

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 12, 2022

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
- Need motion to approve 2022 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, 2021

<u>Financial Highlights</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Cash	\$ 5,894,198	\$ 5,819,024
Assessments received	\$ 3,076,923	\$ 3,285,584
Subrogation recovery	\$ 1,846,245	\$ 2,371,000
Interest income	\$ 1,899	\$ 3,742
Membership fees	\$ 400	\$ 810
Total cash receipts	\$ 4,925,467	\$ 5,661,136
Change in cash receipts	-13.00%	
Claims paid	\$ 4,021,950	\$ 5,537,039
Assessments remitted	\$ 377,157	\$ 400,816
Salaries and benefits	\$ 251,317	\$ 247,543
Computer	\$ 162,229	\$ 145,846
Rent	\$ 11,279	\$ 12,039
Other	\$ 26,361	\$ 32,555
Total cash disbursements	\$ 4,850,293	\$ 6,375,838
Change in cash disbursements	-23.93%	
Excess cash receipts (disbursements)	\$ 75,174	\$ (714,702)

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

2022 Manager's Report

- 2021 Year End Reconciled Bank Balance:
(Inclusive of Assessments for 2022 received in 2021)
 - On Deposit with Republic Bank: \$5,894,199
 - Operating Account: \$2,602,853
 - Cash Sweep Account: \$3,291,346
- 9 Servicing Carriers – 2021
- 8 Servicing Carriers after March 2022

Financial Report

- All assessments have been collected.
- Bank Balance- Republic Bank (as of 3/31/22)
 - \$5,533,000
 - \$4,291,861– Cash Sweep Account
 - \$1,241,139– Operating Account
- 2022 Budget Status through March

Manager's Report

Kentucky Assigned Claims Plan							
Report of Activity							
Year	2018	2019	Δ 2019 from 2018	2020	Δ 2020 from 2019	2021	Δ 2021 from 2020
<u>New Claims:</u>							
Received	905	864	-4.5%	794	-8.1%	736	-7.3%
Rejected	102	90	-11.8%	70	-22.2%	157	124.3%
Assigned	785	850	8.3%	718	-15.5%	579	-19.4%
Closed	920	946	2.8%	965	2.0%	1185	22.8%
<u>Claims Open:</u>							
Open/Active	758	684	-9.8%	659	-3.7%	698	5.9%
Pending Subro	1612	1557	-3.4%	1363	-12.5%	731	-46.4%
Benefits Paid	\$4,522,813	\$4,579,539.8	\$56,727	4,463,435.42	-\$116,104	\$3,204,102.42	-\$1,259,333

2021 Budget Results

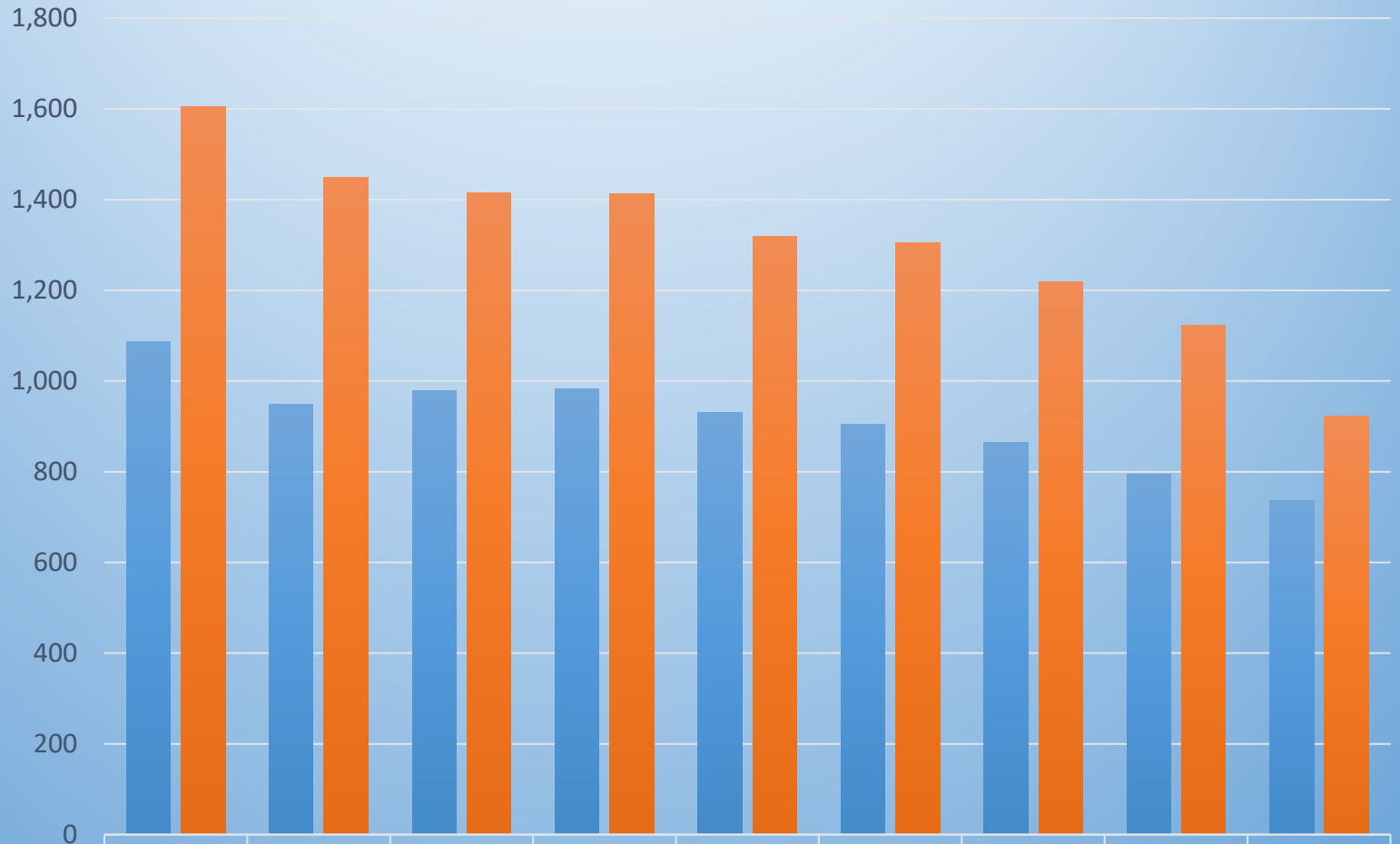
Kentucky Assigned Claims Plan			
Budget Status			
	2020 Budget	2021 Budget	2021 Final
Wages (W-2)	\$ 174,046	\$ 168,148	\$ 166,899
Payroll Taxes	\$ 17,405	\$ 16,815	\$ 12,157
Pension Benefits	\$ 22,974	\$ 22,195	\$ 16,104
401K Match	\$ 5,221	\$ 5,044	\$ 4,141
Office Supplies and Equip.	\$ 4,600	\$ 4,200	\$ 2,990
Professional Services	\$ 8,260	\$ 7,860	\$ 5,321
Human Resources	\$ 1,500	\$ 1,500	\$ 1,977
Rent	\$ 12,144	\$ 11,200	\$ 11,280
Telephone and Tel.Equip.	\$ 2,100	\$ 2,576	\$ 3,407
Travel	\$ 3,200	\$ 2,500	\$ 1,716
Meals and Entertainment	\$ 1,200	\$ 1,200	\$ 285
Insurance - P & C	\$ 11,833	\$ 11,450	\$ 7,103
Health and Employee Benefits	\$ 37,517	\$ 34,226	\$ 44,073
Postage	\$ 2,100	\$ 900	\$ 573
Computer and Systems	\$ 75,850	\$ 62,390	\$ 17,229
Dues & Subscriptions	\$ 500	\$ 400	\$ 825
Board Meetings	\$ 350	\$ 350	\$ 60
Education	\$ 300	\$ 300	\$ -
Miscellaneous	\$ 1,300	\$ 1,300	\$ 261
Totals	\$ 382,400	\$ 354,554	\$ 296,401

Claims Report

Carrie Manor

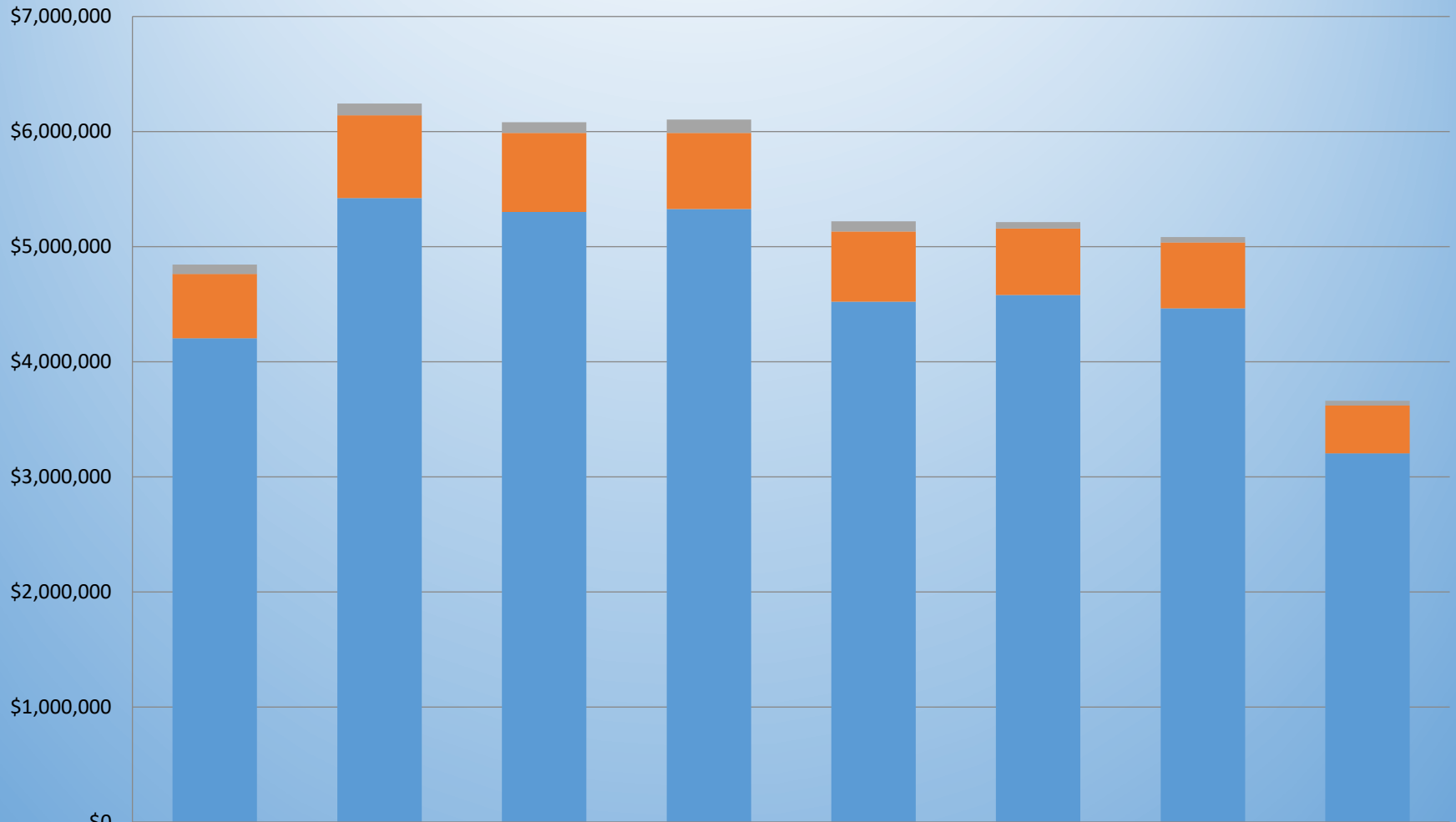
Claim Activity

Claims Activity



	2013	2014	2015	2016	2017	2018	2019	2020	2021
Claims Received	1,086	950	978	983	930	905	864	794	736
Claimants Assigned	1,606	1,449	1,415	1,414	1,320	1,305	1,218	1,122	923

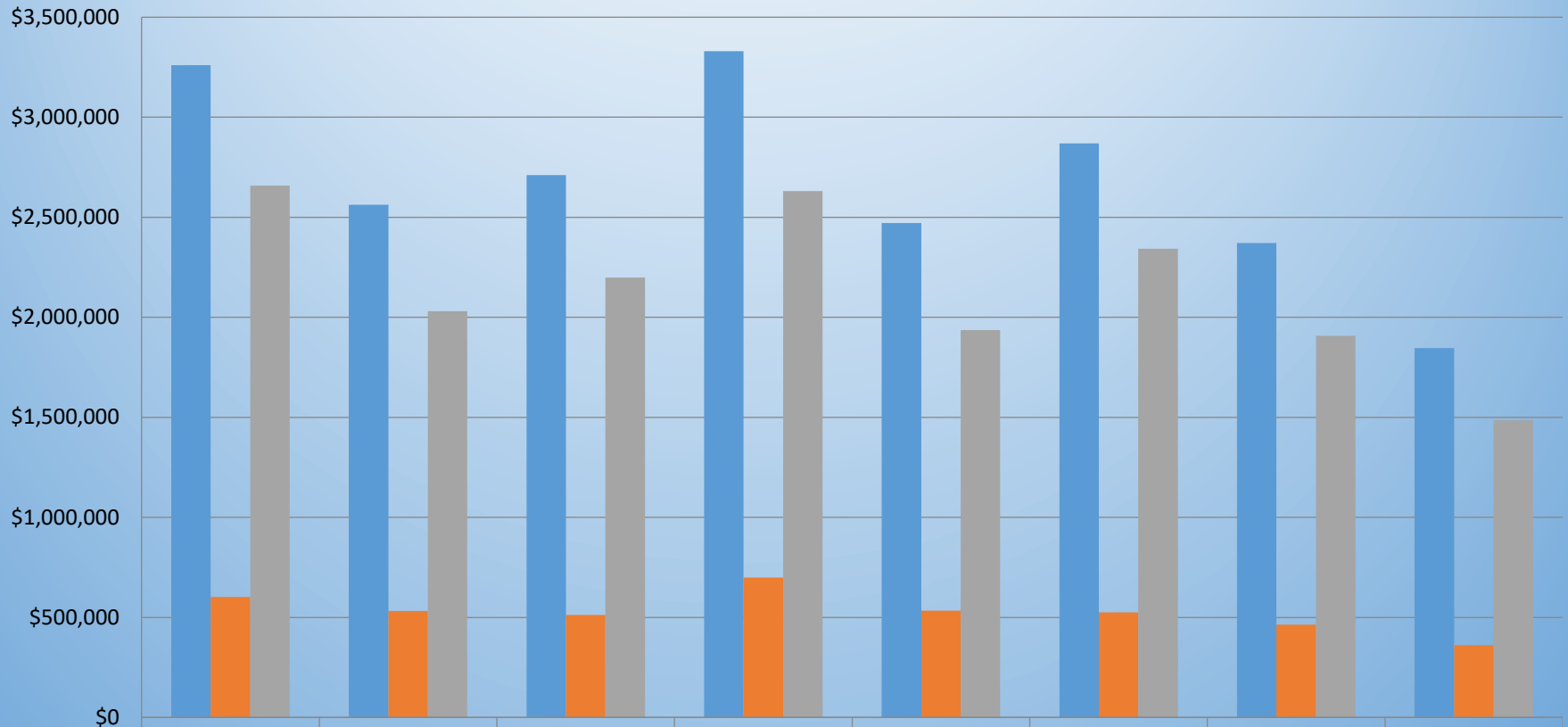
Benefits Paid and Costs



	2014	2015	2016	2017	2018	2019	2020	2021
Allocated Costs	\$82,828	\$104,302	\$91,824	\$117,936	\$88,407	\$56,277	\$45,318	\$42,737
Fees	\$558,602	\$718,254	\$686,432	\$660,941	\$609,694	\$577,114	\$573,581	\$414,601
Benefits Paid	\$4,203,752	\$5,421,339	\$5,301,079	\$5,325,833	\$4,522,813	\$4,579,540	\$4,463,435	\$3,204,102

Subrogation

Subrogation



	2014	2015	2016	2017	2018	2019	2020	2021
■ Subrogation	\$3,260,329	\$2,562,909	\$2,711,219	\$3,329,752	\$2,470,718	\$2,868,456	\$2,371,000	\$1,846,245
■ Fees and Costs	\$602,950	\$532,834	\$512,647	\$699,548	\$534,232	\$525,146	\$463,705	\$361,447
■ Net Subrogation	\$2,657,379	\$2,030,075	\$2,198,572	\$2,630,204	\$1,936,486	\$2,343,310	\$1,907,295	\$1,484,798

Average Paid



Average Paid Claim	2014	2015	2016	2017	2018	2019	2020	2021
	\$4,788	\$6,439	\$7,435	\$6,236	\$4,916	\$4,841	\$4,625	\$2,704

Open and Closed Claims



As of March 31st

- **New Claims:**
 - 2021: 227
 - 2022: 284
- **Paid (benefits + fees/costs):**
 - 2021: \$1,342,057
 - 2022: \$764,243
- **Subrogation:**
 - 2021: \$430,842
 - 2022: \$219,744

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

Other Business

- Assessment, Rule 4 Proposed Amendment
 - Proposed change effective January 1, 2023

Rule 4.

- (a) The amounts assessed self-insurers and/or obligated governments (classes 1 and 2) shall be apportioned among respective members of each class on a prorate basis as the number of known self-propelled motor vehicles (1) owned and registered in Kentucky; or (2) operated in Kentucky; or (3) which are made available and offered for operation within the state of Kentucky for rent; whichever is greater. ~~by such member~~ bears to the total number of known vehicles in its class as their portion of the assessment.

- Updated Fee Schedule
 - Increasing minimum from \$250 to \$300 or \$400? And consideration to increase the 10% fee to 15%.
 - Increasing subrogation percentage from 15% to 20%
 - Proposed change effective January 1, 2023

- Kentucky Dept. of Insurance Comments
- Other Business
- Next Meeting Dates
 - September 29, 2022, In-Person
 - May 11, 2023, Remote

Adjournment (Break)

Kentucky Insurance Arbitration Association

**Annual & Board Meetings
May 12, 2022**

KIAA 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.

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
- No New Board Members
- Need motion to seat the Board for 2021
 - Extend 3-year terms for:
 - Christa Hobe – Liberty/Safeco Insurance
 - Kim McCollom – State Farm Insurance
 - Scot McFarland – Allstate Insurance
 - McKenzie Carter – Shelter Insurance
 - Karen Perdue – Kentucky Farm Bureau 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 – KIAA Plan of Operation Proposed Revision
- 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



deming malone
livesay + ostroff

KENTUCKY INSURANCE ARBITRATION ASSOCIATION
Year Ended December 31, 2021

<u>Financial Highlights</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Cash	\$ 560,103	\$ 491,894
Assessments	\$ 377,157	\$ 400,816
Filing fees	\$ 53,482	\$ 48,220
Interest income	\$ 160	\$ 621
Membership fees	\$ 40	\$ 80
Total cash receipts	\$ 430,839	\$ 449,737
Change in cash receipts	-4.20%	
Salaries and benefits	\$ 287,401	\$ 297,982
Computer	\$ 17,137	\$ 42,944
Rent	\$ 11,279	\$ 12,039
Other	\$ 28,158	\$ 28,563
Total cash disbursements	\$ 343,975	\$ 381,528
Change in cash disbursements	-9.84%	
Excess cash receipts	\$ 86,864	\$ 68,209

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.</u> <u>2020</u>	<u>2020 YTD</u>		<u>4th Qtr.</u> <u>2021</u>	<u>2021 YTD</u>		<u>YTD % Chg</u>
Files Received	297	1221		325	1347		10.3%
Decisions Rendered	157	596		131	519		-12.9%
Files Withdrawn	160	653		181	657		0.6%
Files Rejected	36	64		42	90		40.6%
Duplicate Filings	0	4		1	11		0.0%
Files Deferred	98	395		142	537		35.9%
Files Opened	321	1177		320	1233		4.8%
Files Set for Hearing	185	827		181	718		-13.2%
Files Pending Addt'l Docs	1	---		2	---		---
Files Pending Fees	62	---		42	---		---
Total: Currently Set for Hearing	106	---		105	---		---
Total: Currently Open	108	---		151	---		---
Total: Currently Deferred	615	---		708	---		---
Filing Fees	\$11,800	\$48,220		\$12,680	\$53,482		10.9%

2021 Budget Results

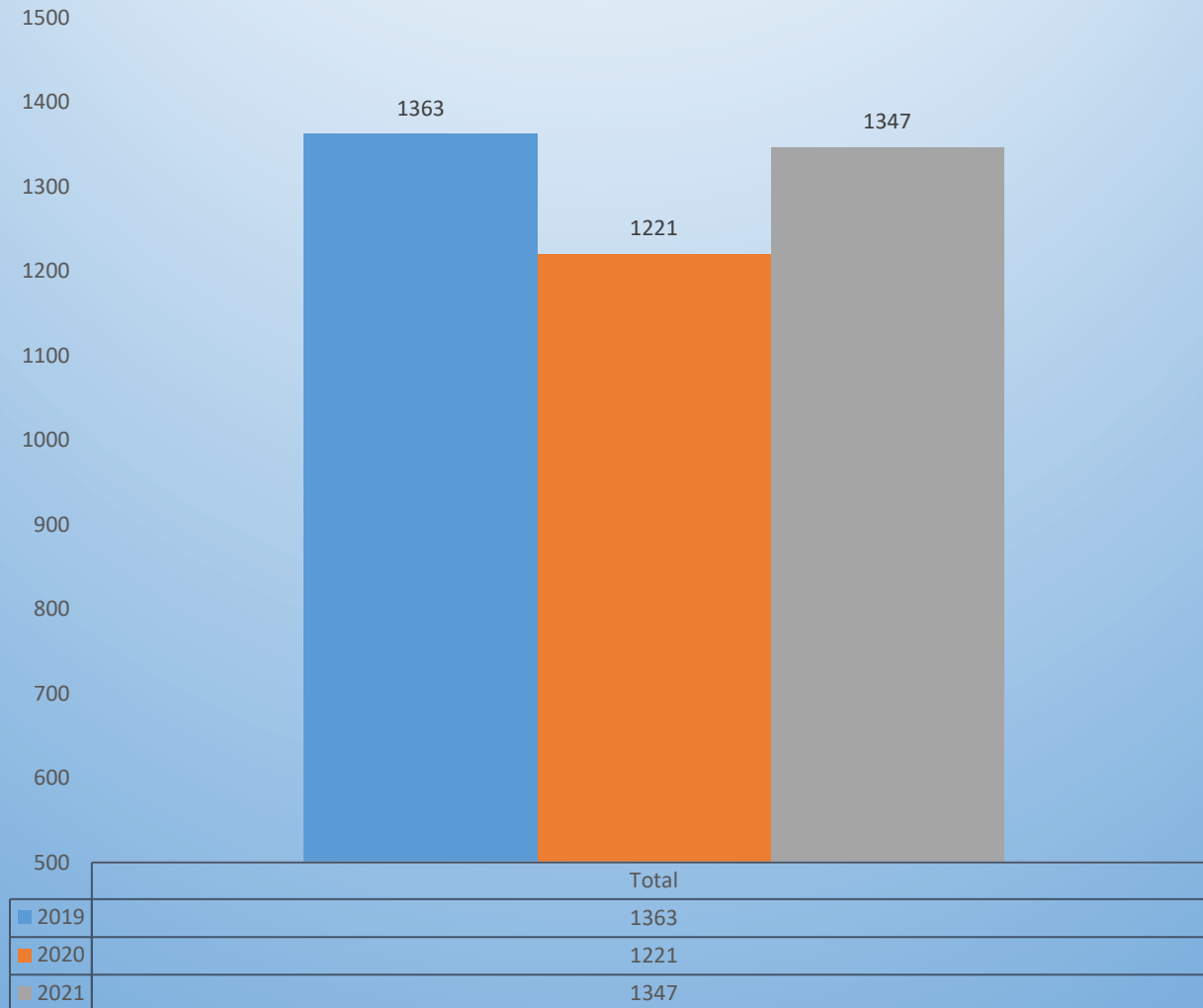
Kentucky Insurance Arbitration Association			
Budget Status			
	2020 Budget	2021 Budget	2021 Final
Wages (W-2)	\$ 192,704	\$ 189,073	\$ 188,692
Payroll Taxes	\$ 19,270	\$ 18,907	\$ 12,706
Pension Benefits	\$ 25,437	\$ 24,957	\$ 18,684
401K Match	\$ 5,781	\$ 5,672	\$ 4,711
Office Supplies and Equip.	\$ 4,350	\$ 3,240	\$ 3,401
Professional Services	\$ 9,125	\$ 8,750	\$ 4,721
Human Resources	\$ 1,500	\$ 1,500	\$ 1,814
Rent	\$ 12,588	\$ 11,200	\$ 11,280
Telephone	\$ 2,400	\$ 3,128	\$ 3,329
Travel	\$ 2,600	\$ 2,000	\$ 920
Meals and Entertainment	\$ 1,200	\$ 1,200	\$ 75
Insurance - P & C	\$ 11,429	\$ 9,200	\$ 9,133
Health and Employee Benefits	\$ 45,211	\$ 42,605	\$ 52,300
Postage	\$ 6,440	\$ 4,400	\$ 3,323
Computer and Systems	\$ 58,680	\$ 49,224	\$ 17,137
Dues & Subscriptions	\$ 500	\$ 500	\$ 880
Board Meetings	\$ 300	\$ 300	\$ 204
Education	\$ 300	\$ 300	\$ -
Miscellaneous	\$ 1,000	\$ 1,000	\$ 250
Total	\$ 400,816	\$ 377,156	\$ 333,559

2022 Budget Status through March – 1.65% over budget

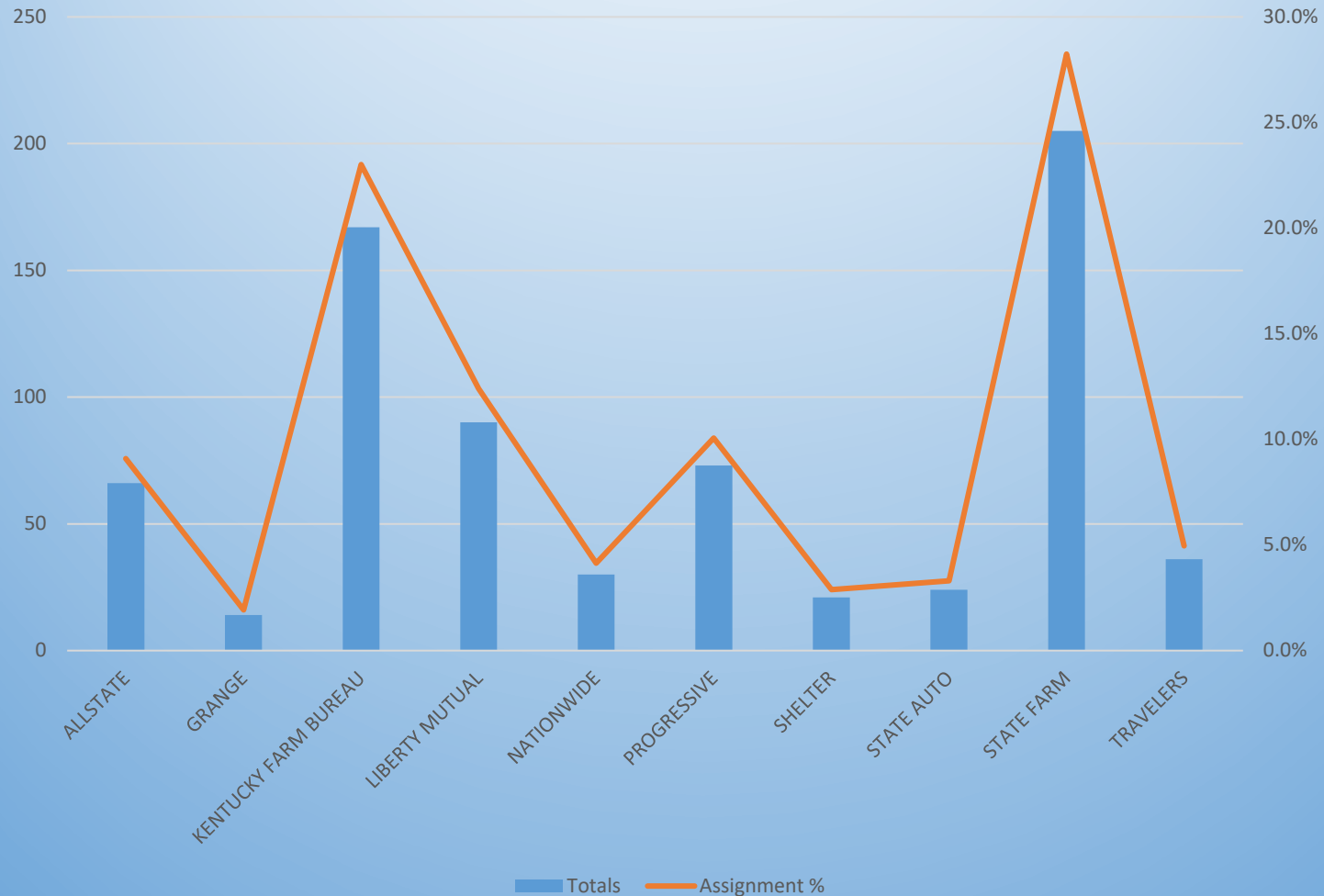
Arbitration Report

Becky Darst

KIAA FILINGS REPORT



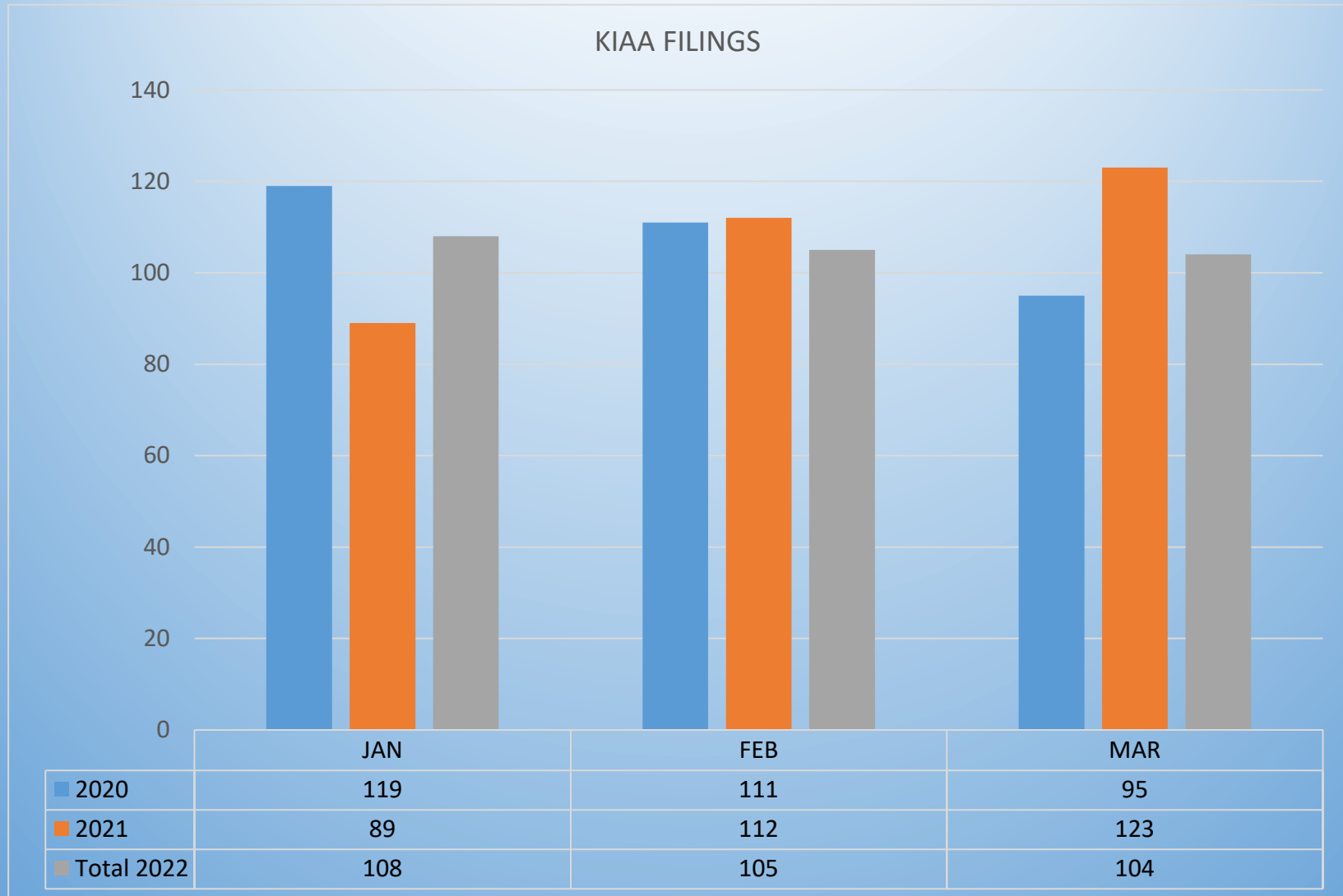
KIAA 2021 ASSIGNMENTS



KIAA Filings Report

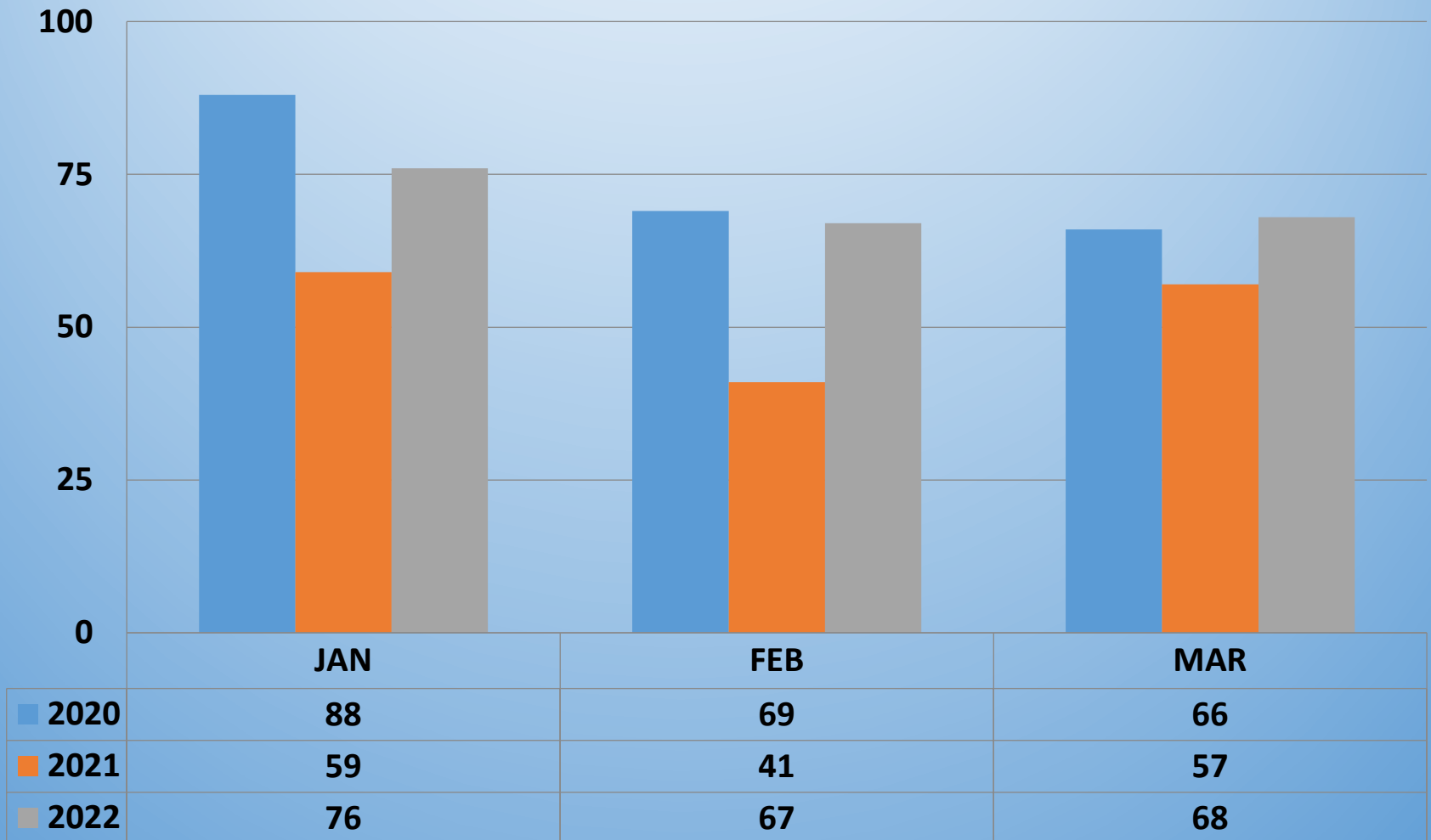
Kentucky Insurance Arbitration Association					
Quarterly Report of Activity to Board of Directors					
Category	1st Qtr. 2021	2021 YTD	1st Qtr. 2022	2022 YTD	YTD % Chg
Files Received	324	324	317	317	-2.2%
Decisions Rendered	128	128	133	133	3.9%
Files Withdrawn	147	147	185	185	25.9%
Files Rejected	20	20	8	8	-60.0%
Duplicate Filings	5	5	5	5	0.0%
Files Deferred	123	123	123	123	0.0%
Files Opened	264	264	309	309	17.0%
Files Set for Hearing	156	156	223	233	49.4%
Files Pending Addt'l Docs		---	2	---	---
Files Pending Fees	69	---	52	---	---
Total: Currently Set for Hearing	82	---	123	---	---
Total: Currently Open	128	---	129	---	---
Total: Currently Deferred	626	---	698	---	---
Filing Fees	\$11,042	\$11,042	\$13,092	\$13,092	18.6%

As of March 31, 2022



As of March 31, 2022

Files Set for Hearing



KIAA New System Planning

Other Business

KIAA Plan of Operation, Proposed Revision

Article 2. Board of Directors

A. There shall be a Board of Directors consisting of ~~ten members not less than five (5) nor more than ten (10) members~~ who are full-time employees of writers of automobile insurance in Kentucky.

This mirrors KRS 304.30-290 language which states “The Board of Directors of the Association shall consist of not less than five (5) nor more than ten (10) persons”.

Proposed effective date of January 1, 2023.

- Kentucky Dept. of Insurance Comments
- Any Other Business
- Next Meeting Dates
 - September 29, 2022, In-Person
 - May 11, 2023, Remote
- Adjournment