

Kentucky Auto Insurance Plan

Annual Meeting June 21, 2023

Meeting Etiquette and Expectations

Keys to a successful meeting

- Please keep your phone on mute to keep background noise to a minimum.
- Please do not place us on hold, as your hold music may disrupt the meeting.

Participation

- 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.
- During voting we ask that you unmute your phone. We will ask for verbal affirmation as we do in our in-person meetings.
- Feel free to ask questions at any point during the meeting.
- 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

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

June 8, 2022
Annual Meeting

Election of Members of Governing Committee

Chartered in Kentucky	Kentucky Farm Bureau	Kristen Mellinger
Chartered Outside of Kentucky	Erie Insurance Co.	Bert Hackenberg
Independent Agent	Old Kentucky Ins.	Rudy Schlich
Chartered in Kentucky	Kentucky National Ins.	Brad Erdman (Vice Chair)
Chartered Outside of Kentucky	Nationwide Mutual Ins.	Christopher Migliozi
Chartered Outside of Kentucky	State Farm Insurance	Angie Haston
Chartered in Kentucky	KY Associated GC Fund	George Moore (Chair)
Guest from the Insurance Department	KY Dept. of Insurance	Shawn Boggs
Plan Representative	Kentucky Auto Ins. Plan	Mark Hillis



Adjourn Annual
Meeting

Kentucky Auto Insurance Plan

Governing Committee Meeting
June 21, 2023



Governing Committee Meeting Agenda

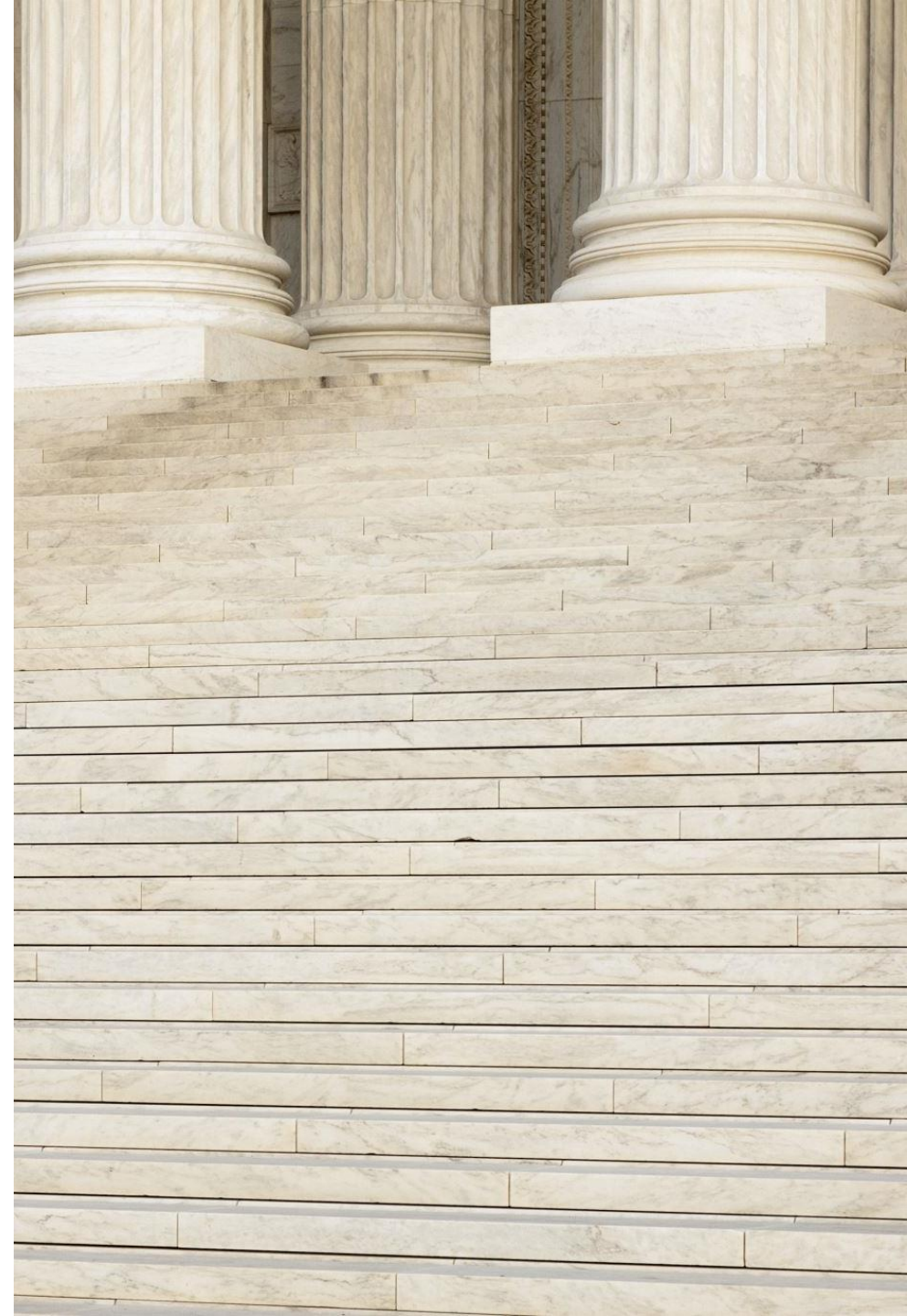
- **Roll Call**
- **Anti-Trust Preamble**
- **Approval of Minutes and Ratification of Actions**
- **Election of Officers**
- **Independent Auditor Reports**
- **CAIP Financial Statement**
- **CAIP Servicing Carrier allowance**
- **Secretary Treasurer's Report**
- **Rate, Rule and Form Changes**
- **Other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

Election of Officers

Chair: George Moore

Vice Chair: Brad Erdman

Secretary-Treasurer: Mark Hillis





Independent Auditors Reports

- **2022 KAIP/PAIP Auditor's Report – Tab 5a, 5b and 5c:**
 - Sarah Antle - Deming, Malone, Livesay & Ostroff

- **2022 KY CAIP Statutory Financial Statement / Audit – Tab 6:**
 - KPMG

2024 Servicing Carrier Allowance (Tab 7)

Administrative Expense Allowance

- 2019: 18.4%
- 2020: 18.8%
- 2021: 18.3%
- 2022: 18.1%
- 2023: 18.0%
- 2024: 17.9%

Loss Adjustment Expense

- ALAE: direct reimbursement
- ULAE:
 - 2019: 13.4%
 - 2020: 8.9%
 - 2021: 7.0%
 - 2022: 8.2%
 - 2023: 9.1%
 - 2024: 12.0%

SECRETARY TREASURER'S REPORT



2022 Budget \$180,644

Actual \$175,161



2023 Budget \$218,040

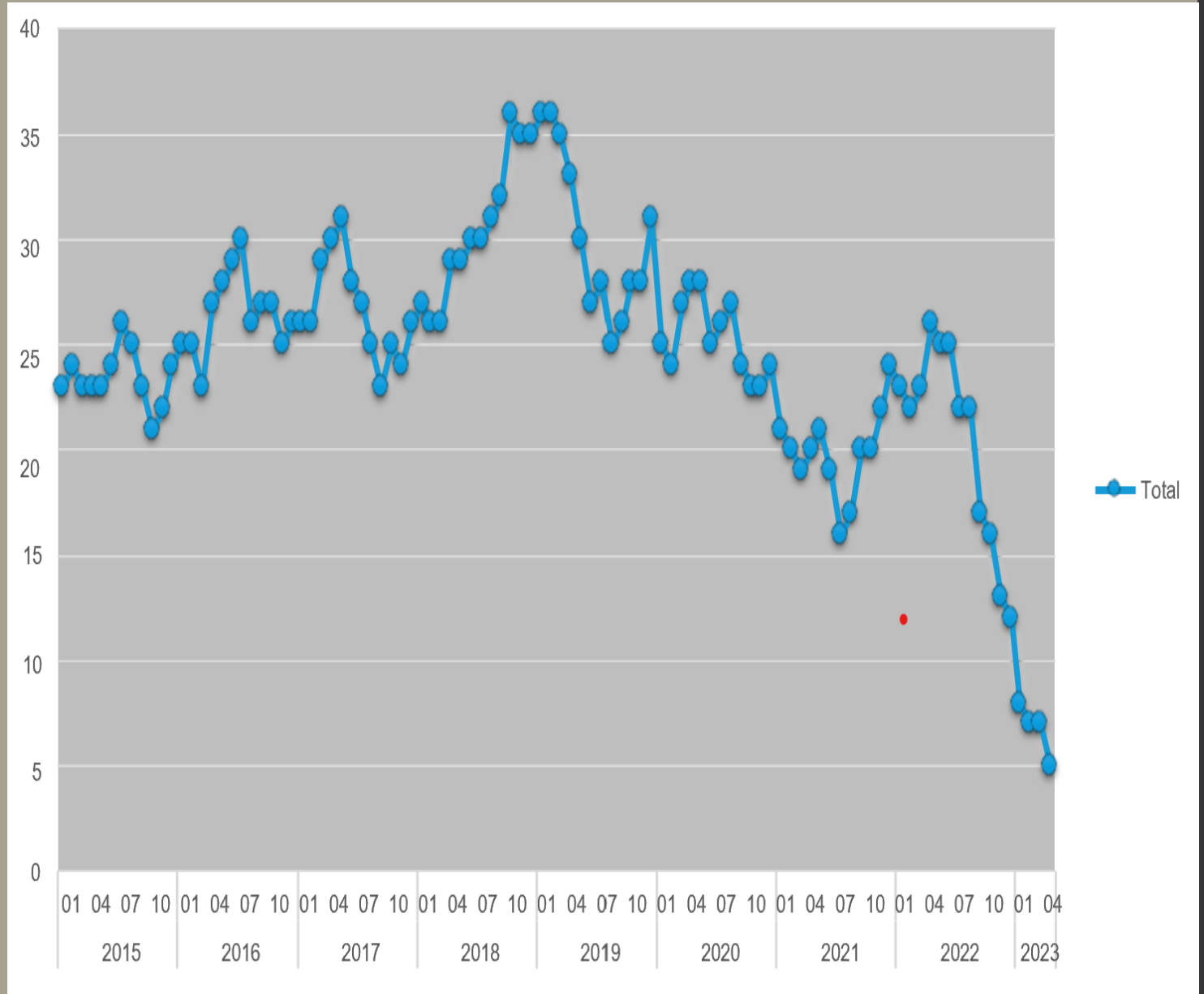
Benefits, Wages and Travel (CAIP)

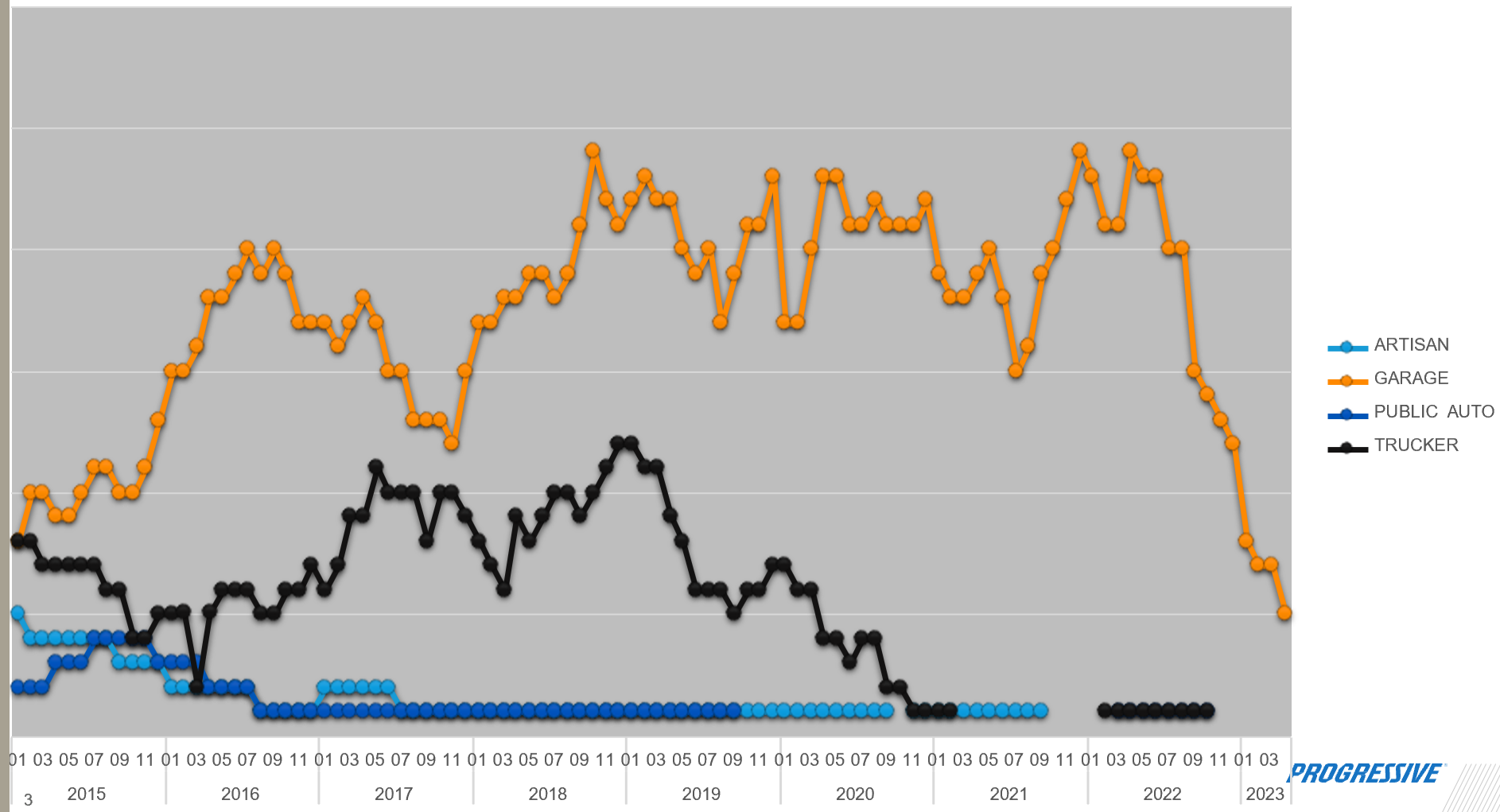
Retirement transition

Efficiencies in all areas

FAIR Plan Cost Sharing Alliance

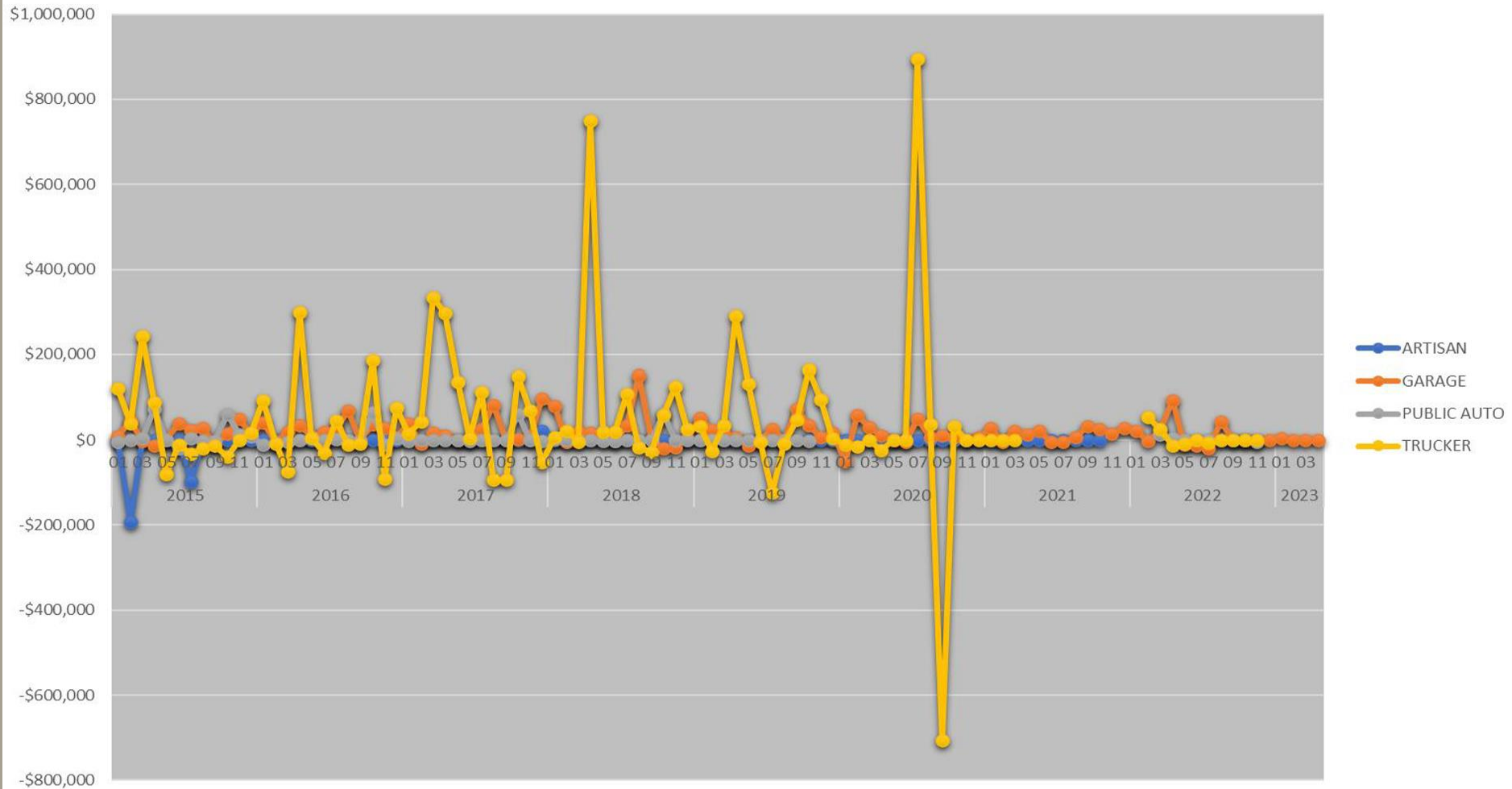
CAIP Results PIF





CAIP Results – Policy Mix

DWP

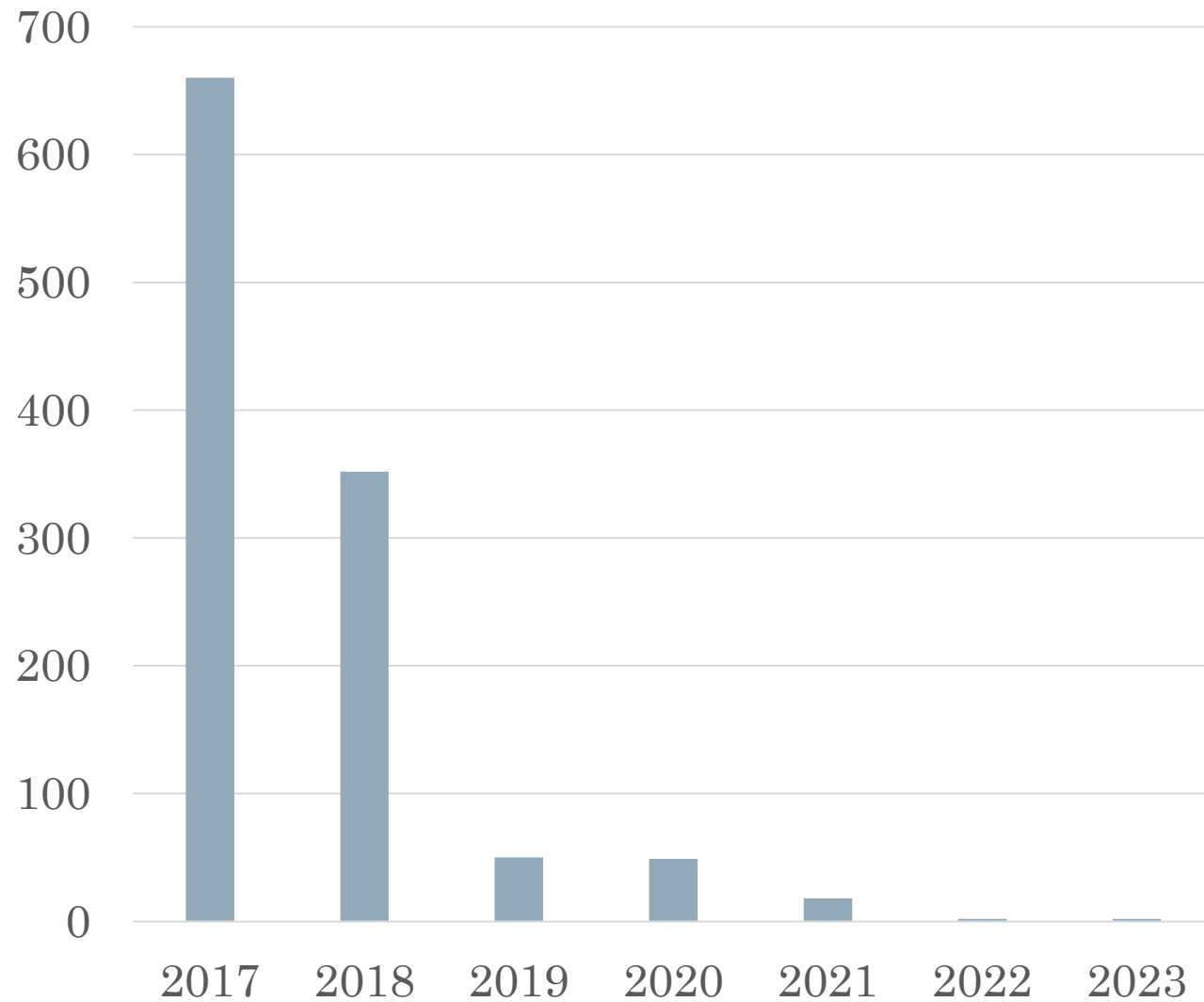


CAIP Results – Premium Mix

CAIP Results – National Continental

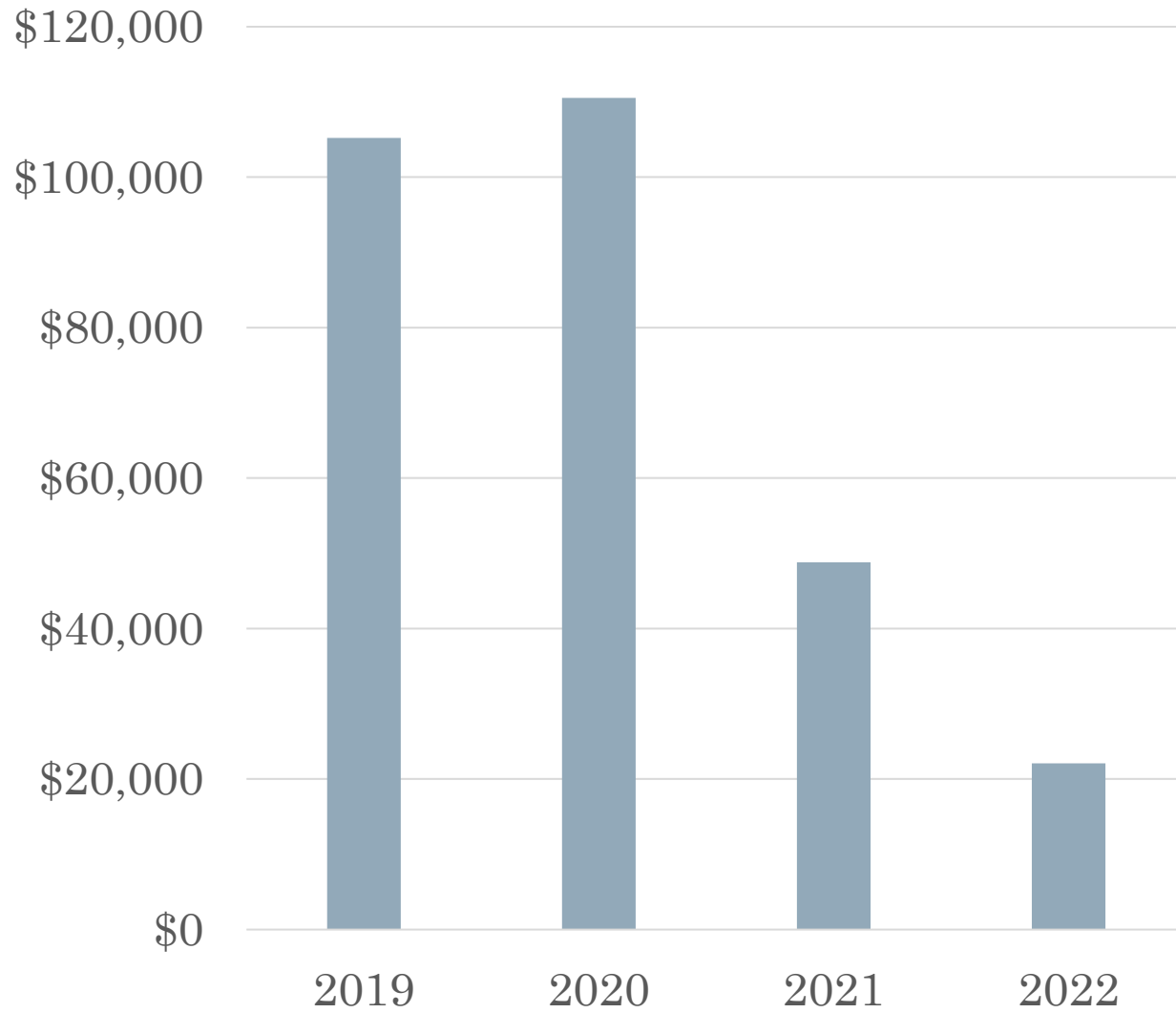
National Continental Insurance Company							
Kentucky Automobile Insurance Plan							
CAIP Loss Ratio Analysis							
Current Quarter: February 2023							
Kentucky							
Totals by Policy Year							
Policy Year	Earned Premium	Paid Loss	Paid ALAE	Reserves	Incurred Total Losses	Loss Ratio	
2019	\$793,580	\$1,782,058	\$1,852	\$165,073	\$1,948,983	245.6%	
2020	\$436,793	\$107,823	\$0	\$0	\$107,823	24.7%	
2021	\$271,962	\$51,336	\$0	\$28,834	\$80,170	29.5%	
2022	\$115,750	\$3,725	\$0	\$16,883	\$20,608	17.8%	

Policies Written by Year



Overview of
the Market

Written Premium



Overview of
the Market

Internal Audits

Frequent auditing of:

- Personal Auto Applications
- Renewal Processes
- Time Service
- Claims

Procedures and documents are inconsistent.



KENTUCKY PAIP
 Monthly Activity - Month Ending 12/31/2022

	<u>Month End</u>	<u>YTD</u>
Written Premium	\$4,718	\$22,076
Earned Premium	\$1,391	\$29,661
Change in Unearned Premium	\$3,327	-\$7,585
Total Unearned Premium	\$11,046	\$11,046
Advanced Written Premium	\$0	\$0
Written Commission	\$236	\$1,104
Surcharges	\$85	\$397
Losses Paid	\$0	\$0
Losses Unpaid (Reserved)	\$125,000	\$125,000
Adjustment Expenses Paid	\$0	\$36
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 2022

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%
- 1/1/23: +11.1%

- **2023 Actuarial proposal – Effective 1/1/2024**
 - **Adopt an indication of 10.4%, with an estimated monetary impact of just \$9,853 with an allowance of +/- 2.5% for any needed revisions.**

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%

1/1/23: +12.5%

- **2023 Actuarial proposal – Effective 1/1/2024**
- **Overall rate increase of 16.4% with an estimated monetary impact of just \$37,299.**

Commercial Auto Rate Review (Tab 9b)

Rule and Form Changes

Proposal – Exclusive Use of Electronic Applications - Commercial (9.c)

Proposal – Premium Owed for Prior Insurance (9.d)

Proposal – Peer to Peer Car Sharing (9.e)

Proposal – Autocycles (9.f)

Proposal – Compliance Audit (9.g)

Other Business

- Does Governing Committee want to have a fall meeting or approve the Executive Committee to review the 2024 budget and proposed assessment? (If so, it needs a motion and vote)
- Kentucky Department of Insurance Comments
- Thank You!