 | \$2,562,909 | \$2,711,219 | \$3,329,752 | \$2,470,718 | \$2,868,456 | \$2,371,000 | \$1,435,519 | \$2,153,278 | \$2,153,278 |
| f | Fees and Costs | \$602,950 | \$532,834 | \$512,647 | \$699,548 | \$534,232 | \$525,146 | \$463,705 | \$264,152 | \$396,228 | \$515,096 |
| g | Net | \$2,657,379 | \$2,030,075 | \$2,198,572 | \$2,630,204 | \$1,936,486 | \$2,343,310 | \$1,907,295 | \$1,171,367 | \$1,757,050 | \$1,692,342 |
| h | Net Paid | \$2,187,803 | \$4,213,820 | \$3,880,763 | \$3,474,506 | \$3,284,428 | \$2,869,621 | \$3,175,039 | \$1,670,812 | \$2,506,217 | \$4,276,233 |
| Reserve and Claims Status | | | | | | | | | | | |
| Line # | Item | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 Through 8/31 | 2021 Est. | 2022 Est. |
| i | Claims Received | 950 | 978 | 983 | 930 | 905 | 864 | 794 | 502 | 753 | 839 |
| j | Claimaints Assigned | 1,449 | 1,415 | 1,414 | 1320 | 1305 | 1218 | 1122 | 622 | 933 | 1169 |
| k | Closed Claims | 878 | 842 | 713 | 854 | 920 | 946 | 965 | 931 | 881 | 882 |
| l | Average Paid Claim | \$4,788 | \$6,439 | \$7,435 | \$6,236 | \$4,916 | \$4,841 | \$4,625 | \$2,677 | \$4,243 | \$5,938 |
| m | Open Claims | 864 | 811 | 798 | 730 | 758 | 684 | 659 | 720 | 753 | 739 |
| n | Reserve Fund Basis * | | | | | | | | | \$4,224,873.03 | \$3,675,221.58 |
| Bank Balance and Year end Estimate | | | | | | | | | | | |
| o | Reconciled Bank balance as of 8/31/21 | | | | | | | | | | \$5,188,847 |
| p | Estimated claims payments less recovery for remainder of year | | | | | | | | | | \$1,757,050 |
| | Estimated operating expenses remainder of year (KIAA and KACP) | | | | | | | | | | \$210,782 |
| q | Estimated cash on hand balance at end of year | | | | | | | | | | \$3,221,014 |
| Recommended Assessment for 2021 (For Year 2022) | | | | | | | | | | | |
| | | KACP | | | KIAA | | | | | | Totals |
| r | Administrative Budget: KIAA | \$353,923 | | | \$0 | | | | | | \$353,923 |
| s | Budget for new claims less subrogation | | | | | | | | | | \$4,276,233 |
| t | Reserve fund (25% of Reserve for open claims) | | | | | | | | | | \$1,056,218 |
| u | 2022 Estimate for Claims, Reserve and Administrative Budget | | | | | | | | | | \$5,686,374 |
| v | Less Cash Balance Estimate as of 12/31/21 | | | | | | | | | | \$3,221,014 |
| w | Recommended Assessment for 2021(line u - v) | | | | | | | | | | \$2,465,360 |