

Kentucky FAIR Plan

**Governing Committee Meeting
October 27, 2022**



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 who motion and second to identify themselves by name.



Agenda

- Roll Call
- Anti-Trust Preamble Reminder
- Approval of Minutes
- Committee Reports
- Executive Director's Report
- 2023 Budget
- Other Business
- Adjournment

Call to Order

- Anti-Trust Preamble Reminder (Page 4)
- Approval of minutes of prior meetings:
 - Governing Committee Meeting (Page 5) - 6/2/22
 - Claims Committee (Page 12) - 7/13/22 & 7/21/22
 - Underwriting Committee (Page 19) - 08/16/22 & 8/31/22
 - Equity and Reinsurance Committee (Page 30) - 9/14/22
 - Investment Committee (Page 33) - 9/14/22
 - Cost Sharing Alliance Committee (Page 50) - 10/19/22



Committee Reports





Kentucky Claims Committee:

Henry Goins - Kentucky Farm Bureau

Dan Pendleton - Kentucky Farm Bureau

Andy Lewis - State Farm

Stacie Darnell - Kentucky National

Russ Thornton - Kentucky FAIR Plan

Claims Committee Meetings:

July 13 & 21, 2022



Kentucky Underwriting Committee:

Andy Heim - Kentucky Farm Bureau

Dwayne Taylor - State Farm

Oliver Casey - C.N.A.

Erin Lux - Kentucky FAIR Plan

Underwriting Committee Meetings:

August 16 & 31, 2022.

Reinsurance and Equity Committee

Member Equity and Reinsurance Committee

- Kristen Mellinger Kentucky Farm Bureau
- Todd Feltman State Farm
- Keith Howard Hanover Insurance
- Mark Hillis Kentucky FAIR Plan

Meeting held Sept. 14, 2022

- Minutes in your docs - Page 30
- Governing Committee Policy, Members' Equity and Distributions to Members document reviewed.
- Agreed to maintain \$5m XS \$2m.
- Discussed and approved Reinsurance renewal.

Investment Committee Report

Investment Committee:

Carrie Schaaf	Kentucky Farm Bureau
Rudy Schlich	Old Kentucky Insurance
Lisa Pierce	Allstate Insurance Company
Chuck McCurdy	ARGI
Ryan Burch	ARGI
Mark Hillis	Kentucky FAIR Plan

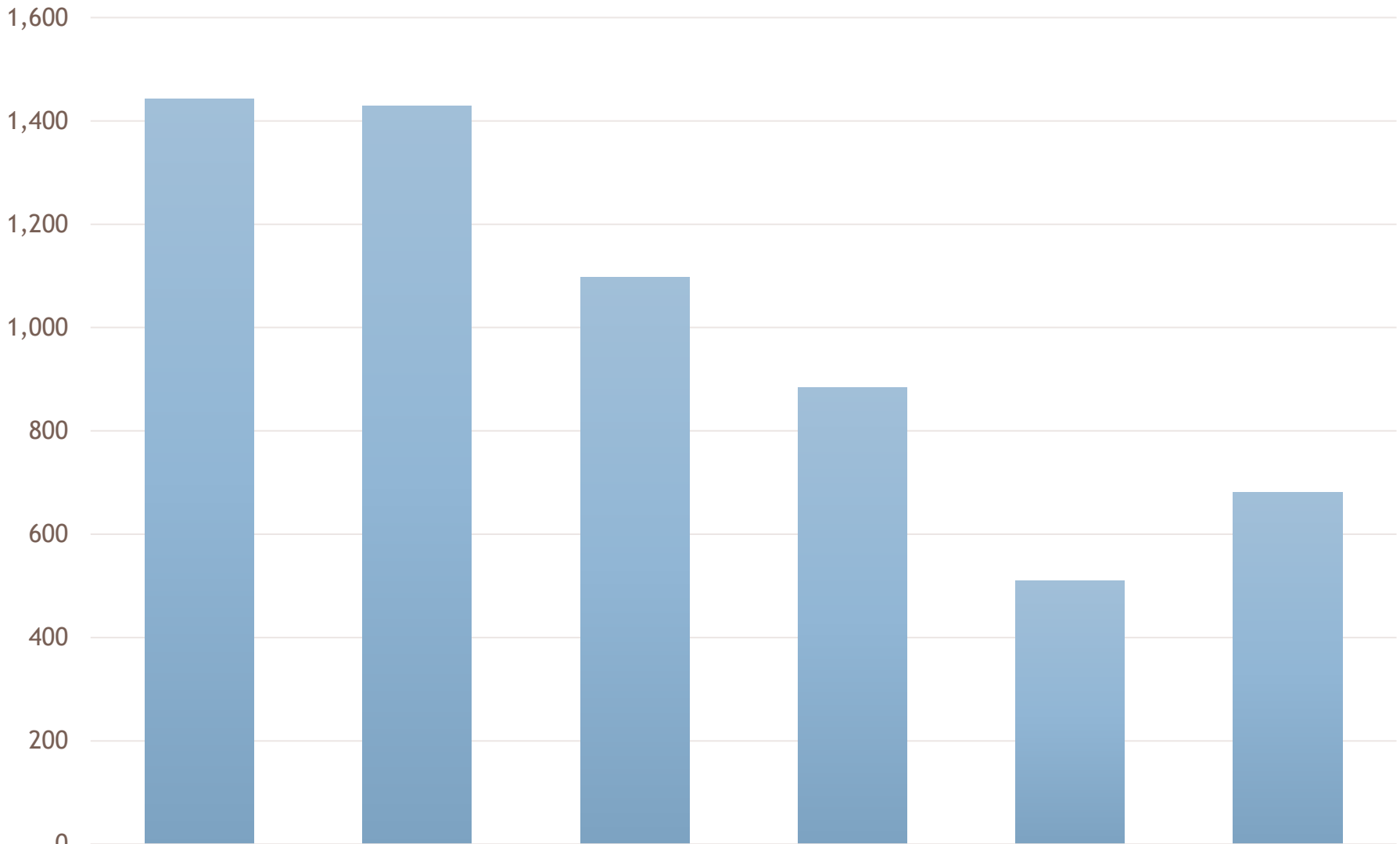
Meeting held September 14, 2022

Motion needed to approve the updated Investment Concept and Funds Management Policy.

Executive Directors Report



Number of New Business Applications

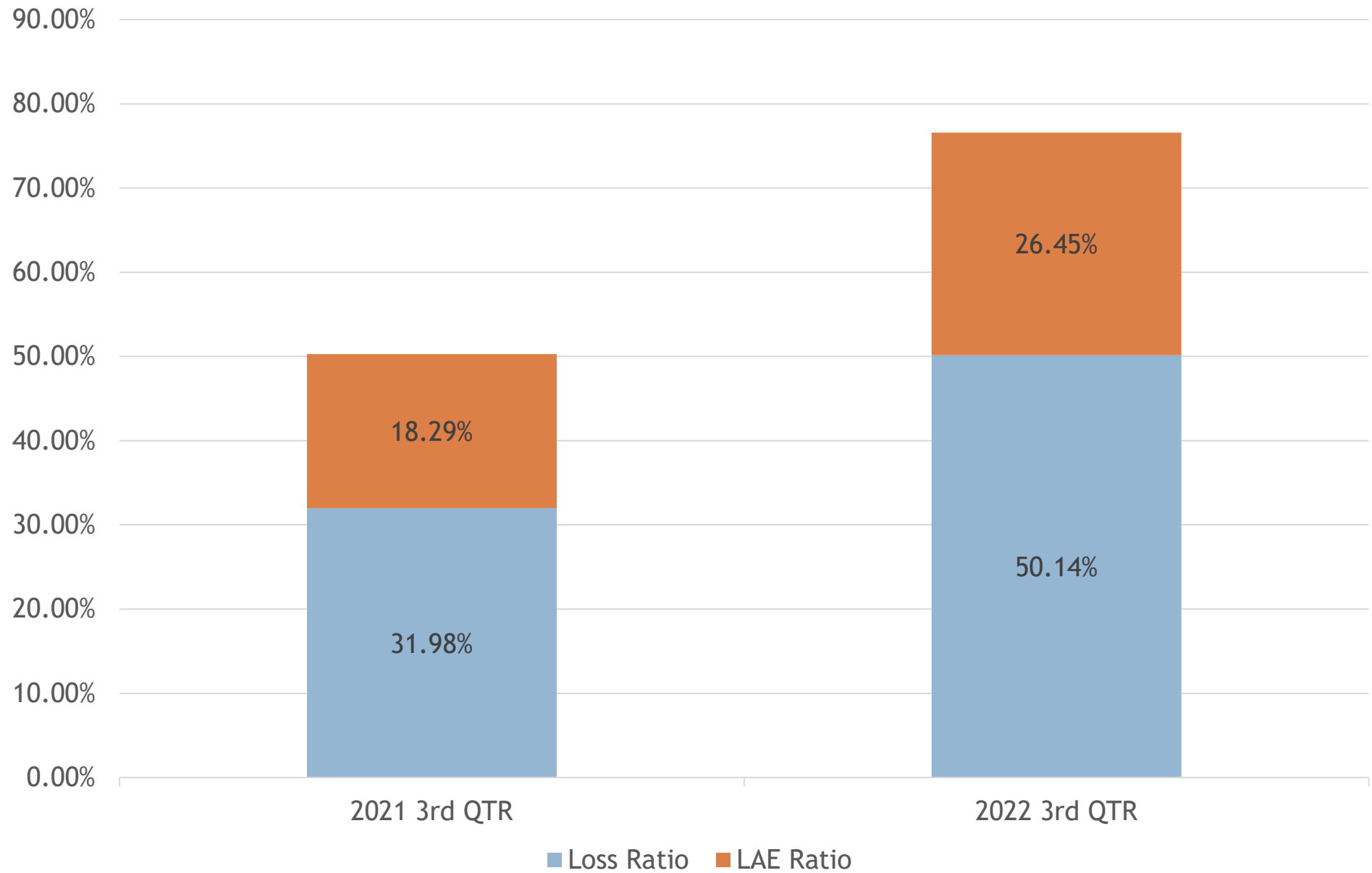


	2018	2019	2020	2021	2022 (Through 9/30)	2022 Projected
# Appl.	1,442	1,429	1,098	884	510	681

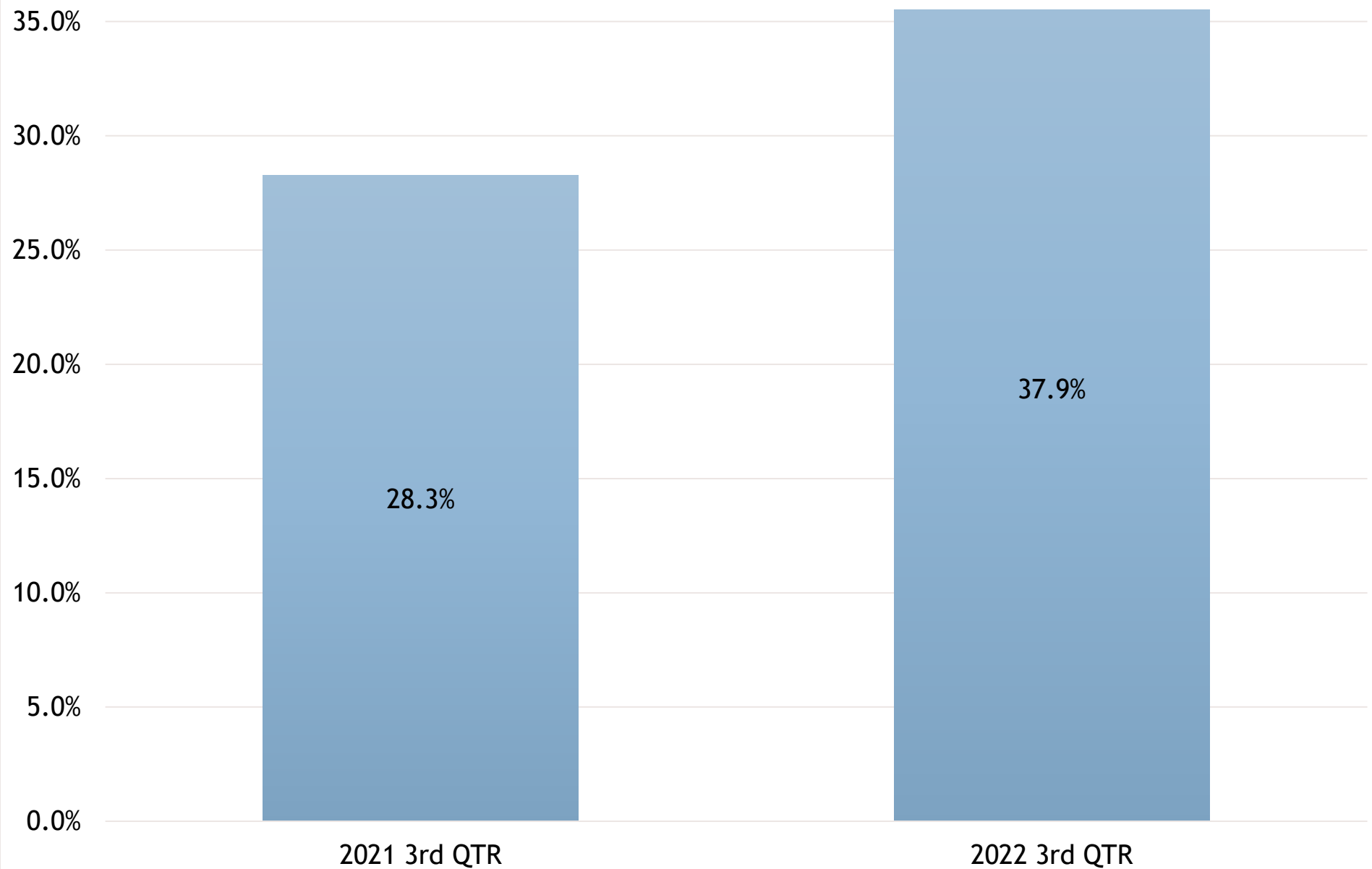
Written Premium



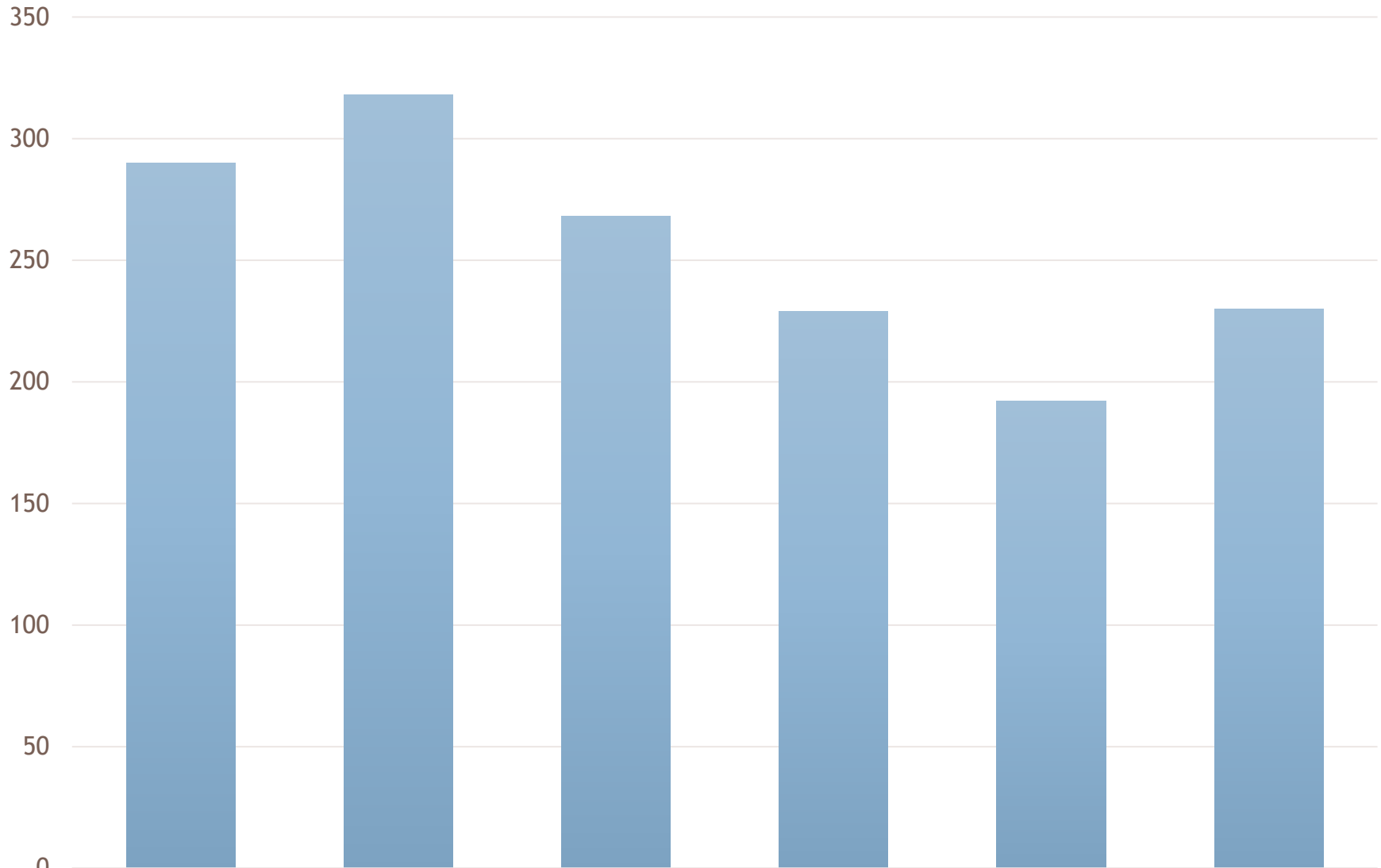
Loss and LAE Ratio



Operating Expense Ratio



Number of Claims Reported



of Claims

2018

2019

2020

2021

2022 (through
September)

2022 Projected

290

318

268

229

192

230

Banking and Investments

As of September 30, 2022:

- Republic Bank Operating Account
 - Cash Flow Balance: \$1,128,399
 - ICS: \$2,828
 - Members Equity Account (Disbursement): \$267,407
- ARG1/Fifth Third Investment Account
 - \$14,495,193



- Line-item budget - Page 53
- 2022 Budget: Projected to come in under Budget
- 2023 Budget: \$1,800,542
 - Health and employee benefit costs
 - ICSO for employee benefits
 - Continuation of Defined Contribution Retirement Plan

FAIR Plan Alliance

- Illinois FAIR Plan
 - 100 % of claims handling
 - 100 % of accounting work
 - 100% of print processing
 - 85% of their IT work
- Missouri FAIR Plan
 - 100% of their claims work
- Wisconsin FAIR Plan
 - 100% of claims handling
- Indiana FAIR Plan
 - Backup of their sole underwriter
- Minnesota FAIR Plan
 - Backup of their sole underwriter

Articles of Association

FAIR Plan Alliance

1. FAIR Plan Alliance. The Governing Committee is authorized to design, adopt and implement Cost Sharing Alliance Services for FAIR Plans of sister states. Such services shall be referred to as “Cost Sharing Alliance Services” (or simply, “Alliance Services”) and shall include, but not limited to, claims processing, underwriting, and accounting for FAIR Plans. Alliance Services shall attempt to reduce operating expenses by combining services of FAIR Plans where size and activity facilitate improved efficiencies by adopting centralized operations. Governing Committee may at any time discontinue Alliance Services.
2. Organization. The Governing Committee may establish Alliance Services through the Association or by set up of separate legal entity. Any such entity shall have authority to contract with sister states for provision of Alliance Services.
3. Management. The Governing Committee may designate or appoint an executive director for Alliance Services who shall have general administrative and management responsibility and authority for Alliance Services.
4. Funding. The Governing Committee is authorized to provide funding, initially and from time to time, for Alliance Services in such manner as it shall deem appropriate, including, but not limited to, loans and capital contributions. No such funding shall adversely affect the surplus or cash reserves of the Association.
5. No Policy Issuance. Alliance Services shall not include, and the Governing Committee shall have no authority to, issue of insurance policies for or on behalf of any FAIR Plan of another state. Any Alliance Services entity, and its employees, and agents, which perform Alliance Services shall not have binding authority on behalf of the Association.

- Full amendment on Pages 54 & 55
- Department of Insurance meeting on October 4, 2022
- Support from Insurance Commissioner Clark



Committee
Assignment Update -
Page 56



Quarterly PIPSO
Report - Page 57



Kentucky
Department of
Insurance Comments



Next meeting dates:
June 7 & October 25,
2023



Other Business?

Other Business

Adjournment

