



Kentucky Auto Insurance Plan

ANNUAL MEETING JUNE 8, 2022

Meeting Etiquette and 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

- ▶ Roll Call: During roll 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 Meeting Agenda

- ▶ **Call to Order**
- ▶ **Anti-Trust Preamble**
- ▶ **Approval of Minutes**
- ▶ **Election of Members of Governing Committee**
- ▶ **Other Business**
- ▶ **Adjournment**

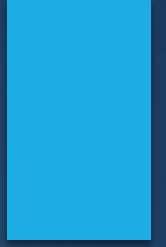
ANTI-TRUST PREAMBLE

A COPY OF THE ANTI-TRUST PREAMBLE HAS BEEN PROVIDED TO EACH OF YOU IN YOUR MEETING DOCUMENTS.

WE REMIND EACH OF YOU THAT YOU ARE BOUND BY THE DIRECTIONS OF THIS ANTI-TRUST PREAMBLE

We are here to discuss and act on matters relating to the business of the Kentucky Automobile Insurance 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 companies plans or contemplated activities. We should concern ourselves only with the business of the Kentucky Automobile Insurance 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.

APPROVAL OF MINUTES OF THE JUNE 29th 2021 ANNUAL MEETING



Election of Members of Governing Committee

Chartered in Kentucky	Kentucky Farm Bureau	Kristen K.W. Mellinger Director of Underwriting Services 9201 Bunsen Parkway Louisville, KY 40220 (502) 495-5000 x 7499 Kristen.Mellinger@kyfb.com
Chartered Outside of Kentucky	Erie	OPEN Vice President 1146 Monarch Street, STE 140 Lexington, KY 40513 (859) 219-4959 @erieinsurance.com
Independent Agent	Old Kentucky Insurance	Rudy Schlich Old Kentucky Insurance 915 Lily Creek Road Louisville, KY 40243 (502) 451-8800 Rudy.Schlich@oldkyins.com
Chartered in Kentucky	Kentucky National Insurance Company	Rodney Shockley (Vice-Chair) Chief Executive Officer 2709 Old Rosebud Rd. Lexington, KY 40509 (859) 264-0030 roshockley@forchtgroup.com
Chartered Outside of Kentucky	Nationwide	Christopher Migliozi Business Consulting Manager 1 Nationwide Plaza (1-18-101) Columbus, OH 43215 (614) 249-1637 miglic1@nationwide.com
Chartered Outside of Kentucky	State Farm	Angie Haston Underwriting Manager 2500 Memorial Blvd., Murfreesboro, TN 37131 (615) 692-6509, (615) 692-3091 Fax angie.haston.gidr@statefarm.com
Chartered in Kentucky	Kentucky Associated General Contractors Self Insurers' Fund	George Moore (Chair) Vice President 320 N. Evergreen Road Louisville, KY 40243 (502) 671-3737 George.Moore@AGCSIF.com
Insurance Department Representative	Kentucky Department of Insurance	Shawn D. Boggs, APIR Deputy Commissioner Consumer Protection Division Kentucky Department of Insurance 500 Mero Street, 2 SE 11 Frankfort KY 40601 (502) 564-6034 shawn.boggs@ky.gov



Adjourn Annual Meeting



Kentucky Auto Insurance Plan

GOVERNING COMMITTEE MEETING JUNE 8, 2022

Governing Committee Meeting

- ▶ **Roll Call**
- ▶ **Anti-Trust Preamble**
- ▶ **Approval of Minutes and Ratification of Actions**
- ▶ **Election of Officers**
- ▶ **Review of KAIP/PAIP Independent Auditor Reports**
- ▶ **Review of Kentucky CAIP Financial Statement**
- ▶ **2023 CAIP Servicing Carrier allowance**
- ▶ **Secretary Treasurer's Report**
- ▶ **Rate, Rule and Form Changes**
- ▶ **Other Business**
- ▶ **Adjournment**

Election of Officers

- **Nominations– Kristen Mellinger**
 - ▶ **Chair: George Moore**
 - ▶ **Vice Chair: Rod Shockley**
 - ▶ **Secretary-Treasurer: Mark Hillis**
- **Nominations from the floor?**
- **Motion**

Independent Auditors Reports

- ▶ **2021 KAIP/PAIP Auditor's Report – Tab 5a, 5b and 5c:**
 - ▶ Sarah Antle - Deming, Malone, Livesay & Ostroff

- ▶ **2021 KY CAIP Statutory Financial Statement / Audit – Tab 6:**
 - ▶ KPMG

2023 Servicing Carrier Allowance (Tab 7)

▶ **Administrative Expense Allowance**

- 2019: 18.4%
- 2020: 18.8%
- 2021: 18.3%
- 2022: 18.1%
- 2023 18.0%

▶ **Loss Adjustment Expense**

▶ **ALAE: direct reimbursement**

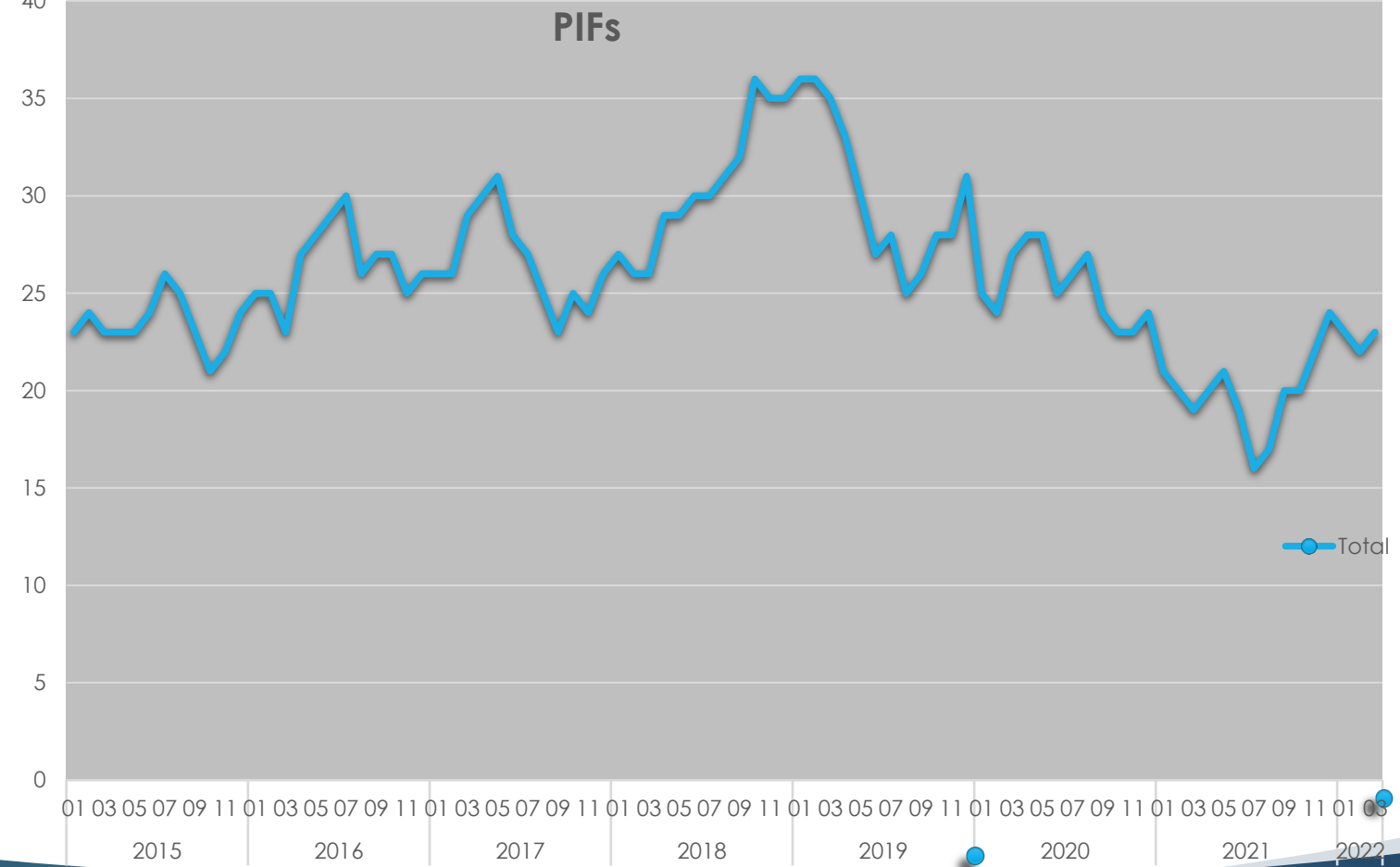
▶ **ULAE:**

- 2019: 13.4%
- 2020: 8.9%
- 2021: 7.0%
- 2022: 8.2%
- 2023 9.1%

Needs motion and vote

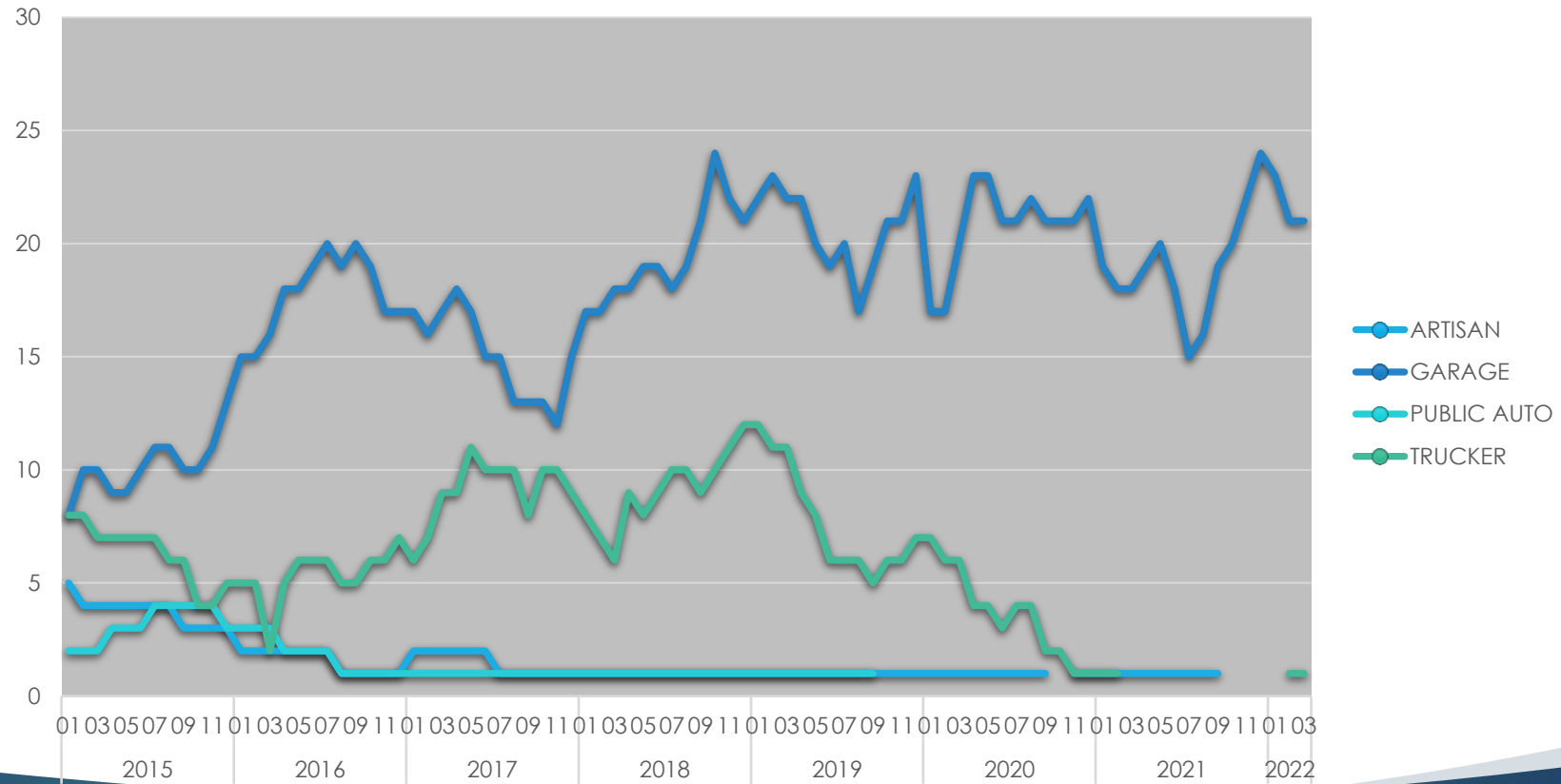
SECRETARY TREASURER'S REPORT

- ▶ **2021 Budget \$174,188 actual results were \$154,079**
- ▶ **2022 Budget \$180,644**
 - ▶ **Driven by Benefits, Wages and Travel related to the CAIP transition**
- **Plans continue to focus on cost savings through sharing resources, as well as looking for efficiencies in all areas.**



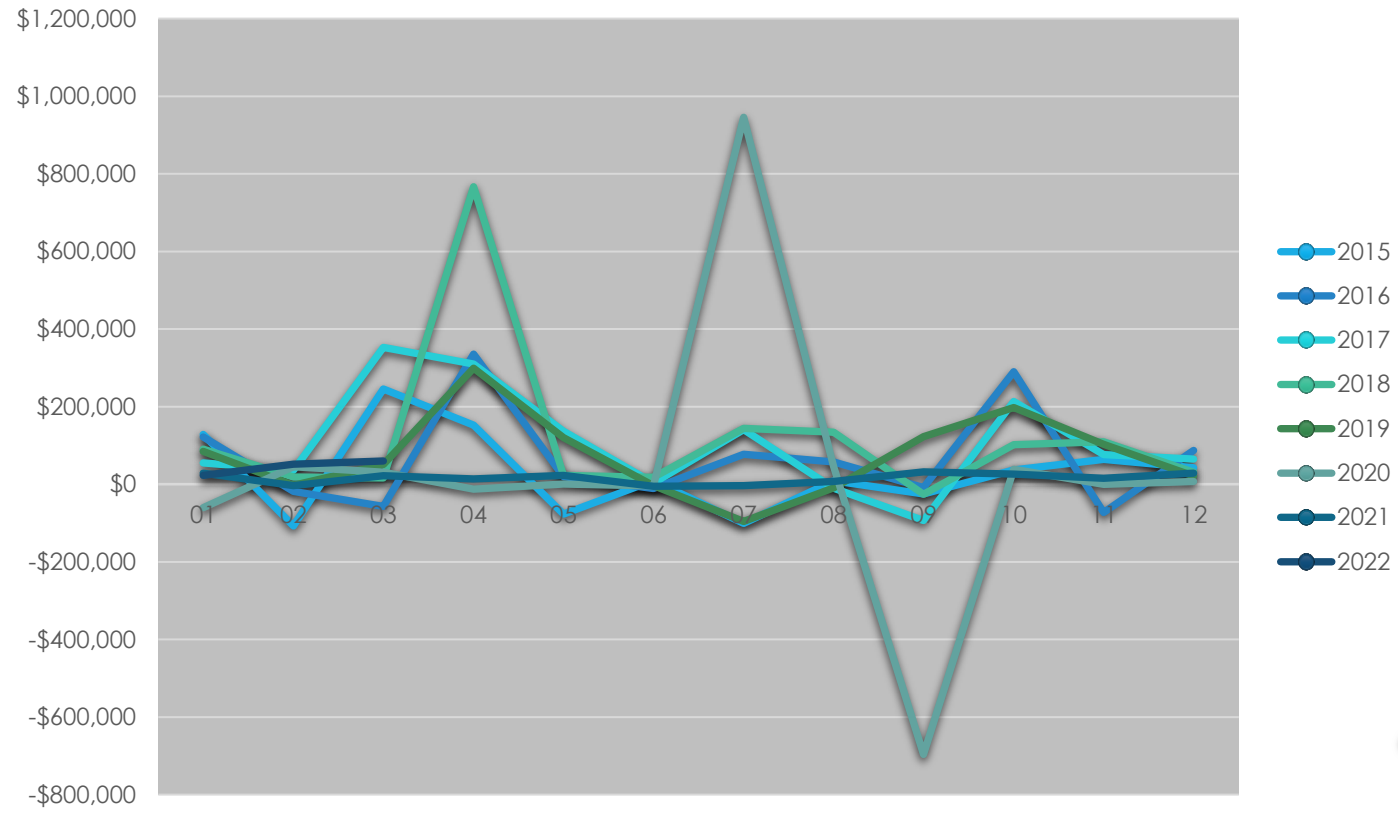
CAIP Results - PIF

PIFs by RT



CAIP Results – Policy Mix

DWP



CAIP Results – Premium Mix

National Continental Insurance Company

Kentucky Automobile Insurance Plan

CAIP Loss Ratio Analysis

Current Quarter: February 2022

Kentucky TOTALS by Policy Year						
Policy Year	Earned Premium	Paid Losses	Paid ALAE	Reserves	Incurred Total Losses	Loss Ratio
2019	\$793,580	\$1,582,058	\$0	\$319,545	\$1,901,603	239.6%
2020	\$436,793	\$100,823	\$0	\$0	\$100,823	23.1%
2021	\$157,280	\$952	\$0	\$129,818	\$130,770	83.1%
2022	\$1,856	\$0	\$0	\$0	\$0	0.0%

CAIP Results

KENTUCKY PAIP

Monthly Activity - Month Ending 12/31/2021

	<u>Month End</u>	<u>YTD</u>
Written Premium	\$4,507	\$48,790
Earned Premium	\$4,035	\$74,342
Change in Unearned Premium	\$472	-\$25,551
Total Unearned Premium	\$18,632	\$18,632
Advanced Written Premium	\$0	\$0
Written Commission	\$0	\$1,589
Surcharges	\$81	\$878
Losses Paid	\$0	\$13,796
Losses Unpaid (Reserved)	\$50,000	\$50,000
Adjustment Expenses Paid	\$0	\$1,922
Adjustment Expenses Unpaid	\$700	\$700
Defense and Cost Containment Expenses Paid	\$0	\$0
Defense and Cost Containment Expenses Unpaid	\$0	\$0

Note: These numbers are preliminary and subject to change after the reconciliation process

PAIP Results 2021

Applications – In Force – Overview of the Market

Month	2019	2020	2021	2022
January	8	5	3	0
February	5	3	0	0
March	11	7	6	0
April	3	3	1	0
May	0	2	1	
June	4	5	1	
July	4	5	1	
August	2	5	0	
September	1	6	2	
October	4	3	0	
November	3	3	1	
December	5	2	2	
TOTAL	50	49	18	0

Personal Auto Rate Review (Tab 9a)

Prior filings:

- 1/1/16: +11%
- 1/1/17: +4.7%
- 1/1/18: +6.4%
- 1/1/19: +23.0%
- 1/1/20: +13.2%
- 1/1/21: +9.8%
- 1/1/22: +4.7%

▶ **2022 Actuarial proposal – Effective 1/1/2023**

- ▶ **Adopt an indication of 11.1%, with an estimated monetary impact of just \$15,109 with an allowance of +/- 2.5% for any needed revisions.**

Commercial Auto Rate Review (Tab 9b)

Prior filings:

1/1/16: -2.2%

1/1/17: -4.9%

1/1/18: +5.7%

1/1/19: +9.1%

1/1/20: +18.2%

1/1/21: +1.9%

1/1/22: +13.1%

▶ **2022 Actuarial proposal – Effective 1/1/2023**

- ▶ **Overall rate increase of: 12.5% with an estimated monetary impact of just \$110,775.**

Other Business

- (1) Proposal – Kentucky CAIP Service Provider Agreement (9.c)**
- (2) Proposal – Kentucky CAIP Plan Manual Service Provider Amendments (9.d)**
- (3) Proposal – Kentucky Elimination of CASP (9.e)**
- (4) Proposal – Kentucky Manual Update for Premium Audit Requirements (9.f)**

Other Business

- ▶ Does Governing Committee want to have a fall meeting or approve the Executive Committee to review the 2023 budget and proposed assessment? (If so, it needs a motion and vote)
- ▶ Kentucky Department of Insurance Comments
- ▶ Thank You!