

Kentucky Assigned Claims Plan

Notice of Annual Meeting

Pursuant to Section 3, Rule 9, Rules and Regulations of the Kentucky Assigned Claims Plan, the Annual Meeting will immediately follow the Kentucky Insurance Arbitration Association Board of Directors Meeting which will begin at at 10:30 A.M. Wednesday, September 24, 2025 held in person and via teleconference.

The Agenda will be:

1. Call to Order
2. Roll Call
3. Anti-Trust Preamble
4. Approval of Minutes
5. Selection of Governing Committee
6. Other Business
7. Adjournment

If you are unable to attend, please notify our office and consider providing a proxy.



Mark Hillis Manager

Cc: Governing Committee Members
Shawn Boggs, Kentucky Department of Insurance

Kentucky Assigned Claims Plan

Notice of Governing Committee Meeting

A Governing Committee Meeting will be held immediately following the September 24, 2025 Annual Meeting in person and via teleconference.

The Agenda is as follows:

1. Call to Order
2. Roll Call
3. Anti-Trust Preamble
4. Approval of Minutes
5. Reporting of Nominating Committee and Election of Officers
6. Auditor's Report and Financial Statement
7. Secretary Treasurer's Report
8. Other Business
9. Next Meeting
10. Adjournment



Mark Hillis
Manager

Cc: Governing Committee Members
Shawn Boggs, Kentucky Department of Insurance

ANTITRUST PREAMBLE

Kentucky Assigned Claims Plan

This statement applies to the members of the Kentucky Assigned Claims Plan Governing Committee member and Kentucky Insurance Arbitration Association 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 Assigned Claims 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.

It is the policy of the Governing Committee members of the Kentucky Assigned Claims Plan to fully comply with applicable federal and state antitrust law. These laws apply to member conduct at all Governing Committee meetings, sub-committee meetings, other adjunct meetings, coffee breaks, meals, social gatherings, and informal conversations. This includes, but is not limited to:

- Raising, lowering or stabilizing rates;
- Actual current or future rates, including actuarial projections and capacity;
- Profit levels or actual costs;
- Credit terms and other price-related terms;
- Allocation of markets, territories, or potential insureds;
- Individual company results, or current or future marketing or pricing strategies or business plans;
- Joint action on pricing, products, markets or innovation;
- Whether to quote or not to quote certain classes or types of risks or products;
- Restrictions on availability of insurance;
- Use of standard forms;
- Any other matters on which insurers ordinarily compete with each other.

It is the responsibility of all Governing Committee members and Kentucky Assigned Claims Plan staff to comply with the antitrust laws. Violation of antitrust laws can lead to serious civil and criminal punishment. Check with legal counsel with any questions.

**Kentucky Assigned Claims Plan
Annual Meeting May 22, 2024
Minutes**

The Annual Meeting of the Kentucky Assigned Claims Plan was held at 11:00 AM on May 22, 2024, via virtual platform, following the KIAA Annual and Board Meetings.

Those in attendance were:

Governing Committee:

Owen K. Caster (Chair)	Progressive Insurance Co.
Taylor Martin	Nationwide Insurance Co.
Scot McFarland	Allstate Insurance Co.
Kimberly McCollom	State Farm Insurance Co.
Ericka Gocke	Kentucky Farm Bureau Insurance Co.
Michael D. Thompson	Liberty Mutual, Safeco Ins. Co.
Vivian Judy	Travelers Insurance Co.
Andrew Bursh (Vice-Chair)	Grange Ins. Co.
Brad Erdman	Kentucky National Insurance Co.

Staff:

Mark Hillis	Secretary Treasurer
Becky Darst	Claims Manager
Carrie Manor	Claims Supervisor

Guests:

Sarah Antle	Deming, Malone, Livesay & Ostroff
Emily Whatley	Deming, Malone, Livesay & Ostroff
Clarissa Flores	Liberty Mutual, Safeco Ins. Co.
McKenzie Carter	Shelter Insurance Co.
Allan Faber	Kentucky National Insurance

Department of Insurance:

Shawn Boggs, Deputy Commissioner

1. Call to Order

Mr. Caster called the meeting to order.

2. Roll Call

Mr. Caster conducted roll call to confirm attendees and noted a quorum was present.

3. Anti-Trust Preamble

Mr. Caster reminded the Committee that everyone was bound by the Anti-Trust Preamble provided in the meeting documents.

4. Approval of Minutes

Ms. Gocke moved to accept the May 11, 2023, Annual Meeting Minutes as presented, Ms. McCollom seconded, and the motion passed.

5. Selection of the Governing Committee

Mr. Hillis advised that a roster of Governing Committee Members was included with the agenda for the meeting and that the Kentucky DOI has approved the new Governing Committee Member. The member being, Andrew Bursh of Grange Insurance, who replaced Brooke McNeil.

Mr. McFarland made a motion to elect and seat the Governing Committee. Mr. Erdman seconded, and the motion carried.

6. Any Other Business

Mr. Hillis thanked each committee member and reiterated how important it is to have Servicing Carriers that are engaged and want to be a part of the Plan.

Mr. Caster asked for any other business items that needed to be discussed. Hearing none, he asked for a motion to adjourn.

7. Adjournment

There being no further business, Ms. McCollom moved to adjourn the meeting, Ms. Judy seconded, and the motion carried.

Respectfully submitted,



Mark Hillis
Secretary Treasurer

Kentucky Assigned Claims Plan Governing Committee Meeting Minutes

A Governing Committee Meeting of the Kentucky Assigned Claims Plan was held immediately following the Kentucky Insurance Arbitration Association Board of Directors Meeting on Wednesday, September 25, 2024.

Those in attendance were:

Governing Committee:

Owen K. Caster (Chair)

Taylor Martin

Ericka Gocke

Kimberly McCollom

Scot McFarland

Brad Erdman

Michael Thompson

Andrew Bursh

Progressive Ins. Co.

Nationwide Insurance

Kentucky Farm Bureau Ins. Co.

State Farm Mutual Ins. Co.

Allstate Ins. Co.

Kentucky National Ins. Co.

Safeco/Liberty Ins. Co.

Grange Ins. Co.

Kentucky Department of Insurance:

Shawn Boggs, Deputy Commissioner

Kentucky Department of Insurance

Guests:

Samuel McKenzie Carter

Allan Faber

Clarissa Flores

Shelter Insurance

Kentucky National Ins. Co.

Safeco/Liberty

Staff:

Mark Hillis

Erin Lux

Becky Darst

Carrie Manor

Secretary Treasurer

Assistant Plans Manager

Claims Manager

Claims Supervisor

1. Call to Order:

Mr. Caster called the meeting to order.

2. Roll Call:

Governing Committee members and guests' attendance was confirmed. The Chair noted a quorum was present.

3. Anti-Trust Preamble:

Mr. Caster reminded everyone that they were bound by the Anti-Trust Preamble that was provided in the meeting documents.

4. Approval of Minutes:

Ms. Gocke moved, Mr. McFarland seconded, and the motion passed to approve the minutes of the May 22, 2024, Annual and Governing Committee meetings.

5. Secretary Treasurer's Report:

A. Claims Summary:

Ms. Manor presented information showing open and closed claims, paid claims, expenses, and subrogation for the years of 2019-2023 with current data through 7/31/24 as well as 2024 year-end projections.

B. Financial Report:

Mr. Hillis shared the Republic Bank balance as of 7/31/24 was \$3,293,937, \$1,471,993 was held in the checking account, and \$1,821,945 in a Collateralized Sweep Account.

C. 2022 Budget, Assessment and System Update:

Budget:

The Plan is expected to end 2024 under budget. The proposed administrative budget for 2025 is \$451,342, an increase from 2024. A breakdown was provided to the committee in the meeting documents and the following items were discussed:

- Employee wages are allocated based on the amount of work expected to be completed by staff for each Plan in the upcoming year. This allows the Plans to work efficiently and remain consistent with the budget. A compensation and benefit analysis is performed every three years and will be discussed next month with that Compensation Committee. This will allow the Plans to hire and retain talent and become consistent with the industry.
- Ancillary benefit rates are stagnant, however, the same is not true for health/medical coverage. The benefits market is shopped annually with a broker. For budgeting purposes, the Plan uses an estimated increase that correlates to the marketplace. Mr. Hillis advised that they currently do not have the rates for the Health Plan but wish to continue to offer a competitive PPO Plan for the staff. The annual renewals will be available in late November.
- Mr. Hillis mentioned that all employees transitioned from the Kentucky FAIR Plan to the FAIR Plan Cost Sharing Alliance LLC.

Ms. Gocke moved, and Mr. Bursh seconded, to approve the 2025 budget of \$451,342. The motion carried unanimously.

Assessment:

An assessment of \$3,926,038 was proposed for 2025 and a worksheet was provided and discussed. The assessment includes the administrative budgets for KACP and KIAA. Mr. Hillis discussed the claims data supporting the assessment. A discussion took place regarding the history of assessments including a 25% cushion in the budget. Two driving factors for the assessment are the declining numbers in subrogation.

Mr. Hillis touched on the launch of the new Finys MEQ assessment system developed for the FAIR Plan

and KACP to streamline the process and capture historical data. The system could potentially be marketed to other residual market mechanisms.

Mrs. McCollom moved, and Mr. Erdman seconded, to approve the 2025 KACP assessment of \$3,926,038.00. The motion carried.

6. Other Business:

Ms. Darst proposed to the board that we combine both the Spring Meeting and the Fall Budget Meeting into one Meeting in the Fall. The combination of the meetings still satisfies the annual and budget requirements as set forth in the Plan of Operations, Rules, and Statute. Mr. Caster asked the board for a motion to approve. Ms. Gocke moved, and Mr. Erdman seconded to approve one Annual and Board meeting, and the motion carried.

Deputy Commissioner Boggs took the opportunity to thank the Plans for allowing the Department of Insurance to participate in these meetings, and for all the support they provide for the citizens of our Commonwealth. Deputy Commissioner Boggs, representing the Department and Commissioner Clark, advised they remain available if needed, and work hard to provide timely support to the Plans.

Mr. Caster informed the Board Members and team of a subrogation case in litigation to follow, Jarnigan vs. Allstate, NO. 2023-CA-0333-MR. The case has gone before the KY Supreme Court and has yet to settle. The case concerns PIP subrogation being paid to the reparation obligor prior to the BI settlement.

Mr. Hillis recognized and thanked Michael Thompson for his participation in the Board for KACP. Mr. Thompson has been on the board for 10 years and has played a key role in compensation and benefits plans, making sure they are appropriate for the current market. Mr. Caster also thanked Mr. Thompson for his participation and his willingness to be involved in the success of the Plan.

The next meeting for the KACP is scheduled for the Fall, September 24, 2025, in-person.

7. Adjournment:

There being no further business, Ms. McCollom moved, Mr. Bursh seconded, and the motion unanimously approved that the meeting be adjourned.

Respectfully submitted,



Mark Hillis

Secretary- Treasurer

KENTUCKY ASSIGNED CLAIMS PLAN
Governing Committee

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Ericka Gocke, Chairperson Kentucky Farm Bureau Mut. Ins. Co. 9201 Bunsen Parkway P O Box 20700 Louisville, Kentucky 40250-0700 Email Address: Ericka.Gocke@kyfb.com	502-495-5000
Taylor Martin Nationwide Insurance Company PO Box 182723 Columbus, OH 43218-2723 Email Address: taylor.martin@nationwide.com	352-384-5935
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KENTUCKY ASSIGNED CLAIMS PLAN
Governing Committee

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Mark Hillis 502-327-7105
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**PUBLIC PROTECTION CABINET****Department of Insurance**

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Frankfort, Kentucky 40602-0517
1-800-595-6053
<http://insurance.ky.gov>

Andy Beshear

Governor

Ray A. Perry

Secretary

Sharon P. Clark

Commissioner

July 2, 2025

Mr. Stephen Mark Hillis
Kentucky Assigned Claims Plan
PO Box 436509
Louisville, KY 40243

Re: Nicolee Saulsbury, State Farm Insurance Company
Appointment to Kentucky Assigned Claims Plan Governing Committee Member

Dear Mr. Hillis,

Pursuant to your communication of June 9, 2025, Nicolee Saulsbury is hereby appointed as Governing Committee Member for the Kentucky Assigned Claims Plan.

Sincerely,

Sharon P. Clark, Commissioner

Shawn Boggs
Director, Division of Consumer Protection

Kentucky Department of Insurance
(502) 564 3630
Shawn.Boggs@ky.gov

**PUBLIC PROTECTION CABINET****Department of Insurance**

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Andy Beshear
Governor

Ray A. Perry
Secretary

Sharon P. Clark
Commissioner

October 15, 2024

Mr. Stephen Mark Hillis
Kentucky Assigned Claims Plan
PO Box 436509
Louisville, KY 40243

Re: Alan Finn, Safeco/Liberty Insurance Company
Appointment to Kentucky Assigned Claims Plan Governing Committee Member

Dear Mr. Hillis,

Pursuant to your communication of October 9, 2024, Alan Finn is hereby appointed as Governing Committee Member for the Kentucky Assigned Claims Plan.

Sincerely,

Sharon P. Clark, Commissioner

Shawn Boggs
Director, Division of Consumer Protection

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**PUBLIC PROTECTION CABINET****Department of Insurance**

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Andy Beshear
Governor

Ray A. Perry
Secretary

Sharon P. Clark
Commissioner

July 25, 2025

Mr. Stephen Mark Hillis
Kentucky Assigned Claims Plan
PO Box 436509
Louisville, KY 40243

Re: Kristi Parker, Progressive Insurance Company
Appointment to Kentucky Assigned Claims Plan Governing Committee Member

Dear Mr. Hillis,

Pursuant to your communication of July 10, 2025, Kristi Parker is hereby appointed as Governing Committee Member for the Kentucky Assigned Claims Plan.

Sincerely,

Sharon P. Clark, Commissioner

Shawn Boggs
Director, Division of Consumer Protection

Kentucky Department of Insurance
(502) 564 3630
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KENTUCKY ASSIGNED CLAIMS PLAN
Year Ended December 31, 2024

<u>Financial Highlights</u>	<u>12/31/2024</u>	<u>12/31/2023</u>
Cash	\$ 5,977,321	\$ 5,208,950
Assessments received	\$ 4,112,502	\$ 3,151,004
Subrogation recovery	\$ 1,392,530	\$ 1,520,650
Interest income	\$ 13,483	\$ 13,650
Membership fees	\$ 755	\$ 1,000
Total cash receipts	\$ 5,519,270	\$ 4,686,304
Change in cash receipts	17.77%	
Claims paid	\$ 3,980,722	\$ 3,857,350
Assessments remitted	\$ 454,785	\$ 935,994
Salaries and benefits	\$ 349,053	\$ 308,238
Computer	\$ 34,023	\$ 55,631
Insurance	\$ 9,889	\$ 11,332
Advance from Alliance	\$ (117,510)	
Other	\$ 39,937	\$ 36,795
Total cash disbursements	\$ 4,750,899	\$ 5,205,340
Change in cash disbursements	-8.73%	
Excess cash receipts (disbursements)	\$ 768,371	\$ (519,036)

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
- Advance from Alliance to be reimbursed in 2025

KENTUCKY ASSIGNED CLAIMS PLAN
STATEMENTS OF CASH RECEIPTS AND
DISBURSEMENTS
Years Ended December 31, 2024 and 2023

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Independent Auditors' Report

To the Governing Committee
Kentucky Assigned Claims Plan

Opinion

We have audited the accompanying statements of cash receipts and disbursements of Kentucky Assigned Claims Plan (a not-for-profit organization) for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of Kentucky Assigned Claims Plan for the years ending December 31, 2024 and 2023, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kentucky Assigned Claims Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kentucky Assigned Claims Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kentucky Assigned Claims Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Deming, Malone, Lunsay & Petroff

Louisville, Kentucky
February 26, 2025

KENTUCKY ASSIGNED CLAIMS PLAN

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Receipts		
Assessments	\$ 4,112,502	\$ 3,151,004
Subrogation recovery	1,392,530	1,520,650
Interest income	13,483	13,650
Membership fees	<u>755</u>	<u>1,000</u>
Total cash receipts	<u>5,519,270</u>	<u>4,686,304</u>
Cash Disbursements		
Claims paid	<u>3,980,722</u>	<u>3,857,350</u>
Assessments remitted to related organization	<u>454,785</u>	<u>935,994</u>
Administrative expenses:		
Salaries	248,249	214,176
Health insurance	44,625	47,836
Retirement	38,109	31,320
Computer	34,023	55,631
Payroll taxes	18,070	14,906
Miscellaneous	11,399	10,695
Rent	11,200	11,200
Insurance	9,889	11,332
Professional services	9,026	5,599
Telephone	5,163	6,171
Office supplies	3,149	3,130
Advance from Alliance	<u>(117,510)</u>	<u> </u>
Total administrative expenses	<u>315,392</u>	<u>411,996</u>
Total cash disbursements	<u>4,750,899</u>	<u>5,205,340</u>
Excess cash receipts (disbursements)	768,371	(519,036)
Cash at beginning of year	<u>5,208,950</u>	<u>5,727,986</u>
Cash at end of year	<u>\$ 5,977,321</u>	<u>\$ 5,208,950</u>

See Notes to Statements of Cash Receipts and Disbursements.

KENTUCKY ASSIGNED CLAIMS PLAN

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of organization:

Kentucky Assigned Claims Plan (Plan) was formed as a not-for-profit unincorporated legal entity to handle claims from persons claiming an entitlement to benefits pursuant to KRS Chapter 304, Subtitle 39. The Plan makes an assignment of such claims to various servicing insurers. The servicing insurers investigate the claims, render a decision, and make the settlement.

Summary of significant accounting policies:

This summary of significant accounting policies of Kentucky Assigned Claims Plan is presented to assist in understanding the Plan's financial statements. The financial statements and notes are representations of the Plan's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles on the cash basis of accounting and have been consistently applied in the preparation of the financial statements.

Basis of accounting:

The Plan prepares its financial statements on the cash basis, which presents a summary of the cash activity of the Plan and does not present certain transactions (accrued revenues and expenses) that would be included in financial statements of the Plan presented on the accrual basis of accounting. Cash basis statements are not in conformity with accounting principles generally accepted in the United States of America.

Subsequent events:

Subsequent events have been evaluated through February 26, 2025, which is the date the financial statements were available to be issued.

Note 2. Assessment of Members

The Plan periodically assesses all member insurance companies for their pro-rata share of claims and operating expenses. Assessments of members were approximately \$3,926,000 and \$3,344,600 for the years ended December 31, 2024 and 2023, respectively. Uncollected assessments at December 31, 2024 and 2023, were approximately \$95,000 and \$274,000, respectively.

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

Note 3. Tax Status

The Plan is exempt from federal, state and local income taxes as a not-for-profit entity as described under Internal Revenue Code Section 501(c)(6). The Plan files an information return in the U.S. federal jurisdiction.

As of December 31, 2024 and 2023, the Plan did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

Note 4. Related Party Transactions

Servicing insurers utilized by the Plan are reimbursed their actual costs plus an amount for administrative expenses from the Plan. Servicing insurers for the Plan at December 31, 2024 were the following: Allstate Insurance Company, Kentucky Farm Bureau Mutual Insurance Company, Safeco Insurance Company, State Farm Mutual Insurance Company, Grange Mutual Casualty Company, Nationwide Mutual Insurance Company, Travelers Insurance Company and Progressive Casualty Company. These servicing insurers are also members of the Governing Committee of the Plan, as they are among the largest insurers in Kentucky.

Kentucky Automobile Insurance Plan, Kentucky Insurance Arbitration Association (KIAA), Kentucky FAIR Plan Reinsurance Association (KFP), and FAIR Plan Cost Sharing Alliance, LLC (Alliance) are related organizations under a cost sharing agreement. KFP and Alliance furnish personnel and administrative support for the Plan and the above entities and allocate the charges to each. Cash disbursements made during 2024 and 2023 for these administrative services are included in the statements of cash receipts and disbursements.

Following is a summary of transactions and balances under the cost sharing agreements for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Payable at beginning of year	\$ 52,779	\$ 45,852
Expenses allocated during the year	428,951	417,258
Payments made during the year	<u>(311,365)</u>	<u>(410,331)</u>
Payable at the end of year	<u>\$ 170,365</u>	<u>\$ 52,779</u>

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

The Plan collects assessments and holds cash in its account on behalf of KIAA. Cash receipts and disbursements of assessments collected on behalf of KIAA during 2024 and 2023 are included in the statements of cash receipts and disbursements. An analysis of cash activity in 2024 and 2023 by the Plan on behalf of KIAA follows:

	<u>2024</u>	<u>2023</u>
Payable to KIAA, beginning of year	\$ 454,785	\$ 935,994
Assessments collected on behalf of KIAA	515,426	454,785
Assessments remitted to KIAA	<u>(454,785)</u>	<u>(935,994)</u>
Payable to KIAA, end of year	<u>\$ 515,426</u>	<u>\$ 454,785</u>

Note 5. Retirement Plans

The Plan has a money-purchase pension plan and a 401(k) defined contribution plan that cover substantially all employees. Cash disbursements for the money-purchase pension plan are determined annually at the discretion of the Governing Committee. Cash disbursements for the 401(k) defined contribution plan are based upon the Plan matching a portion of the employees' contributions. Cash disbursements for retirement allocated to the Plan were \$38,109 and \$31,320 for the years ended December 31, 2024 and 2023, respectively.

Costs are allocated in accordance with the cost sharing agreement as described in Note 4.

Note 6. Operating Lease

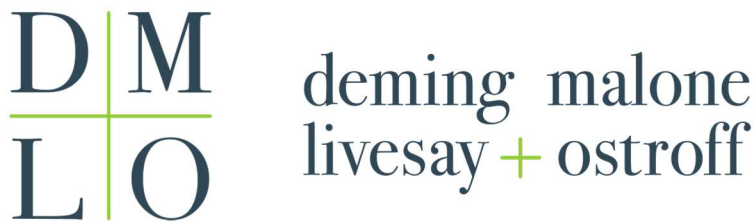
The Plan leases office space from the Kentucky FAIR Plan Reinsurance Association under an operating lease through December 31, 2025. The lease has an automatic renewal provision which allows for the lease to automatically renew and extend an additional year unless either party gives written notice of intent not to renew at least 30 days prior to expiration of the term of the lease. Future minimum rental commitments under the lease are \$11,200 for the year ending December 31, 2025. Cash disbursements for rent expense allocated to the Plan were \$11,200 for each of the years ended December 31, 2024 and 2023.

Note 7. Contingencies

In the normal course of operations, the Plan is contingently liable for claims (and expenses related to such claims) it has assigned to servicing insurers. Should claims and related expenses prove to be greater than anticipated, the Plan would assess member insurance companies to cover additional costs.

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS**Note 8. Concentration of Credit Risk**

The Plan maintains its cash accounts at various financial institutions. The total balance at each institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2024, the Plan's uninsured cash balance totaled approximately \$1,657,500.



To the Governing Committee
Kentucky Assigned Claims Plan

We have audited the statement of cash receipts and disbursements of Kentucky Assigned Claims Plan (Plan) for the year ended December 31, 2024, and have issued our report thereon dated February 26, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 4, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Kentucky Assigned Claims Plan are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We detected no such misstatements as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 26, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit procedures, we noted allocations of FAIR Plan Cost Sharing Alliance, LLC.'s (Alliance) profits were used to reduce the amount of reimbursements made to the Alliance under the cost sharing agreement. We discussed the tax and accounting implications of this process with management. As a result of our discussions, it was determined that the reduction of the reimbursements will be paid to the Alliance in 2025.

This information is intended solely for the use of the Governing Committee and management of Kentucky Assigned Claims Plan and is not intended to be, and should not be, used by anyone other than these specified parties.



Louisville, Kentucky
February 26, 2025

Kentucky Assigned Claims Plan							
Report of Activity							
Year	2021	2022	Δ 2022 from 2021	2023	Δ 2023 from 2022	2024	Δ 2024 from 2023
<u>New Claims:</u>							
Received	736	745	1.2%	818	9.8%	921	12.6%
Rejected	157	173	10.2%	221	27.7%	209	-5.4%
Assigned	579	569	-1.7%	597	4.9%	592	-0.8%
Closed	1185	751	-36.6%	777	3.5%	580	-25.4%
<u>Claims Open:</u>							
Open/Active	698	574	-17.8%	475	-17.2%	484	1.9%
Pending Subro	731	563	-23.0%	512	-9.1%	537	4.9%
Benefits Paid	\$3,204,102.42	\$2,529,877.99	\$ (674,224.43)	\$3,106,383.57	\$576,505.58	\$3,112,379.30	\$5,995.73

Kentucky Assigned Claims Plan			
Budget Status			
	2023 Budget	2024 Budget	2024 Final
Wages (W-2)	\$ 189,596	\$ 190,112	\$ 223,037
Payroll Taxes	\$ 18,960	\$ 19,011	\$ 18,070
401K Match and Defined Contribution Benefits	\$ 27,240	\$ 27,240	\$ 38,109
Office Supplies and Equip.	\$ 4,200	\$ 2,600	\$ 3,149
Professional Services	\$ 7,860	\$ 7,800	\$ 9,026
Human Resources	\$ 1,500	\$ 1,500	\$ 4,454
Rent	\$ 11,200	\$ 11,200	\$ 11,200
Telephone and Tel.Equip.	\$ 3,657	\$ 7,234	\$ 5,163
Travel	\$ 5,500	\$ 5,500	\$ 2,921
Meals and Entertainment	\$ 1,200	\$ 1,200	\$ 273
Insurance - P & C	\$ 11,450	\$ 11,450	\$ 9,889
Health and Employee Benefits	\$ 57,852	\$ 67,004	\$ 44,624
Postage	\$ 1,100	\$ 800	\$ 481
Computer and Systems	\$ 47,411	\$ 36,450	\$ 34,023
Dues & Subscriptions	\$ 400	\$ 400	\$ 1,125
Board Meetings	\$ 350	\$ 350	\$ 369
Education	\$ 300	\$ 300	
Miscellaneous	\$ 1,300	\$ 1,300	\$ 139
FAIR Plan Alliance	\$ -	\$ -	(\$ 117,510)
Total	\$ 391,076	\$ 391,451	\$ 288,542

Kentucky Assigned Claims Plan

Budget

	2025 Budget	2025 as of 6/2025	2025 Proj.	2025 Projected as % of Total	2026 Budget
Cost Sharing Alliance - 2024		98,535	98,535		
Contract Services	365,698	158,925	296,925	81.19%	351,113
Human Resources	1,500	337	700	46.67%	2,000
Insurance	12,022	7,859	7,859	65.37%	9,618
Board Meetings	400	-		0.00%	500
Travel	5,700	-		0.00%	3,000
Meals & Ent.	1,200	55	55	4.58%	1,000
Computer Expense	31,240	16,257	19,000	60.82%	56,000
Office Supplies	4,120	418	900	21.84%	2,000
Dues & Subscriptions	400	1,249	1,500	375.00%	1,000
Education	300	-		0.00%	-
Postage	600	256	500	83.33%	500
Legal & Professional	8,182	6,776	7,500	91.66%	6,000
Telephone	7,280	1,714	3,750	51.51%	3,428
Rent Expense	11,200	5,600	11,200	100.00%	11,200
Miscellaneous	1,500	-		0.00%	750
Totals	\$ 451,342	\$ 297,980	\$ 448,424	99.35%	\$ 448,109

