

Kentucky Auto Insurance Plan

Annual Meeting June 19, 2024

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 who 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

Full Preamble Included in Meeting Documents

This statement applies to the members of the Kentucky Automobile Insurance Plan Governing Committee Member and Kentucky Automobile Insurance Plan Staff.

Antitrust laws aim to protect the public from agreements among insurance competitors that affect the price or distribution of products. Also, the laws aim to promote fair and vigorous competition in the insurance marketplace.

The agenda and discussion items for each meeting are limited to matters of the Kentucky Automobile Insurance Plan, and attendees shall not discuss business interests of their individual insurer members. Each Governing Committee Member and/or officer shall not discuss competitive information of any insurer member.

APPROVAL OF MINUTES

June 21, 2023
Annual Spring 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 19, 2024



Governing Committee Meeting Agenda

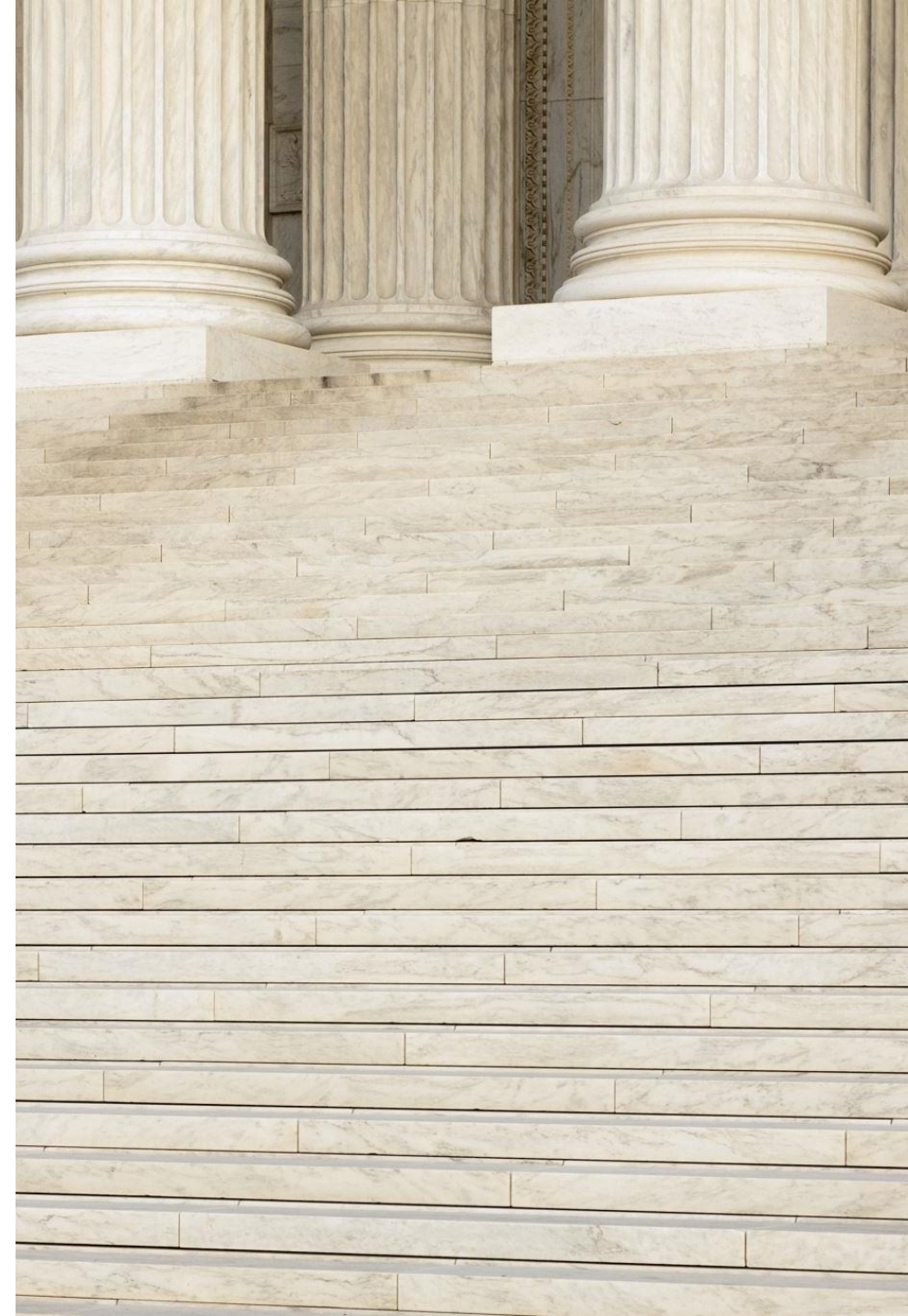
- **Roll Call**
- **Anti-Trust Preamble**
- **Approval of Minutes**
- **Election of Officers**
- **Independent Auditor Reports**
- **CAIP Financial Statement**
- **CAIP Servicing Carrier Allowance**
- **Secretary Treasurer's Report**
- **Rate, Rule and Form Changes**
- **Other Business**
- **Adjournment**

Election of Officers

Chair: George Moore

Vice Chair: Brad Erdman

Secretary-Treasurer: Mark Hillis





Independent Auditors Reports

- **2023 KAIP/PAIP Auditor's Report – Starting on Page 15**
 - Sarah Antle - Deming, Malone, Livesay & Ostroff

- **2023 KY CAIP Statutory Financial Statement / Audit – Starting on page 33**
 - KPMG

2025 Servicing Provider Allowance

Page 54-56

Administrative Expense Allowance

- 2019: 18.4%
- 2020: 18.8%
- 2021: 18.3%
- 2022: 18.1%
- 2023: 18.0%
- 2024: 17.9%
- 2025: 17.5%

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%
 - 2025: 3.9%

SECRETARY TREASURER'S REPORT



2023 Budget \$218,040

Actual \$203,520



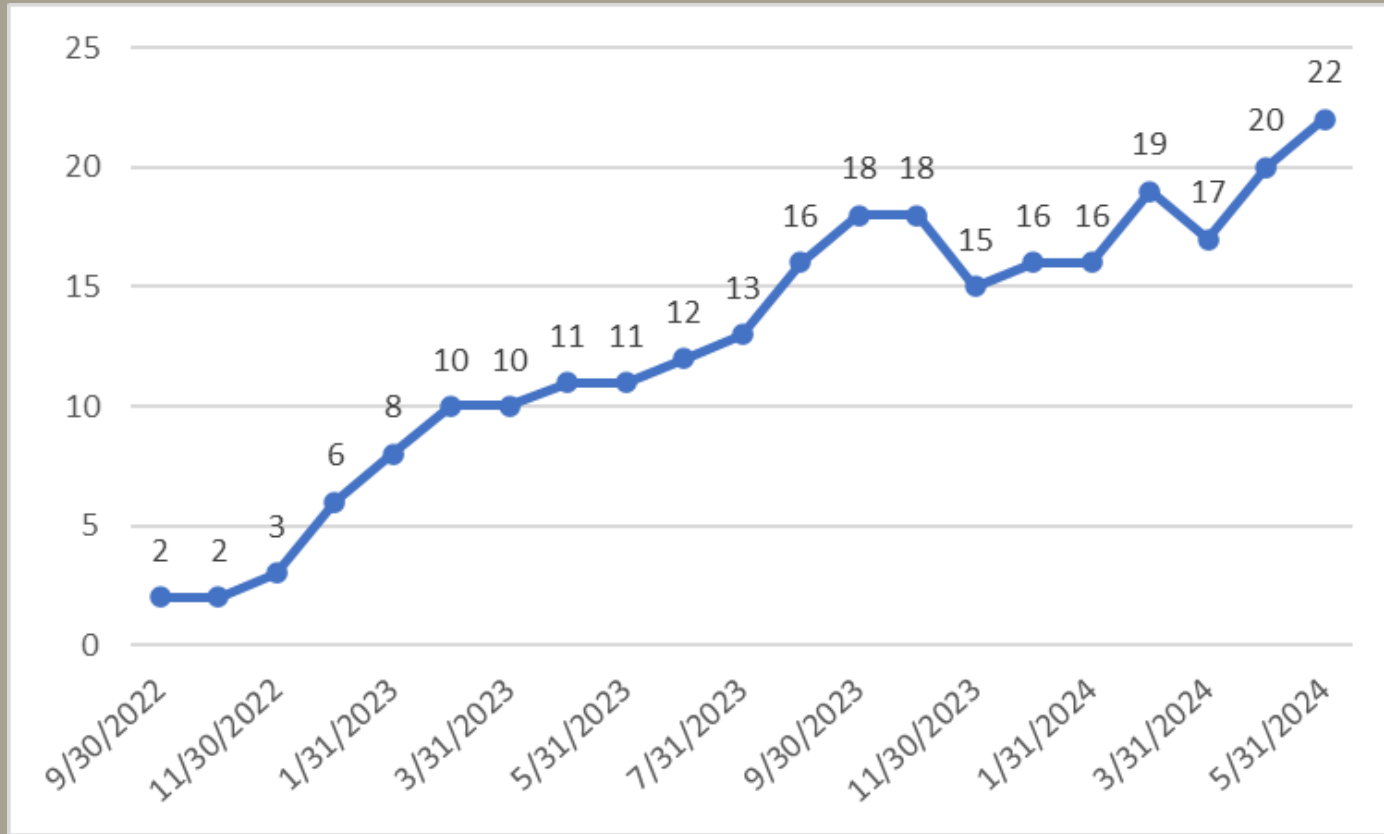
2024 Budget \$205,325

Benefits, Wages and Travel (CAIP)

Retirement transition

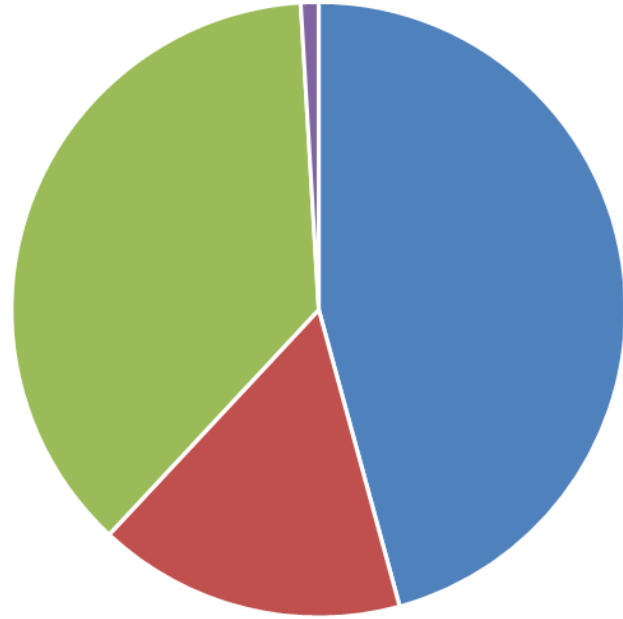
Efficiencies in all areas

FAIR Plan Cost Sharing Alliance



CAIP Results PIF

CAIP Results PIF



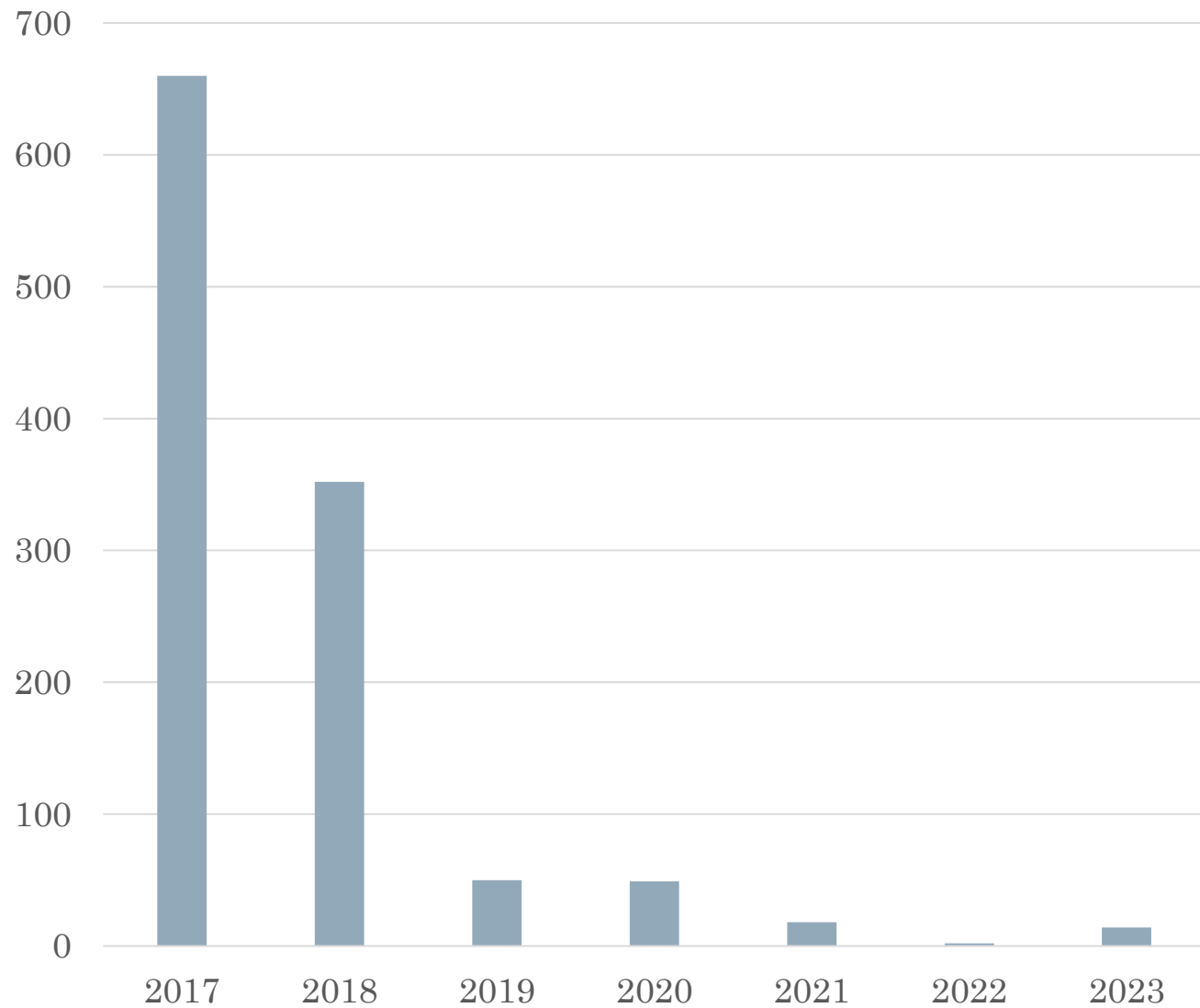
■ Auto Dealers ■ Trucking ■ Public Auto ■ Non-Owned Autos

Policy Year	Written Premium	Earned Premium	Paid Losses	PAID ALAE	Reserves	Total Incurred	Loss Ratio
2022	\$ 69,000	\$ 11,362	\$ -	\$ -	\$ -	\$ -	0%
2023	\$ 369,662	\$ 271,338		\$ 28	\$10,472	\$ 10,500	4%
2024*	\$ 244,155	\$ 145,411	\$ -	\$ -	\$ -	\$ -	0%

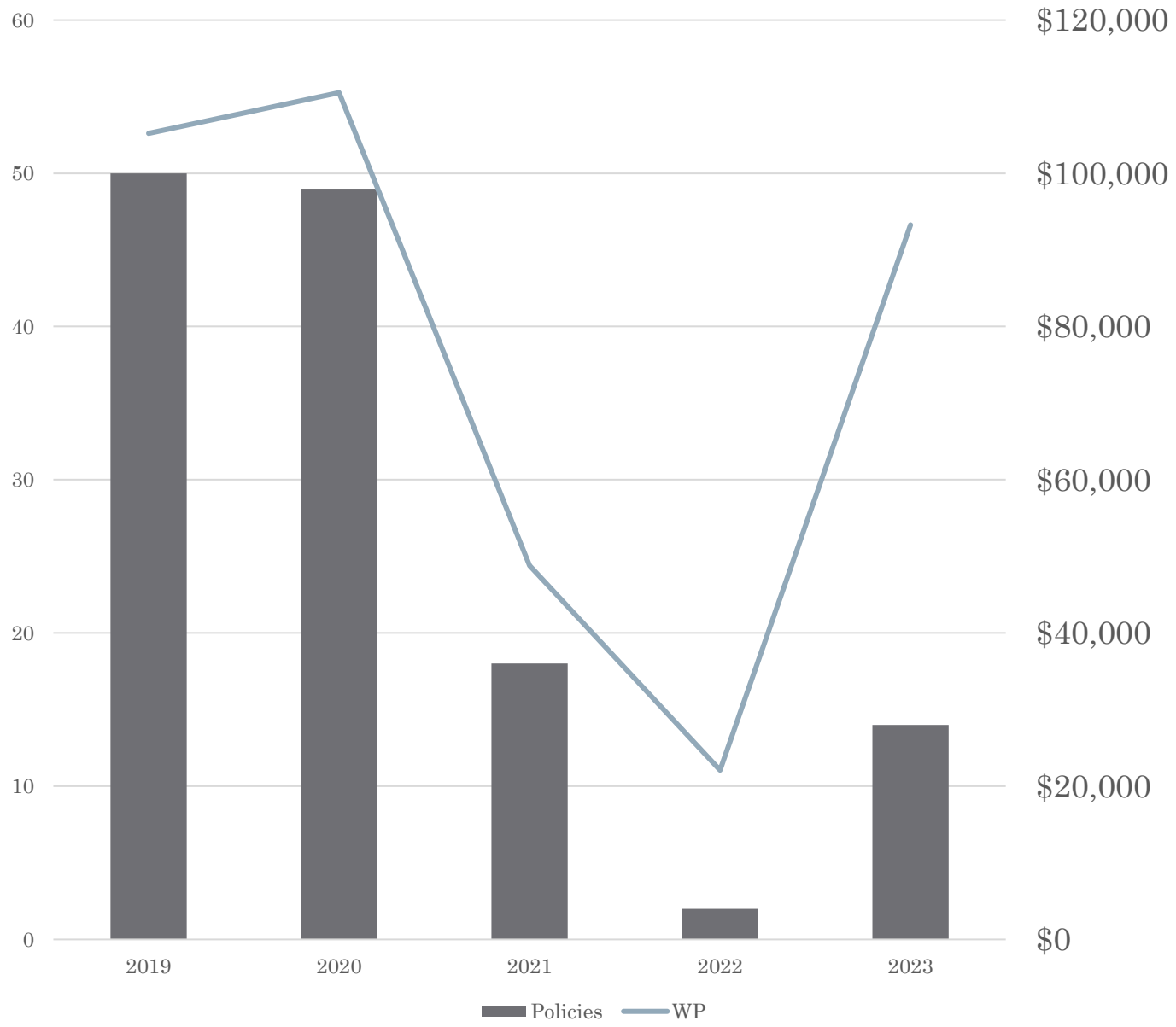
*through April

CAIP Loss Data

Personal Auto Policies Written by Year



Overview of the PAIP Market



Overview of the PAIP Market

KENTUCKY PAIP

Monthly Activity - Month Ending 12/31/2023

	<u>Month End</u>	<u>YTD</u>	<u>Prior Year Balance</u>
Written Premium	\$11,922	\$93,272	
Earned Premium	\$7,917	\$41,278	
Change in Unearned Premium	\$4,005	\$51,995	
Total Unearned Premium	\$63,041	\$63,041	\$11,046
Premium Charged Off	\$0	\$0	
Advanced Written Premium	\$0	\$0	
Written Commission	\$596	\$4,664	
Surcharges	\$215	\$1,679	
Losses Paid	\$25,000	\$76,843	
Losses Unpaid (Reserved)	\$35,000	\$35,000	\$125,000
Adjustment Expenses Paid	\$0	\$38	
Adjustment Expenses Unpaid	\$500	\$500	\$700
Defense and Cost Containment Expenses Paid	\$0	\$0	
Defense and Cost Containment Expenses Unpaid	\$0	\$0	\$0

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

PAIP Results 2023

Internal Audits

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



Personal Auto Rate Review

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%
 - 1/1/24: +10.4%
-
- **2025 Actuarial proposal – Effective 1/1/2025**
 - **Adopt an indication of 17.7%, with an estimated monetary impact of just \$6,510 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%

1/1/24: +16.4%

- **2024 Actuarial proposal – Effective 1/1/2025**
- **Overall rate increase of 14.4% with an estimated monetary impact of just \$47,961.**

Commercial Auto Rate Review

(p. 64)

Rule and Form Changes

**Proposal – Public or Livery Conveyance
Exclusion (p. 68)**

Name _____

Signature _____

Date _____

Other Business

- Does Governing Committee want to have a fall meeting or approve the Executive Committee to review the 2025 budget and proposed assessment? (If so, it needs a motion and vote)
- Kentucky Department of Insurance Comments
- Thank You!