

Kentucky FAIR Plan Reinsurance Association

Notice of Governing Committee Meeting

Pursuant to Article V.3, Articles of Association, Kentucky FAIR Plan Reinsurance Association, a Governing Committee Meeting will be held at 10:00 A.M. on Wednesday, October 22, 2025, at the Plan office located at 327 Townepark Circle, Louisville, KY 40243.

Agenda:

1. Roll Call
2. Anti-Trust Preamble
3. Approval of Minutes
4. Committee Reports
5. Executive Director's Report
6. 2026 Budget
7. Other Business
8. Adjournment

If you are unable to participate in the meeting in person, please consider providing a proxy.

Sincerely,



Mark Hillis
Executive Director

cc:

Shawn Boggs, Deputy Commissioner, Kentucky Department of Insurance
Governing Committee Members

Kentucky FAIR Plan Reinsurance Association

**KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
GOVERNING COMMITTEE**

Governing Committee Member	Affiliation
<p>Rudy Schlich (Chair) Old Kentucky Insurance 915 Lily Creek Road Louisville, KY 40243 (502) 451-8800 Rudy.Schlich@oldkyins.com</p>	Agent (d)
<p>Todd Feltman (Vice-Chair) State Farm Insurance Co. 1 State Farm Plaza, D-1 Bloomington, IL 61710 (309) 763-5792 todd.feltman.c0hu@statefarm.com</p>	Non Affiliated (b)
<p>David Combs Kentucky National Insurance 2416 Sir Barton Way Lexington, KY 40509 (859) 519-1054 dacombs@kynat.com</p>	Domiciled (a)
<p>Lisa Pierce Allstate Insurance Company 555 Marriott Drive, Suite 700 Nashville, TN 37214 (615) 902-7053 Lisa.pierce@allstate.com</p>	APCIA –Affiliated (c)
<p>Kristen K.W. Mellinger Kentucky Farm Bureau Mutual Insurance Co. 9201 Bunsen Parkway Louisville, KY 40220 (502) 495-5000 x 7499 Kristen.Mellinger@kyfb.com</p>	Domiciled (a)
<p>Dawn Whalen Travelers Insurance 303 N. Hurstbourne Parkway Louisville, KY 40222 (502) 468-2903 dmwhalen@travelers.com</p>	APCIA –Affiliated (c)
<p>Jay Kepperling Nationwide Mutual Insurance Company 1 Nationwide Plaza Columbus, OH 43215 502-645-9562 jay1@nationwide.com</p>	NAMIC (c)

**KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
GOVERNING COMMITTEE**

Kentucky Department of Insurance Representative and Kentucky FAIR Plan Staff

<p>Shawn D. Boggs, APIR Deputy Commissioner</p> <p>Kentucky Department of Insurance 500 Mero Street, 2 SE 11 Frankfort KY 40601 502 564 6034 Phone 502 564 6090 Fax shawn.boggs@ky.gov</p>	
<p>Stephen "Mark" Hillis Executive Director and Secretary Treasurer Kentucky FAIR Plan Reinsurance Association P.O. Box 437249 Louisville, KY 40243 (502) 425-9998 Ext 2110 shillis@kyfairplan.com</p>	
<p>Melissa Chlon Assistant Director and Plan Manager Kentucky FAIR Plan Reinsurance Association P.O. Box 437249 Louisville, KY 40243 (502) 425-9998 Ext 2125 mchlon@kyfairplan.com</p>	

ANTITRUST PREAMBLE

Kentucky FAIR Plan Reinsurance Association

This statement applies to the members of the Kentucky FAIR Plan Reinsurance Association Governing Committee and Kentucky FAIR Plan Reinsurance 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 FAIR Plan Reinsurance Association, 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 FAIR Plan Reinsurance Association 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 FAIR Plan Reinsurance Association 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 FAIR PLAN REINSURANCE ASSOCIATION GOVERNING COMMITTEE MEETING

The Annual and Governing Committees meetings of the Kentucky FAIR Plan were held at 10:30 AM on June 4, 2025.

Those present:

Governing Committee:

Rudy Schlich	(Chair)	Old Kentucky Insurance
Todd Feltman	(Vice Chair)	State Farm Insurance
Kristen Mellinger		Kentucky Farm Bureau Ins. Co.
Jay Kepperling		Nationwide Mutual Insurance Co.
David Combs		Kentucky National Insurance
Dawn Whalen		Travelers Insurance

Kentucky Department of Insurance:

Shawn Boggs	Deputy Commissioner, Kentucky DOI
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Other:

Sarah Antle, CPA	Deming, Malone, Livesay & Ostroff
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Staff:

Mark Hillis	Executive Director / Sec. Treasurer
Melissa Chlon	Assistant Director / Plan Manager
Erin Lux	Associate Plans Manager
Tina Faleide	Senior Accounting Manager

Guests:

Tom Assad	AIPSO
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1. Call to Order and Roll Call:

Mr. Schlich called the meeting to order and held roll call for the committee members and guests and noted that a quorum was present. Lisa Pierce representing Allstate appointed Rudy Schlich as her proxy.

2. Antitrust Preamble:

Mr. Schlich reminded the Committee that all members are bound by the Anti-Trust Preamble which was provided in the meeting documents.

3. Approval of Minutes:

The Committee reviewed the minutes of October 23, 2024, Governing Committee Meeting as well as the Products and Forms Committee Meeting from March 26, 2025, the Investment Committee Meeting held on April 10, 2025, and the Audit Committee Meetings held on April 23, 2025. Minutes for all meetings listed above were distributed with the meeting documents.

Mr. Feltman moved, and Mr. Kepperling seconded to approve the minutes of the Committees. All voted in favor and the motion passed.

KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION GOVERNING COMMITTEE MEETING

4. Election of Members of Governing Committee:

Mr. Hillis indicated that the Governing Committee is seated annually for the coming year and new members are elected to the Committee. He noted that there were no changes to the Governing Committee.

A motion was made by Mr. Feltman to seat the Committee for the coming year. The motion was seconded by Mr. Kepperling. All members approved, and the motion carried.

5. Election of Officers:

Ms. Mellinger nominated Mr. Schlich as Chair, Mr. Feltman as Vice-Chair and Mr. Hillis as Secretary Treasurer. Ms. Mellinger asked if there were other nominations from the floor, and hearing none, closed the nominations.

Mr. Combs moved to accept the nominations, Ms. Whalen seconded the motion. Mr. Feltman abstained, all others approved, and the motion carried.

6. Auditors Report and Financial Statement:

The 2024 Independent Auditor's Report and Financial Statement, prepared by Deming, Malone, Livesay & Ostroff, CPA, was distributed to Governing Committee Members within the meeting materials. Ms. Antle discussed the Financial Highlight report and allowed an opportunity for questions, of which there were none.

Ms. Antle explained that market performance had an impact on the 2024 investment results, as seen across all markets. Ms. Antle stated that her firm issued a clean, unmodified opinion on the Statutory Basis of Accounting.

Ms. Antle explained that there was an adjustment related to the Alliance billing methodology and that their firm is confident in the accuracy and consistency of how this adjustment and approach are reflected in the financials both for 2024 and moving forward.

Mr. Hillis thanked Ms. Antle and Ms. Faleide for their time and dedication to Plans, specifically around researching and applying the Alliance adjustment.

7. Executive Director's Report:

Ms. Lux presented a status report on 2024 key metrics. She compared written premium, number of new business applications and the number of policies in force against those metrics in 2023.

Written Premium increased 3% from 2023 to 2024, noting the first increase in WP in a decade. New business applications increased 14% over 2023 which is up from the 4% seen the year prior. The Plan ended 2024 with 3,539 policies in force which is down 6% from the prior year. The Plan's applications and policies in force continue to paint the picture of Kentucky's healthy insurance market. Ms. Lux noted some fluctuations in written premium and applications into 2025.

Ms. Lux asked the Governing Committee members and the Deputy Commissioner to focus their attention on a survey provided in the meeting documents. This survey was received by an Alliance

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FAIR Plan Member from the Government Office of Accountability, asking for information on that state's Plan. The questions being asked indicate a desire to ensure a sense of preparedness. The Kentucky FAIR Plan has underwriting actions, depopulation efforts, reinsurance layers of coverage, and other items in place to ensure we are prepared for market condition changes and demands on our Plan. Ms. Lux noted that if the Kentucky FAIR Plan were to receive a similar request, we would work with Plan Counsel and notify the Department of Insurance. Whereas we have a solid plan in place to address the concerns noted in the request, we would likely not submit a response.

The Plan's operating expense ratio increased under 4%, consistent with the movement from 2022 to 2023. The loss ratio, LAE, and combined ratio all decreased, mostly due to a much lower claims volume in 2024 compared to 2023. Claims reported were down 54% year over year. 2025 has presented a much higher volume of claims year-to-date when compared to 2024 as we have received 116 claims through May compared to 53 through May in 2024.

Finally, the Plan's assets and liabilities were up at year end. A large loss reserve at the end of 2024 contributed to the increase in liabilities. The equity position remained flat at \$15.5M. Ms. Lux reminded them that future disbursements are a recurring agenda item for the fall Investment sub-committee meeting.

Budget:

Ms. Lux noted that the Plan ended 2024 under budget. She reminded the committee that the Plans use a zero-based budgeting approach each year and that we offer a simple Defined Contribution Plan and not a pension to Plan employees. The Plans continue to look for ways to become more efficient and reduce expenses. Ms. Lux shared that Alliance billings increased in 2024, but the expenses allocated against those billings also increased. Alliance income for 2024 was \$170,276 but that line item was moved to the Alliance financials and will not be tracked under the KFP Budget moving forward.

Ms. Lux shared information about several line items on the 2024 budget to include increases in computer expenses and office supplies, attributed mostly to additional staff in 2024; telephone attributed to the overlap of two systems while the Plan transitioned to a national carrier; and payroll tax and wages, which are tied to allocation changes between the Alliance and Kentucky Plans.

Reinsurance:

Ms. Lux discussed the Plan's reinsurance treaty limits and shared that Plan staff are starting to gather the renewal data for next year's contract placement. When quotes are available, a meeting of the Reinsurance and Equity Committee will be scheduled to consider the quotes and to discuss the equity position of the Plan in accordance with the Governing Committee Policy, Members Equity and Distribution to Members.

Ms. Lux noted that Guy Carpenter is an excellent partner and is quick to respond and provide critical policy and storm data during weather events. This partnership allows us to reach out to impacted, or potentially impacted insureds and producers during weather events.

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Ms. Lux shared details around the community service efforts of the employees at the FAIR Plan Alliance to include blood donations, supporting the Scouts and efforts to combat hunger in our area.

Mr. Hillis provided an update of the FAIR Plan Alliance including changes to the Member Plans. He indicated that the Alliance successfully completed the contract for the Colorado FAIR Plan at the end of 2024 and is not engaged in a contract with them moving forward. Mr. Hillis noted one of the bigger Alliance projects currently is a system build between the Alliance, Finys, and the Oregon FAIR Plan. He shared details of the newly formed service agreement with AIPSO to provide dedicated IT services to the Alliance. The Alliance had several non-member Plan Managers attend the meeting in early May to include New York and Connecticut. The Hawaii FAIR Plan has reached out about potential system support. Mr. Hillis provided an update on the accounting changes that were made in early 2025 as it relates to allocations of employee-related expenses and the work being performed by Alliance staff.

8. Other Business:

PIPSO Report:

Mr. Schlich advised that in accordance with the Articles of Association the abbreviated quarterly PIPSO report is provided to the Governing Committee and Department of Insurance in the meeting documents.

Committee Assignments:

Mr. Schlich advised that updated committee assignments were included in the meeting materials. He asked for any questions regarding the assignments and there were none.

Kentucky Department of Insurance Comments:

Mr. Shawn Boggs, Deputy Commissioner with the Kentucky Department of Insurance, shared that he and the Department hear many positive comments about the Alliance from other states, specifically noting appreciation from Commissioner Conway in CO. He stated that the KY DOI has been dealing with tragic weather events that include loss of life, and he is very appreciative to the many companies on the Committee, and the FAIR Plan, for stepping up and doing what was needed for the citizens of the Commonwealth. Deputy Commissioner Boggs noted that communication is always appreciated and thanked Mr. Hillis and the FAIR Plan for consistently communicating with the Department.

Next meeting:

Mr. Schlich noted that the fall meeting will be in person on October 22, 2025, at 10:30 AM.

9. Adjournment:

There being no other business, Mr. Feltman moved, Ms. Mellinger seconded, and the committee agreed to adjourn the meeting.

**KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
GOVERNING COMMITTEE MEETING**

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Erin Lux". The signature is fluid and cursive, with the first name "Erin" and last name "Lux" clearly distinguishable.

Erin Lux
Associate Plan Manager

FAIR PLAN ALLIANCE

2025 Claims Audit Committee Meeting Minutes

The 2025 Claims Audit was conducted virtually with meetings on August 5, and 14, 2025.

Kick-Off

In Attendance

Wesley Savage	State Farm Insurance
Stacie Darnell	Kentucky National
Henry Goins	Kentucky Farm Bureau
Dan Pendleton	Kentucky Farm Bureau
Val Thompson	State Farm Insurance
Kimberly Burnell	Travelers Insurance
Russ Thornton	Kentucky FAIR Plan – Alliance Claims Manager
Patrick Terry	Kentucky FAIR Plan – Alliance Director of Operations
Erin Lux	Kentucky FAIR Plan – Alliance Vice President of Operations
Michael Workman	Kentucky FAIR Plan – Alliance Supervisor

(1) Welcome and Introductions / Call to Order:

Mr. Workman called the meeting to order at 10:00 AM on August 5, 2024. Introductions were made and attendees confirmed.

(2) Anti-Trust Preamble:

Mr. Workman presented the Anti-Trust Preamble, reminding the committee they are bound by it.

(3) Review of Resource Materials & Training

Resources including a quick reference guide were provided to the auditors in advance of the meeting. All attendees were directed to the training PowerPoint. This presentation provided training on the *Finys* computer system that would be used during the audit.

(4) File Reviews:

The audit was conducted virtually over the course of just over a week. 85 claim files were reviewed from a list of closed claims. 30 Illinois and Wisconsin claims were randomly selected from a list of 184 (84 from Illinois and 100 from Wisconsin) and audited. 55 Kentucky claims were randomly selected from a list of 144 and audited.

Wrap-Up**In Attendance**

Stacie Darnell	Kentucky National
Dan Pendleton	Kentucky Farm Bureau
Henry Goins	Kentucky Farm Bureau
Val Thompson	State Farm Insurance
Kimberly Burnell	Travelers Insurance
Russ Thornton	FAIR Plan Alliance – Alliance Claims Manager
Patrick Terry	FAIR Plan Alliance – Director of Operations
Erin Lux	FAIR Plan Alliance – Vice President of Operations
Michael Workman	Kentucky FAIR Plan – Alliance Supervisor

Mr. Workman called the meeting to order at 1:00 PM on August 14, 2025, and reminded attendees that the Committee was bound by the Anti-Trust Preamble.

(5) Auditor Feedback and Trends:

A general conversation was held to discuss observations and trends of the FAIR Plan Alliance staff's claims handling. Observations included:

- Solid partnership between claims and underwriting.
- Great independent adjuster relationships and coordination.
- Timely payments & good file documentation.

(6) Assignment of Executive Summary:

The Executive Summary for Kentucky was assigned to Henry Goins, Kentucky Farm Bureau, to be completed and returned via email to Mr. Workman by Monday, August 18, 2025. The Executive Summary for Illinois & Wisconsin was assigned to Kimberly Burnell, Travelers Insurance, to be completed and returned similarly.

(7) Other Business:

There were no other business items discussed.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Erin Lux". The signature is fluid and cursive, with the first name "Erin" written in a larger, more prominent script than the last name "Lux".

**Erin Lux
Vice President of Operations
FAIR Plan Alliance**

KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION

Underwriting Audit Meeting Minutes August 18 and August 28, 2025

The 2025 Underwriting Audit was held virtually beginning on August 18, 2025, and ending on August 28, 2025.

Attendance, August 18, 2025:

Dwayne Taylor	State Farm Insurance
Andy Heim	Kentucky Farm Bureau Insurance Companies
Michael Workman	Kentucky FAIR Plan - Supervisor
Patrick Terry	Kentucky FAIR Plan – Alliance Director of Operations
Erin Lux	Kentucky FAIR Plan - Alliance Vice President of Operations

(1) Welcome and Introductions / Call to Order:

Mr. Workman called the meeting to order at 10:00 AM. Introductions were made, and attendees confirmed.

(2) Anti-Trust Preamble:

Mr. Workman shared the Anti-Trust Preamble, advising the Committee that we are bound to it.

(3) Review of Resource Materials:

The Articles of Association and policy quick reference guides were provided to the auditors.

(4) Finys Training Refresher:

Mr. Workman led the Committee through a brief training of the Plan's computer system, *Finys*.

(5) Overview of Checklist:

A list of policies was provided to the auditors electronically to select from, along with worksheets to track the results. General discussion took place that the focus should be on underwriting trends, documentation, and overall quality as they review the policies.

(6) Other Business:

Ms. Lux led a discussion through several underwriting-related items. The first being the recent rate review conducted and the recommendation to take rate across all lines of business. Ms. Lux shared the amounts, and the underwriting committee had no concerns with the uncapped rate recommendations presented, noting that they are lower than standard carrier increases and fully supported by the rise in weather events in Kentucky. As a part of the proposed rate change, Ms. Lux shared that the Plan intends to move forward with the removal of the \$250 deductible option and shift its base deductible to \$1,000. No concerns were raised.

Ms. Lux fostered a conversation about the Plan conducting rate reviews every other year. The underwriting committee expressed indifference at the potential to move towards an annual review, noting that cost and work effort may outweigh the benefit. The rates presented currently, considering no rate review last year, are reasonable and not indicative of the need to review rates annually.

Lastly, Ms. Lux asked for feedback from this committee relating to implementing the availability for underwriting to utilize a cosmetic damage exclusion across all lines of business, as well as a wind/hail exclusion as needed. This committee noted that both are appropriate and necessary and operating without cosmetic damage exclusions and wind/hail exclusions as options, the Plan is providing a richer product than the standard market. The committee felt it would be appropriate to have the wind/hail exclusion available for all lines of business and the cosmetic damage exclusion on all policies.

(7) Adjournment:

The meeting adjourned at approximately 10:20 AM with instructions to audit 15-20 policies over the next several days and provide their results, electronically to Mr. Workman by noon Wednesday August 27, 2025.

Attendance, August 28, 2025:

Andy Heim	Kentucky Farm Bureau Insurance Companies
Dwayne Taylor	State Farm Insurance
Michael Workman	Kentucky FAIR Plan - Supervisor
Patrick Terry	Kentucky FAIR Plan – Alliance Director of Operations
Erin Lux	Kentucky FAIR Plan - Alliance Vice President of Operations

(1) Welcome and Introductions / Call to Order:

Mr. Workman called the meeting to order at 1 PM. Attendees were confirmed.

(2) Anti-Trust Preamble:

Mr. Workman reminded attendees that we are bound by the Anti-Trust Preamble presented to them.

(3) Auditor's Feedback and Trends:

Mr. Workman confirmed that two auditors' workbooks were received, and the results compiled. Mr. Workman thanked the group for their efforts in completing 20 files each this year. He shared the summary of results with the group. Conversation was held and feedback was shared by the auditors.

- Easy to follow the underwriting process.
- Files were thoughtfully documented.
- Underwriting decisions were sound.
- The use of condition charges was well documented and appropriate.

(4) Assignment of Executive Summary Duties:

The committee designated Andy Heim from Kentucky Farm Bureau to complete the Executive Summary and forward it to Mr. Workman by Tuesday September 2, 2025.

(5) Other Business:

Ms. Lux reminded this committee of the conversation held at the kick-off meeting related to the rate review and recommendation, the change in the base deductible and offerings, the frequency of rate reviews, and the addition of endorsements limiting perils and/or cosmetic damage coverage. There were no changes or additions needed to the feedback provided previously.

(6) Adjournment:

The committee was reminded of their duty and authority as outlined in the Articles of Association, Article VI, Section 4(b). The meeting was adjourned at approximately 01:25pm.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Erin Lux". The signature is fluid and cursive, with the first name "Erin" being more prominent than the last name "Lux".

**Erin Lux
Associate Plans Manager
Kentucky FAIR Plan Reinsurance Association**

Kentucky FAIR Plan Reinsurance Association

Finance and Investment Committee Meeting

Pursuant to notice, a meeting was held at 11:00 AM on September 17, 2025.

Present for the meeting:

Rudy Schlich	Old Kentucky Insurance
Lisa Pierce	Allstate Insurance Company
Jon Simon	Kentucky Farm Bureau
Liam O'Brien	Kentucky Farm Bureau
Chuck McCurdy	Cerity Partners, LLC
Ryan Burch	Cerity Partners, LLC
Mark Hillis	Kentucky FAIR Plan
Melissa Chlon	Kentucky FAIR Plan
Tina Faleide, CPA	Kentucky FAIR Plan

1. Call to Order:

Ms. Faleide called the meeting to order and confirmed all members were present.

2. Anti-Trust Preamble:

Ms. Faleide reminded the committee that all members are bound by the anti-trust preamble.

3. Review of Minutes:

Ms. Faleide confirmed that all Committee members had received a copy of the minutes of the April 10, 2025, meeting. Those minutes had been approved by the full Governing Committee during its Spring Meeting.

4. Report of the Plan:

Ms. Faleide provided a report detailing the change in written premium up just over 1.5%. While assets are down just over 4%, there is a similar decrease in liabilities of 8% year over year at June 30, 2025. Members' Equity is slightly decreased with a nearly 4% decrease at June 30, 2025 compared to same period of 2024. She also shared loss, expense and combined ratio results. The loss and LAE ratio increased from 75.58% in 2024 to 124.37% in 2025, as there was a large commercial loss in late 2024 as well as

some other substantial events in 2025 year to date. Overall, the combined ratio increased from 118.68% at June 30, 2024 to 179.41% for 2025.

Ms. Faleide stated the Republic Bank and ICS accounts reflected a total of just over \$1,200,000 as of June 30, 2025.

Ms. Faleide also shared the Plan's Net Operating Loss (NOL) for tax purposes is \$1,754,547 as of the 2024 year end. The NOL has become an important part of the discussion related to taxable vs. tax exempt bond investment decisions.

5. Report of the Investment Managers

Mr. McCurdy thanked the Committee for their partnership and referenced the materials provided to the group in advance of the meeting.

After providing a general state of the market involving discussion of projected rate cuts, tariffs, tax law changes, job creation and inflation, Mr. McCurdy turned the presentation over to Mr. Burke for a review of adherence to the Investment Policy. As usual, some of the maximum concentrations of single positions may be approaching their limits, but the account currently meets the requirements set forth in the Investment Policy Statement. Concentration limits of concern are remedied by fund rebalancing as needed.

Regarding fund rebalancing, Mr. Burke stated that the portfolio's equity position is nearly 19% of the total account value currently. While this is within policy guidelines of 10 to 25% of total value invested in equities, the opportunity to rebalance the portfolio was presented. A general discussion took place concerning the rebalance. Mr. Hillis confirmed the opportunity would provide the equity concentration to be lowered to the recommended 15% for equities, while allowing the investments room to grow up to the 25% concentration cap provided in the Investment Policy Statement. Mr. Burke will provide the estimated gain/loss on sale of the proposed rebalance to the Plan for consideration against the current tax implications. No detrimental impact is expected, and all members agreed the rebalancing is a good idea.

6. Review of Investments

Mr. Simon provided the committee with his analysis of the portfolio, stating that it was very good and he observed nothing of concern. General discussion took place around the portfolio's concentration. Mr. Hillis thanked Mr. Simon and Mr. O'Brien for their thorough review and information as the Plan continues to value the input of our industry leaders.

7. Other Business

Ms. Faleide reminded the Committee of the discussion that took place around possible revisions to the Investment Policy Statement (IPS) at the April 10, 2025 meeting. Since that meeting, conversations have taken place between Mr. McCurdy of Cerity Partners, Mr. Simon of Kentucky Farm Bureau and Plan management to update language in the Policy to better define investment assets. The proposed changes to the IPS were presented to the Committee to include the addition of corporate bonds as an investment option. In addition, language to allow investment in taxable and tax-exempt securities in order to maximize after tax income was added to the IPS. Further discussion took place around the general diversification limit, whereby no more than 5% of the investment assets shall be invested in the securities of a single issuer. Mr. Simon indicated that he had reviewed KRS (Statute) regarding the 5% rule and would follow up further by providing it to the Committee. Mr. McCurdy offered to work with Plan management to align the IPS with Statute if needed. Anticipated further conversations will take place to solidify the changes. Following the presentation of the current changes to the IPS, Mr. Schlich made a motion to approve the proposed changes as outlined. Ms. Pierce seconded the motion. If further changes are deemed necessary to the IPS, a quick mail vote will address that change and the amended IPS will be presented to the full board in October for acceptance with the Committee's recommendation for approval.

Ms. Faleide asked the Committee if there was any other business to discuss. Mr. McCurdy inquired of a status update regarding the Alliance. Mr. Hillis shared the current partnerships with Alliance states, as well as inquiries from other states. Mr. Hillis also reminded the Committee that the Kentucky FAIR Plan has continued to provide services to other FAIR Plans via the FAIR Plan Cost Sharing Alliance. The Alliance operates as an LLC, sourcing services to all Kentucky Plans as well as Alliance states through Alliance employees. It is the mission of the Alliance to efficiently and effectively run different aspects of Plans to the save the industry money.

8. Adjournment

With no further business noted, the committee was reminded of the upcoming Governing Committee meeting scheduled for October 22, 2025. Mr. Schlich made a motion to adjourn the meeting, and Ms. Pierce seconded the motion. The meeting was adjourned.

Respectfully submitted,

Christine M Faleide

Tina Faleide
Director of Finance and Investments
FAIR Plan Alliance

KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
REINSURANCE AND EQUITY COMMITTEE MEETING

Pursuant to notice, a meeting of the Reinsurance and Equity Committee was held at 1:30 PM on September 17, 2025, via teleconference.

Present:

Kristen Mellinger	Kentucky Farm Bureau Insurance Company
Dawn Whalen	Travelers Insurance Company
Mark Hillis	Kentucky FAIR Plan – Executive Director
Tina Faleide	Kentucky FAIR Plan – Accounting Manager
Melissa Chlon	Kentucky FAIR Plan – Plan Manager
Erin Lux	Kentucky FAIR Plan – Assistant Plans Manager

1. Call to Order:

Mr. Hillis was Chair for the meeting. He called the meeting to order and took roll. Mr. Hillis noted that Mr. Feltman had provided his proxy to Ms. Mellinger. Mr. Hillis noted that a quorum was present.

2. Anti-Trust Preamble:

Mr. Hillis reminded the Committee that members are bound by the Anti-Trust Preamble provided in the meeting documentation.

3. Minutes Review:

Mr. Hillis noted that Minutes of the September 17, 2024, Committee meeting were included and had been approved by the Governing Committee during its fall meeting.

4. Reinsurance Renewal:

Mr. Hillis stated that quotes and modeling results have been obtained from Guy Carpenter for the 2025 to 2026 term, which will be a simple one-year term. The Plan continued to provide improved street-level data, which was analyzed by RMS, RiskLink, to determine the Plans exposure to Earthquake and Convective Storm. An additional tool used this year is the Severe Thunderstorm Risk Magnitude Index (StoRMi), which is an internally developed solution at Guy Carpenter. StoRMi is a county-resolution hazard metric for U.S. severe thunderstorm activity. According to the StoRMi index, the Plan does not have any risks in the extreme category and relatively few in the very high category. Probable maximum loss analytics and a quote summary documenting deposit premiums and rates for varying treaty layers were presented and discussed.

Guy Carpenter seeks quotes for placement with carriers rated A, or better, by AM Best. The 2025-2026 quote represents premiums driven by the continued declining size of the FAIR Plan as well as better data for modeling but impacted adversely by the lack of business placed by the Plan, and a hardening reinsurance market.

The Plan has seen interest in quoting the submission this year after 3 years of challenges. He noted that while they were hopeful that there may be markets willing to quote the \$1m

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REINSURANCE AND EQUITY COMMITTEE MEETING

retention, there was no interest at all. Confirming again that the size of the Plan bumps up against minimum premiums. Mr. Hillis noted that there were two options at this point with which to proceed. The first being going to market with a 4.1% ROL. Reality here is that while we might get a London market to bite, we are almost certain that other markets will not, and we will have non-concurrent rates again. The second being going to market with a 4.25% ROL. There still may be non-concurrent rates however (Odyssey being the challenge as in years past). The difference between the two would be around \$7500 in premium. Mr. Hillis recommended taking the aggressive route to see what the interest is but then be prepared to pivot back to the more conservative avenue of 4.25%.

Mr. Hillis noted that he believed the current \$5M XS of \$1.5M cover does protect the members equity if and only if the Plans had an earthquake event with fire following and lost an entire area like that shown (25-mile radius) with complete and total losses of all properties. And that simply tends not to be the case with earthquake events.

Ms. Whalen made a motion to approve the recommendation to use Guy Carpenter in efforts to secure coverage of with a \$5m XS \$1.5m retention level proceeding to market initially with a 4.1% ROL anticipating a blended rate and then being prepared to pivot to a 4.25% ROL which also may carry a blended rate. Ms. Mellinger seconded, and the motion carried.

5. Review of Member Equity Policy:

Mr. Hillis advised that the Plan's Member Equity position at the end Q2 of 2024 was \$15,580,174 compared to Q2 of 2025 at \$14,960,656. Ms. Mellinger recalled the Member Equity balance ahead of the prior disbursement over 5 years ago was approximately \$20M. At that time approximately \$5M was disbursed.

It was noted by members of this Committee that the current markets, economic trends, weather patterns and general market uncertainty, would support not pursuing a Member Equity disbursement at the current time. It was further noted that efforts made to update the Articles of Association in regard to having the Department of Insurance be made aware versus having to approve a disbursement of funds that belong to the industry would be appreciated.

6. Other Business:

Mr. Hillis advised that the next Governing Committee meeting is scheduled for October 22, 2025.

7. Adjournment:

There being no further business, Ms. Mellinger motioned to close the meeting. Ms. Whalen seconded, and the meeting was adjourned.

Respectfully submitted,



Mark Hillis, Executive Director

KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION

Claims Audit Executive Summary

August 2025

Submitted by:

Stacie Darnell, Kentucky National

Wesley Savage, State Farm

Dan Pendleton, Kentucky Farm Bureau

Henry Goins, Kentucky Farm Bureau

The 2025 Kentucky FAIR Plan Claims Audit was conducted between August 5 and 14th, 2025. 144 Kentucky files were provided and 55 were randomly selected for review. Each of the claims auditors was provided with an individual workbook to complete. The completed workbooks were submitted electronically to the FAIR Plan to compile.

SAMPLE:

Number of files reviewed: 55
 Number of files presented for review: 144
 Date range of files presented for review: Reported to KFP between September 2024 and July 2025

RESULTS:

Section	Acceptable	Not Acceptable	Comments
Timely Assignment to IA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Prompt IA assignment.
Contact / Communication	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Coverage Review	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Investigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Documentation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Files well documented.
Kentucky Claims Handling Standards	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Loss Payment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Subrogation / Salvage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Overall File Quality	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Timely payments and overall handling.

Compliance with Regulations

This audit committee, all being adjusters who hold active licenses in the Commonwealth of Kentucky are all familiar with KRS 304.12-230 the Unfair Claims Settlement Practices; KRS 304.12-235 Timely Payments of Claims; and KRS 304.35 FAIR Plan Reinsurance Association.

Were the following behaviors identified during this audit: No

- Misrepresenting facts related to coverage
- Failure to act promptly to all communications
- Failure to promptly investigate a claim
- Refusal to pay a claim without first conducting a reasonable investigation
- Failure to affirm or deny coverage within a reasonable amount of time
- Failure to promptly pay the fair amount owed on a claim
- Compelling insureds to institute litigation
- Failure to include a statement explaining which coverage the payment is being made under
- Compelling insureds to accept compromise settlements in order to settle the claim

- Delaying the investigation or payment without a substantial need to do so
- Requesting duplicative information without a substantial need for it
- Failure to explain the facts supporting the denial or offer of compromised settlement

If yes, please explain:

SUMMARY OF FINDINGS AND RECOMMENDATIONS:

Overall file adequacy: 99.44 %

Observations from this audit:

- Outstanding initial and subsequent contacts, and overall responsiveness.
- Well documented files.
- Attention to detail by the claims manager.
- Partnership between claims and underwriting.

Conclusions:

Yes	The number of files reviewed for this audit represented a sufficient sample of the claims operation.
Yes	The Kentucky FAIR Plan is being managed in an effective manner.
Yes	Coverage is being correctly documented and denial letters are being sent in writing, if appropriate.
Yes	Independent adjusters are being assigned timely.
Yes	Covered losses are being settled promptly.
Yes	The Kentucky FAIR Plan claims department is effectively communicating with all relevant parties, to include IA firms, insureds, and producers.
Yes	Claims are being handled appropriately, and in accordance with KRS 304.12-230.

Henry Goins, Kentucky Farm Bureau
COMMITTEE MEMBER

8/18/2025
DATE

KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
2025
UNDERWRITING AUDIT

August 18 & 28, 2025

Submitted by the Underwriting Committee:

Dwayne Taylor, State Farm Insurance

Andy Heim, Kentucky Farm Bureau

Executive Summary:

The 2025 Underwriting Audit was conducted virtually between August 18 and August 28, 2025. Following the reading of the Anti-Trust Preamble, Mr. Workman led the group through a brief review of the computer system (Finys). Each auditor was provided with training material which included Kentucky FAIR Plan Manuals, the Articles of Association, and other supporting documents such as policy quick-reference guides. An Underwriting Audit worksheet was completed for each file reviewed. Following the completion of the audit and corresponding worksheets, a discussion of the trends and general feedback was held.

This executive summary provides an overview of the audit results from all files reviewed for the 2025 audit as it relates to the performance of the Kentucky FAIR Plan's Underwriting Department.

Subject to the Articles of Association, Article VI Section 4(b) provides authority to the Audit Committee as follows recognizing that the FAIR Plan is a residual market mechanism which includes allowing for the placement of distressed business existing in part to serve a social need, without focus on providing a proprietary profit:

It shall be the duty of the Underwriting Committee to meet on call to conduct underwriting audits of applications and policies randomly selected and to assist the Plan's Underwriting Department by reviewing, and making recommendations for changes in, underwriting procedures and the Plans policies and forms. In determining such issues, the Underwriting Committee shall apply only those rules or standards prescribed by the Association and its Governing Committee. It shall also be ever mindful that the Association operates as a residual market mechanism for the placement of distressed business and as such is intended to serve a social need rather than provide a proprietary profit.

Review Criteria:

A total of 40 files were selected at random from 180 possible underwriting files. Files reviewed included commercial, homeowner and dwelling fire. No farm fire policies were selected in this year's audit. The list represents policies written and premium-bearing endorsements over the previous 12 months. The list was compiled from the Finys system and provided to the auditors via the Policy Register Report.

The number of files reviewed is a sufficient number to formulate opinions and recommendations based upon the total amount of files handled by the Kentucky FAIR Plan Reinsurance Association between September 2024 and June 2025.

As per Article VI.4. (c) of the Articles of Association, the Underwriting Department shall review each application and determine if such risk is either:

1. Acceptable as applied for
2. Acceptable with lesser limits than applied for
3. Acceptable with specified condition charges
4. Not acceptable but may become so if specified improvements or repairs are made and confirmed; or
5. Not acceptable for reasons specified.

From our review, the underwriting team is applying the above criteria appropriately in their decision-making process.

Summary of Audit Findings:

Yes	Applications are reviewed and addressed within Plan standards and are completed within Article VI.2. (c), ("Deemer provision") of the Articles of Association.
Yes	Policies are issued with proper limits as prescribed in Article VI. 3. (b) of the Articles of Association.
Yes	Correspondence is in accordance with guidelines outlined in the Articles of Association and/or within the scope of generally recognized best business practices.
Yes	Action items other than applications are responded to within Plan standards and/or within generally recognized best business responsiveness.
Yes	Policies are being issued and serviced appropriately, and with supporting documentation.
Yes	The Kentucky FAIR Plan is being managed in an effective manner.
Yes	The Underwriting staff is effectively communicating with producers to service business placed in accordance with the Articles of Association.
Yes	Kentucky FAIR Plan manual rules and guidelines are being followed.

Overall file adequacy: 100% (Adequacy = # yes (264) / # of yes + # of no (0))

Audit Observations and Recommendations:

- Easy to follow the underwriting thought process.
- Well documented files.
- Sound underwriting decisions were made.
- Great job reviewing and documenting files regarding LLC standings with the state.
- Clear application of Condition Charges when applicable.

Submitted by Auditor & Underwriting Committee Member:

Andy H.
 Auditor

 8/29/25
 Date

Addendum

Compliance with Department of Insurance Regulations and the Articles of Association:

The audit team recognizes that due to KRS 304.20-300(2)(b), the Kentucky FAIR Plan is not obligated to cancellation, declination, and refusal regulations found in KRS 304.20-320 to 304.20-350 since it is a residual market mechanism. (2) *KRS 304.20-320 to 304.20-350 does not apply to:*

- (a) Automobile liability insurance policies protected by KRS 304.20-040; or*
- (b) Any policy issued through a residual market mechanism.*

As such, the **Articles of Association** serve as the guidance mechanism for the Kentucky FAIR Plan on these issues.

Article VI subsection 6 addresses denials, cancellations and non-renewals.

Denial/Cancellation/Non-Renewal:

(a) Denial, cancellation, or non-renewal of any applicant/insured must be authorized by the Underwriting Department. The Underwriting Department shall have authority to deny, cancel, or non-renew any application or policy based on any grounds in the reasonable discretion of the Underwriting Department, including, but not limited to, the existence of any one or more of the following conditions:

- (1) anticipated owner or occupant incendiarism;
- (2) at least 65% of the rental units in the building are unoccupied, and the insured has not obtained prior approval from the Underwriting Department of a rehabilitation plan which necessitates a high degree of unoccupancy;
- (3) property damage exists and more than 60 days have elapsed as to indicate that the damage will not be promptly repaired;

- (4) following a loss, permanent repairs following satisfactory adjustment of loss have not commenced within 60 days;
- (5) property has been apparently abandoned or there has been removal of undamaged salvageable items from the building and the insured can give no reasonable explanation for such removal;
- (6) utilities such as electric, gas, or water services have been disconnected and, if for non-payment of service bills, the insured has failed to pay his account for such services within 60 days, or real estate taxes have not been paid for a two-year period after the taxes have become delinquent (real estate taxes shall not be deemed to be delinquent for this purpose even if they are due and constitute a lien, so long as a grace period remains under local law during which such taxes may be paid without penalty);
- (7) conviction or unresolved indictment of a named insured or loss payee, or any other person having a financial interest in the property, of the crime of arson or crime involving a purpose to defraud an insurance company;
- (8) where the building or the named insured has been subject to two or more fires, each loss amounting to at least \$500 or one percent of the insurance in force, whichever is greater, in any 12-month period; or three (3) such fires in any 24-month period, at the discretion of the underwriter.
- (9) Material misrepresentation
- (10) Non-payment of additional initial or increased hazard premium; or
- (11) Failure of the insured or his/her agent to timely furnish when due additional primary or supplemental underwriting information requested by the facility.
- (12) Other conditions proposed by the Underwriting Department and adopted by resolution by the Underwriting Committee as established herein.

(b) After a policy has been in effect for more than 60 days, there shall be no cancellation or refusal to renew the policy without a 30-day written notice to the insured, except that a written notice of not less than five days before the effective date of cancellation or non-renewal may be used if one or more of the specific conditions set out in Section 6(a) above is present.

(c) Each notice of denial, cancellation, or non-renewal shall contain a statement of the reason

therefor. It shall be sent to the insured at the last known address with copies sent to the mortgagee, if any, and the insured's Producer.

(d) Any denial, cancellation, or non-renewal notice to the insured shall be accompanied by a statement that the insured has a right of appeal as provided in Article X below.

(e) The Underwriting Department shall reinstate, without lapse in coverage or additional charge, any policy cancelled solely because of non-payment of additional initial or increased hazard premium, if and when full and complete payment of all premiums due are received before the termination date contained in the notice of denial, cancellation or non-renewal. Such reinstatement of coverage is conditioned upon any check tendered for premium payment being honored when presented for payment.

(f) Non-payment of any renewal premium shall result in lapse of the policy as of the renewal date and only a notice of such lapse shall be sent to the insured within 15 days following the lapse in coverage.

(g) No coverage will be effective if the insured's premium remittance, which accompanies the application is dishonored by the financial institution.

(h) A charge for checks returned by a bank or financial institution due to insufficient funds (NSF) may be made by the Plan.

Inspection Ordering:

The Kentucky FAIR Plan adheres to the following inspection ordering guide for new and renewal policies placed with the Plan.

1. Inspections are ordered based on Underwriter's discretion for new business applications for Dwelling Fire and Farm Fire.
2. Renewals are inspected via a report ordering system programmed into Finys.
3. Inspections should be ordered upon issuing a new Commercial Fire or Homeowner application unless specifically documented as to why it is not necessary.

Kentucky FAIR Plan

Budget

	2025 Budget	2025 as of 6/2025	2025 Proj.	2025 Projected as % of Total	2026 Budget
Contract Services	1,190,829	685,630	1,175,630	98.72%	1,104,675
Accounting Fees	21,221	22,500	22,500	106.03%	23,625
Actuarial Review	16,016	-	5,000	31.22%	21,018
Board Meetings	700	696	696	99.43%	700
Bldg-Repairs & Maint.	26,208	14,747	29,747	113.50%	27,597
Building-Utilities	8,025	5,027	10,027	124.95%	8,993
Building-Taxes	9,753	-	9,753	100.00%	9,753
Computer	76,343	35,005	80,005	104.80%	122,422
Dues & Subscriptions	2,375	762	1,762	74.19%	3,870
Education	5,261	1,022	1,522	28.93%	7,294
Human Resources	17,730	3,438	8,438	47.59%	18,980
Inspections	44,568	23,843	47,843	107.35%	49,248
P & C Insurance	54,897	-	70,000	127.51%	70,000
Legal/Professional	41,626	2,213	7,213	17.33%	18,076
Meals & Ent.	2,250	154	654	29.07%	2,250
Membership Fees	37,500	28,144	38,144	101.72%	34,500
Miscellaneous	1,200	289	789	65.75%	750
Office Equipment	1,500	-	1,500	100.00%	1,500
Office Supplies	8,000	1,951	4,951	61.89%	10,000
Postage	6,698	4,580	9,580	143.03%	8,924
Printing	1,500	360	860	57.33%	4,000
Processing	162,962	26,979	153,979	94.49%	176,016
Repairs & Maint.-Off. Eq.	2,761	1,049	2,249	81.46%	2,427
System Enhancements	25,000	-	-	0.00%	45,000
Telephone	23,676	11,031	23,031	97.28%	25,200
Travel	11,000	944	2,444	22.22%	13,000
Totals	\$ 1,799,599	\$ 870,363	\$ 1,708,317	94.93%	\$ 1,809,818



"Serving the Insurance Industry"

August 12, 2025

Melissa Chlon
Assistant Director/Plan Manager
Kentucky FAIR Plan Reinsurance Association
P.O. Box 437249
Louisville, KY 40253

Kentucky FAIR Plan
2025 Dwelling Program Rate Review and Proposal

Dear Melissa:

Enclosed is a proposal for your review and actions. This was developed for your Governing Committee to consider in support of a possible rate filing.

Rate Review

The statewide indication is based on a review of the Plan's experience for calendar years 2015 through 2024. Following generally accepted procedures, the premiums are adjusted for rate changes and inflationary trends and the losses are adjusted to smooth excess losses and for inflationary trends. Expenses include provisions of 0.0% for profit and 1.0% for contingencies. This analysis produced a statewide rate level indication of 17.9%.

Over the 2015 through 2024 experience period the Plan developed an underwriting margin of 8.1%, suggesting the Plan retained approximately \$0.08 (8 cents) of every \$1.00 of premium earned over this timeframe. It should be noted that the UW margin has dropped considerably to -17.4% for the last five years, and -31.3% for the last three. Please see Exhibit 8 of the attachments for further details.

Proposal

To adjust rates to the current loss cost level and help the Plan achieve break-even basis on its rate structure, a 17.8% rate change for the Dwelling Program is proposed (Exhibit 2). This proposal:

- Adopts the base class loss costs from ISO reference filing DP-2024-RLA1
- Revises the loss cost multiplier from 4.200 to 4.403
- Revises the base deductible from \$500 to \$1,000. It should be noted that there are no changes proposed to the Plan's deductible factors other than adjusting them to the new \$1,000 base deductible. The \$250 deductible option will no longer be available for new business.

Plan rates would be a combination of the base class loss costs from reference filing DP-2024-RLA1 and the proposed 4.403 loss cost multiplier. In support of this proposal the following exhibits are provided, and these exhibits will constitute the Dwelling Program rate filing should the Committee elect to file:

- Kentucky Department of Insurance – Calculation of Loss Cost Multiplier, Form LC-1 P&C
- Actuarial Memorandum
- Kentucky FAIR Plan Rate Review, Exhibits 1-10

The anticipated effective date is June 1, 2026 for new business and renewals.

Please keep us advised of any actions taken with respect to this proposal. We will be available if you would like us to take part in a discussion of this proposal with your Governing Committee.

Sincerely,

Dave Gill
AIPSO Actuarial Services
(401) 528-1430
David.Gill@aipso.com

Kentucky FAIR Plan

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Kentucky Department of Insurance - Calculation of Loss Cost Multiplier, LC-1 P&C (9/2004)

Actuarial Memorandum

Exhibit 1	Statewide Rate Level Indication
Exhibit 2	Statewide Rate Level Change
Exhibit 3	Determination of Premium On-Level Factors
Exhibit 4	Determination of Premium Trend
Exhibit 5	Determination of Adjusted Losses and LAE
Exhibit 6	Determination of Loss Trend
Exhibit 7	Determination of Permissible Loss and LAE Ratio
Exhibit 8	Historical Underwriting Results
Exhibit 9	Rating Information
Exhibit 10	Manual Pages

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE
CALCULATION OF LOSS COST MULTIPLIER

COMPANY NAME _____ NAIC CO.# _____ DATE _____
GROUP NAME _____ GROUP # _____

1. LINE, SUB-LINE, COVERAGE, TERRITORY, CLASS, ETC. COMBINATION TO WHICH THIS LOSS COST MULTIPLIER IS APPLICABLE? _____

2. LOSS COST MODIFICATION:

A. THE INSURER HEREBY FILES TO ADOPT THE PROSPECTIVE LOSS COSTS OF... ORGANIZATION _____ REFERENCE FILING # _____

(check one) _____

() WITHOUT MODIFICATION. (2B. = 1.000)

() WITH THE FOLLOWING MODIFICATION(S). CITE THE NATURE AND PERCENTAGE MODIFICATION INCLUDING THE UNDERLYING RATIONALE FOR MODIFICATION.

B. LOSS COST MODIFICATION EXPRESSED AS A FACTOR: _____ > _____

3. LOSS ADJUSTMENT EXPENSE EXPRESSED AS A FACTOR OF LOSSES _____ > _____
(Please refer to the explanatory notes on the reverse side of this form to determine the appropriate factor.)

NOTE: IF EXPENSE CONSTANTS ARE USED, COMPLETE & ATTACH "EXPENSE CONSTANT SUPPLEMENT" (LC-2). DO NOT COMPLETE ITEMS 4 - 7 BELOW.

4. DEVELOPMENT OF EXPECTED LOSS RATIO (ELR).

A. TOTAL PRODUCTION EXPENSE _____ > _____ %

B. GENERAL EXPENSE _____ > _____ %

C. TAXES, LICENSES & FEES _____ > _____ %

(Note: Do not include any assessments collected that are not your company's actual expense. For example, the workers compensation Special Fund and the Kentucky Municipal Premium Tax are excluded from this line.)

D. UNDERWRITING PROFIT & CONTINGENCIES _____ > _____ %

E. TOTAL _____ %

5A. EXPECTED LOSS RATIO: ELR = 100% - 4E. _____ %

5B. EXPECTED LOSS RATIO EXPRESSED AS A FACTOR: _____

6. COMPANY FORMULA LOSS COST MULTIPLIER: [2B. x 3. / 5B.] _____

7. COMPANY SELECTED LOSS COST MULTIPLIER: _____ > _____

8. CHECK ONE OF THE FOLLOWING:

[] The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants included in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or amended or withdrawn by the insurer subject to Kentucky Revised Statutes Chapter 304, Subtitle 13.

[] The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above advisory organization Reference Filing.

Kentucky FAIR Plan
Dwelling Program
ACTUARIAL MEMORANDUM

Data

In our analysis we utilized data provided in the Plan's financial statements, the PIPSO Reports, and policy data provided by the Plan. We relied on the general accuracy of this data without audit, however, we did review the data for reasonableness and consistency with prior rate reviews. We considered the Plan's own experience as well as both historical and current industry information, and we utilized commonly accepted actuarial methods and principles in developing our analysis.

Exhibits

In support of this proposal the following exhibits are included.

Exhibit 1 (Statewide Rate Level Indication). This exhibit shows the calculation of the statewide rate level indication. The factors used to adjust the earned premium and incurred losses are further described below. Credibility was based on the standard of 4,000 claims for full credibility and the square root rule for partial credibility subject to a minimum partial credibility of 20%.

Exhibit 2 (Statewide Rate Level Change). These exhibits display the Plan's written premium and policy count (in force data is not available) and show the rate change on existing policyholders by impact rank.

Exhibit 3 (Determination of Premium On-Level Factors). This exhibit shows the impact of past rate level changes on earned premium using the traditional parallelogram method.

Exhibit 4 (Determination of Premium Trend). This exhibit shows the trend factors used to adjust the earned premium for changes in home values. The premium trend was tempered to account for the variation in insureds from year to year and the greater than average percentage of new business associated with the involuntary market.

Exhibit 5 (Determination of Adjusted Losses and LAE). Because there is potential for excess losses arising from wind, hail or other perils, this exhibit displays the derivation of excess losses utilizing an excess procedure applied to the Plan's loss data. Because of the infrequent nature of excess losses, this adjustment is necessary to include a provision for expected losses rather than those that happened to occur during the experience period. The excess loss procedure makes two adjustments to reported losses. It removes the excess losses that occurred in a given year and replaces those losses with an expected excess loss provision.

Exhibit 6 (Determination of Loss Trend). The factors used to adjust the losses utilize the United States Census Bureau's "Construction Price Index" to incorporate changes in the cost of single-family homes under construction.

Exhibit 7 (Determination of Permissible Loss & LAE Ratio). This exhibit provides a history of the Plan's expenses taken from the Plan's financial statements. Totals and 3-year averages are displayed, and final provisions are judgmentally selected.

Exhibit 8 (Historical Underwriting Results). This exhibit provides a history of the Plan's underwriting results taken from the Plan's financial statements.

Exhibit 9 (Rating Information). This exhibit summarizes the rating information used to develop the Plan's manual rate pages.

Exhibit 10 (Manual Pages). We have enclosed a copy of the Plan's manual pages incorporating the proposed changes and noting the anticipated effective date.

Kentucky FAIR Plan Statewide Rate Level Change

Determination of Revised Base Rates

FIRE, COVERAGE A - BUILDINGS (500)

(1)	(2)	(3)	(4)	(5) (3)x(4)	(6)	(7) ISO Reference Filing DP-2024-RLA1	(8)	(9)	(10) (9)/(5)-1.0	(11) (2)x(10)
Territory	2024 Written Premium	PRESENT			PROPOSED				Percent Change	Dollar Change
		\$500 Deductible Base Rate	\$1,000 Deductible Factor	\$1,000 Deductible Rate	\$1,000 Deductible Loss Cost	Index of Column (6) to Statewide	Loss Cost Multiplier	\$1,000 Deductible Base Rate		
30	72,776	\$179	0.98	\$175	\$49.70	1.086	4.403	\$218	24.6%	17,882
31	54,343	183	0.98	179	47.92	1.047	4.403	210	17.3%	9,411
32	37,115	183	0.98	179	47.92	1.047	4.403	210	17.3%	6,428
33	25,151	127	0.98	124	37.32	0.815	4.403	164	32.3%	8,113
34	13,950	127	0.98	124	37.32	0.815	4.403	164	32.3%	4,500
35	28,246	183	0.98	179	47.92	1.047	4.403	210	17.3%	4,892
36	178,008	183	0.98	179	47.92	1.047	4.403	210	17.3%	30,828
37	515,804	183	0.98	179	47.92	1.047	4.403	210	17.3%	89,329
38	414,115	183	0.98	179	47.92	1.047	4.403	210	17.3%	71,718
Statewide	1,339,508				\$45.76	1.000	4.403	\$201	18.1%	243,102

NOTES:

Base Rates: \$1,000 Deductible, 1 Family, Frame 5, 20,000 Buildings

Kentucky FAIR Plan Statewide Rate Level Change

Determination of Revised Base Rates

FIRE, COVERAGE C - CONTENTS (510)

(1)	(2)	(3)	(4)	(5) (3)x(4)	(6)	(7) ISO Reference Filing DP-2024-RLA1	(8)	(9)	(10) (9)/(5)-1.0	(11) (2)x(10)	
Territory	2024 Written Premium	PRESENT			PROPOSED			Loss Cost Multiplier	\$1,000 Deductible Base Rate	Percent Change	Dollar Change
		\$500 Deductible Base Rate	\$1,000 Deductible Factor	\$1,000 Deductible Rate	\$1,000 Deductible Loss Cost	Index of Column (6) to Statewide					
30	3,053	\$27	0.98	\$26	\$6.71	1.066	4.403	\$30	15.4%	470	
31	3,001	28	0.98	27	6.63	1.053	4.403	29	7.4%	222	
32	974	28	0.98	27	6.63	1.053	4.403	29	7.4%	72	
33	1,456	19	0.98	19	5.08	0.807	4.403	23	21.1%	306	
34	1,126	19	0.98	19	5.08	0.807	4.403	23	21.1%	237	
35	1,569	28	0.98	27	6.63	1.053	4.403	29	7.4%	116	
36	15,315	28	0.98	27	6.63	1.053	4.403	29	7.4%	1,134	
37	39,080	28	0.98	27	6.63	1.053	4.403	29	7.4%	2,895	
38	30,821	28	0.98	27	6.63	1.053	4.403	29	7.4%	2,283	
Statewide	96,394				\$6.30	1.000	4.403	\$28	8.0%	7,736	

NOTES:

Base Rates: \$1,000 Deductible, 1 Family, Frame 5, 6,000 Contents

Kentucky FAIR Plan Statewide Rate Level Change

Determination of Revised Base Rates

EXTENDED COVERGE, COVERAGE A - BUILDINGS (501, 506)

(1)	(2)	(3)	(4)	(5) (3)x(4)	(6)	(7) ISO Reference Filing DP-2024-RLA1	(8)	(9)	(10) (9)/(5)-1.0	(11) (2)x(10)
Territory	2024 Written Premium	PRESENT			PROPOSED			Loss Cost Multiplier	Percent Change	Dollar Change
		\$500 Deductible Base Rate	\$1,000 Deductible Factor	\$1,000 Deductible Rate	\$1,000 Deductible Loss Cost	Index of Column (6) to Statewide	\$1,000 Deductible Base Rate			
30	30,627	\$137	0.80	\$110	\$28.63	0.922	4.403	\$126	14.5%	4,455
31	11,904	137	0.80	110	28.63	0.922	4.403	126	14.5%	1,732
32	10,353	161	0.80	129	35.47	1.143	4.403	157	21.7%	2,247
33	7,996	109	0.80	87	22.40	0.722	4.403	99	13.8%	1,103
34	4,882	109	0.80	87	22.40	0.722	4.403	99	13.8%	673
35	6,075	161	0.80	129	35.47	1.143	4.403	157	21.7%	1,319
36	39,540	161	0.80	129	35.47	1.143	4.403	157	21.7%	8,582
37	156,008	161	0.80	129	35.47	1.143	4.403	157	21.7%	33,862
38	107,907	161	0.80	129	35.47	1.143	4.403	157	21.7%	23,422
Statewide	375,292				\$31.05	1.000	4.403	\$137	20.6%	77,395

NOTES:

Base Rates: \$1,000 Deductible, 20,000 Buildings

Kentucky FAIR Plan Statewide Rate Level Change

Determination of Revised Base Rates

EXTENDED COVERAGE, COVERAGE C - CONTENTS (511, 516)

(1)	(2)	(3)	(4)	(5) (3)x(4)	(6)	(7) ISO Reference Filing DP-2024-RLA1	(8)	(9)	(10) (9)/(5)-1.0	(11) (2)x(10)	
Territory	2024 Written Premium	PRESENT			PROPOSED					Percent Change	Dollar Change
		\$500 Deductible Base Rate	\$1,000 Deductible Factor	\$1,000 Deductible Rate	\$1,000 Deductible Loss Cost	Index of Column (6) to Statewide	Loss Cost Multiplier	\$1,000 Deductible Base Rate			
30	1,204	\$11	0.80	\$9	\$1.85	0.923	4.403	\$8	-11.1%	(134)	
31	812	11	0.80	9	1.85	0.923	4.403	8	-11.1%	(90)	
32	103	12	0.80	10	2.29	1.144	4.403	10	0.0%	0	
33	538	8	0.80	6	1.44	0.717	4.403	6	0.0%	0	
34	529	8	0.80	6	1.44	0.717	4.403	6	0.0%	0	
35	318	12	0.80	10	2.29	1.144	4.403	10	0.0%	0	
36	3,080	12	0.80	10	2.29	1.144	4.403	10	0.0%	0	
37	8,086	12	0.80	10	2.29	1.144	4.403	10	0.0%	0	
38	6,933	12	0.80	10	2.29	1.144	4.403	10	0.0%	0	
Statewide	21,604				\$2.00	1.000	4.403	\$9	-1.0%	(224)	

NOTES:
 Base Rates: \$1,000 Deductible, 6,000 Contents

Kentucky FAIR Plan Statewide Rate Level Change

Determination of Revised Base Rates

(1)	(2)		(3)	(4)	(5)	(6) (4)x(5)	(7) (6)/(3)-1.0
KFP Rule No.	Coverage/Description		Present Rate Per \$1,000	ISO Loss Cost	Proposed Loss Cost Multiplier	Proposed Rate Per \$1,000	Percent Change
19	Conditions	1 - 5	\$2.10	\$0.50	4.403	\$2.20	4.8%
		6	10.50	2.50	4.403	11.01	4.9%
22	V&MM	Not Seas. or Vacant	0.26	0.07	4.403	0.31	19.2%
		Seas., Not Vacant	1.23	0.33	4.403	1.45	17.9%
		Vacant	17.39	4.65	4.403	20.47	17.7%
18, 23	Mobile or Trailer Home Surcharge		11.05	2.63	4.403	11.58	4.8%
25	Additional Other Structures Coverage						
		Fire: PC 1-8	0.08	1.13		0.16	100.0%
		Fire: PC 8B,9,10	0.08	2.00		0.16	100.0%
		EC: DP 01	0.14	1.68		0.28	100.0%
		Broad Form DP 02	0.14	2.55		0.28	100.0%

Kentucky FAIR Plan

Statewide Rate Level Change

DWELLING PROGRAM

Deductible Factors

FIRE

Deductible	Present	Proposed
\$250	1.05	1.07
\$500	1.00	1.02
\$1,000	0.98	1.00
\$2,500	0.91	0.93

EXTENDED COVERAGE AND V&MM

Deductible	Present	Proposed
\$250	1.33	1.66
\$500	1.00	1.25
\$1,000	0.80	1.00
\$2,500	0.67	0.84

Kentucky FAIR Plan Statewide Rate Level Change

Distribution of Impacts Summary

Impact Rank	2024 Policy Count	2024 Written Premium	Average Impact	Dollar Impact
Less than -50%	0	0	0.0%	0
-50% to -25%	0	0	0.0%	0
-25% to -10%	0	0	0.0%	0
-10% to 0%	0	0	0.0%	0
0% to 10%	0	0	0.0%	0
10% to 25%	3,179	2,078,820	17.7%	367,843
25% to 50%	76	41,210	25.4%	10,478
Greater than 50%	0	0	0.0%	0
Total	3,255	2,120,030	17.8%	378,320

Largest estimated rate impact: 25.4%
 Smallest estimated rate impact: 16.3%

Kentucky FAIR Plan Determination of Premium Trend

PREMIUM TREND SUMMARY

(1) Sheet 2	(2)	(3)	(4)	(5)	(6)	(7) (1)^(6)
Premium Trend	CY	Calendar Year	Midpoint of Experience Period	Average Earned Date	Number of Trend Years	Premium Trend Factor
0.0%	2015	01/01/2015 - 12/31/2015	7/1/2015	6/1/2027	11.916	1.000
	2016	01/01/2016 - 12/31/2016	7/1/2016	6/1/2027	10.916	1.000
	2017	01/01/2017 - 12/31/2017	7/1/2017	6/1/2027	9.916	1.000
	2018	01/01/2018 - 12/31/2018	7/1/2018	6/1/2027	8.916	1.000
	2019	01/01/2019 - 12/31/2019	7/1/2019	6/1/2027	7.916	1.000
	2020	01/01/2020 - 12/31/2020	7/1/2020	6/1/2027	6.916	1.000
	2021	01/01/2021 - 12/31/2021	7/1/2021	6/1/2027	5.916	1.000
	2022	01/01/2022 - 12/31/2022	7/1/2022	6/1/2027	4.916	1.000
	2023	01/01/2023 - 12/31/2023	7/1/2023	6/1/2027	3.916	1.000
	2024	01/01/2024 - 12/31/2024	7/1/2024	6/1/2027	2.916	1.000

NOTES:

Column (5): Trended to 06/01/2027, one year past the proposed renewal date of 06/01/2026

Column (6) = [(5)-(4)]/365.25

Kentucky FAIR Plan

Determination of Premium Trend

(1)	(2)	(3) Exhibit 3	(4) (2)x(3)	(5) PIPSO [A1-C1]	(6) (4)/(5)	(7)	(8)	(9)	(10)
Calendar Year	Premiums Earned	On-Level Factor	Premium at Current Level	No. of Policies Issued	Average Policy Premium	Exponential Curve of Best Fit			
						10 Pts	8 Pts	6 Pts	4 Pts
2015	5,073,028	1.006	5,103,466	8,924	571.88	579.73			
2016	4,759,415	1.006	4,787,971	8,114	590.09	572.33			
2017	4,264,433	1.006	4,290,019	7,658	560.20	565.03	560.90		
2018	3,814,012	1.018	3,882,665	6,969	557.13	557.81	554.57		
2019	3,305,408	1.074	3,550,008	6,447	550.64	550.69	548.31	547.18	
2020	2,878,175	1.081	3,111,307	5,749	541.19	543.67	542.11	541.32	
2021	2,481,750	1.081	2,682,771	5,049	531.35	536.73	535.99	535.53	531.28
2022	2,122,311	1.080	2,292,095	4,347	527.28	529.87	529.94	529.80	527.86
2023	1,870,161	1.076	2,012,293	3,830	525.40	523.11	523.95	524.13	524.46
2024	1,747,767	1.062	1,856,128	3,565	520.65	516.43	518.03	518.52	521.09
Average Annual Change						-1.3%	-1.1%	-1.1%	-0.6%
(11) 50-50 Weighting of 10 and 6 Point Fits									-1.2%
(12) 50-50 Weighting of 8 and 4 Point Fits									-0.9%
(13) Selected Annual Rate of Change in Premiums									0.0%
(14) Tempering Factor [Tempered due to the variation in insureds from year-to-year]									0.75
(15) Premium Trend [(13)x(14)]									0.0%

Kentucky FAIR Plan

Determination of Adjusted Losses and LAE

DWELLING EXPERIENCE

(1)	(2)	(3)	(4)	(5) [(3)+(4)]/(2)	(6) (5)>1.5xM	(7) (6)-M	(8) (5)-(7)+A	(9) (2)x(8)
Year	Net Earned Premiums	Net Losses Incurred	Net LAE Incurred	Loss and LAE Ratio	Excess Years	Excess Ratio	Adjusted Ratio	Adjusted Losses and LAE
1995	4,476,000	-	-	63.2%	0.0%	0.0%	64.5%	2,888,848
1996	4,210,000	-	-	78.5%	0.0%	0.0%	79.8%	3,361,299
1997	3,506,000	-	-	72.9%	0.0%	0.0%	74.2%	2,602,884
1998	3,572,000	-	-	50.0%	0.0%	0.0%	51.3%	1,833,895
1999	3,341,000	-	-	78.0%	0.0%	0.0%	79.3%	2,650,777
2000	3,003,000	-	-	47.7%	0.0%	0.0%	49.0%	1,472,696
2001	2,868,000	-	-	56.8%	0.0%	0.0%	58.1%	1,667,479
2002	3,042,000	-	-	83.8%	0.0%	0.0%	85.1%	2,589,984
2003	3,677,000	-	-	101.1%	101.1%	40.2%	62.2%	2,287,675
2004	4,533,000	-	-	60.3%	0.0%	0.0%	61.6%	2,794,179
2005	5,130,000	-	-	59.6%	0.0%	0.0%	60.9%	3,126,265
2006	5,128,213	2,578,321	486,113	59.8%	0.0%	0.0%	61.1%	3,133,195
2007	4,933,131	2,570,711	451,729	61.3%	0.0%	0.0%	62.6%	3,088,584
2008	4,456,245	3,093,544	622,663	83.4%	0.0%	0.0%	84.7%	3,775,958
2009	4,113,625	2,985,773	668,710	88.8%	0.0%	0.0%	90.2%	3,709,640
2010	3,895,498	1,851,361	395,068	57.7%	0.0%	0.0%	59.0%	2,298,661
2011	3,951,774	1,970,666	419,437	60.5%	0.0%	0.0%	61.8%	2,443,090
2012	4,294,693	3,313,142	595,471	91.0%	0.0%	0.0%	92.4%	3,966,198
2013	4,704,244	2,135,170	440,431	54.8%	0.0%	0.0%	56.1%	2,638,678
2014	5,117,976	2,581,358	668,900	63.5%	0.0%	0.0%	64.8%	3,318,881
2015	5,073,028	1,704,297	471,912	42.9%	0.0%	0.0%	44.2%	2,244,230
2016	4,759,415	1,938,699	584,002	53.0%	0.0%	0.0%	54.3%	2,586,517
2017	4,264,433	1,686,762	541,308	52.2%	0.0%	0.0%	53.6%	2,285,249
2018	3,814,012	1,129,045	606,795	45.5%	0.0%	0.0%	46.9%	1,786,980
2019	3,305,408	1,192,672	398,563	48.1%	0.0%	0.0%	49.5%	1,635,555
2020	2,878,175	1,199,010	500,025	59.0%	0.0%	0.0%	60.4%	1,737,626
2021	2,481,750	1,193,154	569,787	71.0%	0.0%	0.0%	72.4%	1,796,217
2022	2,122,311	1,093,987	582,323	79.0%	0.0%	0.0%	80.3%	1,704,766
2023	1,870,161	1,082,150	602,407	90.1%	0.0%	0.0%	91.4%	1,709,633
2024	1,747,767	648,911	551,048	68.7%	0.0%	0.0%	70.0%	1,223,393
10 Year	32,316,458	12,868,687	5,408,170	56.6%			57.9%	18,710,166
			Median (M) 1.5 x M	60.9% 91.3%	Avg. (A)	1.3%		

Kentucky FAIR Plan Determination of Loss Trend

LOSS TREND SUMMARY

(1) Year	(2) Yearly Average CPI	(3) 03/31/25 Latest Quarter Average CPI	(4) (3)/(2) Current Cost Factor	(5) Year Weight	(6) Row (m) Composite Loss Projection Factor	(7) (4)x(6) Loss Trend Factor
2015	114.0	196.7	1.725	0.00	1.115	1.923
2016	119.6	196.7	1.645	0.00	1.115	1.834
2017	125.8	196.7	1.564	0.00	1.115	1.744
2018	130.3	196.7	1.510	0.00	1.115	1.684
2019	134.3	196.7	1.465	0.00	1.115	1.633
2020	139.6	196.7	1.409	0.10	1.115	1.571
2021	155.5	196.7	1.265	0.15	1.115	1.410
2022	181.9	196.7	1.081	0.20	1.115	1.205
2023	186.2	196.7	1.056	0.25	1.115	1.177
2024	190.2	196.7	1.034	0.30	1.115	1.153

(a) Weighted Current Cost Factor [Sum of (4)x(5)]	1.121
(b) Selected Annual Rate of Change in Losses [Sheet 2]	4.0%
(c) Midpoint of Latest Quarter CPI	02/15/25
(d) Average Accident Date [One year beyond the anticipated effective date]	06/01/27
(e) Number of Trend Years = [(d)-(c)]/365.25	2.289
(f) Loss Projection Factor = [1.0+(b)]^(e)	1.094
(g) Loss Trend = (a)x(f)	1.226
(h) Five Year Number of Losses Reported	832
(i) Base Deductible	\$1,000
(j) Losses Eliminated by Base Deductible = (h)x(i)	832,000
(k) Five Year Adjusted Losses and LAE	8,171,635
(l) Factor to Adjust for Trending from First Dollar = 1.0 + [{"(g)-1.0"}x(j)] ÷ {"(g)}x(k)}	1.019
(m) Composite Loss Projection Factor = (f)x(l)	1.115

Kentucky FAIR Plan Determination of Loss Trend

CONSTRUCTION PRICE INDEX

Quarter Ending	Construction Price Index	Percent Change						
			20 Pts	16 Pts	12 Pts	8 Pts	4 Pts	
06/30/20	138.1		144.41					
09/30/20	141.0	2.1%	147.14					
12/31/20	142.4	1.0%	149.92					
03/31/21	146.8	3.1%	152.76					
06/30/21	152.5	3.9%	155.65	163.73				
09/30/21	158.1	3.7%	158.59	165.95				
12/31/21	164.8	4.2%	161.59	168.20				
03/31/22	172.3	4.6%	164.65	170.49				
06/30/22	179.6	4.2%	167.76	172.80	182.72			
09/30/22	185.5	3.3%	170.94	175.15	183.69			
12/31/22	190.4	2.6%	174.17	177.52	184.67			
03/31/23	186.5	-2.0%	177.47	179.93	185.65			
06/30/23	182.3	-2.3%	180.82	182.37	186.63	184.08		
09/30/23	185.4	1.7%	184.24	184.85	187.62	185.60		
12/31/23	190.7	2.9%	187.73	187.36	188.61	187.14		
03/31/24	188.3	-1.3%	191.28	189.90	189.61	188.68		
06/30/24	191.1	1.5%	194.90	192.48	190.62	190.24	189.81	
09/30/24	190.7	-0.2%	198.59	195.09	191.63	191.81	191.47	
12/31/24	190.8	0.1%	202.34	197.74	192.64	193.39	193.15	
03/31/25	196.7	3.1%	206.17	200.42	193.67	194.99	194.84	
Average Annual Change			7.8%	5.5%	2.1%	3.3%	3.5%	
R-Squared Goodness of Fit Test			83%	74%	61%	79%	56%	
50-50 Weighting of 20 and 12 Point Fits								5.0%
50-50 Weighting of 16 and 8 Point Fits								4.4%
50-50 Weighting of 12 and 4 Point Fits								2.8%
Selected Annual Rate of Change in Losses								4.0%

NOTES:

CPI Source: United States Census Bureau, Construction Price Index for Single Family Homes under construction. The index is formed with data for houses built for sale, contractor-built houses, owner-built houses and houses built for rent. The Construction Price Index excludes the value of land and other nonconstruction costs.

Kentucky FAIR Plan

Determination of Permissible Loss and LAE Ratio

EXPENSE PROVISIONS - ALL LINES COMBINED

	2022	2023	2024	Total
(1) Net Premiums Earned	2,736,733	2,390,684	2,264,478	7,391,895
(2) Net Commissions Incurred	131,173	121,599	125,506	378,278
(3) Total Other Expenses Incurred	1,110,964	1,119,684	1,224,101	3,454,748
(4) Net Other Income or Expense	229,310	439,254	744,715	1,413,278

INCURRED PERCENTAGES

	2022	2023	2024	3-Year Total	3-Year Average	Percent Selected	Percent Fixed	Fixed Expense Provision	Variable Expense Provision
(5) Commissions Incurred [(2)/(1)]	0.048	0.051	0.055	0.051	0.051	0.050	0.0%	0.000	0.050
(6) Total Other Expenses Incurred [(3)/(1)]	0.406	0.468	0.541	0.467	0.472	0.475	50.0%	0.238	0.237
(7) Other Income or Expense [(4)/(1)]	0.084	0.184	0.329	0.191	0.199	0.200	0.0%	0.000	0.200
(8) Underwriting Profit Provision						0.000	0.0%	0.000	0.000
(9) Contingency						0.010	0.0%	0.000	0.010
(10) Fixed Expense Ratio [(5)+(6)-(7)+(8)+(9)]								0.238	
(11) Variable Expense Ratio [(5)+(6)-(7)+(8)+(9)]									0.097
(12) Permissible Loss and Loss Adjustment Expense Ratio Including Fixed Expenses [1.0-(11)]									0.903

Kentucky FAIR Plan

Historical Underwriting Results

DWELLING EXPERIENCE

(1)	(2)	(3)	(4)	(5)	(6)	(7) (3)+(4)+(5)+(6)	(8) (2)-(7)	(9) (8)/(2)
Year	Net Earned Premiums	Net Losses Incurred	Net LAE Incurred	Net Commissions Incurred	Total Other Expenses Incurred	Total Losses and Expenses	Underwriting Gain (Loss)	Underwriting Margin
2015	5,073,028	1,704,297	471,912	503,337	665,412	3,344,958	1,728,070	34.1%
2016	4,759,415	1,938,699	584,002	463,361	849,319	3,835,381	924,034	19.4%
2017	4,264,433	1,686,762	541,308	410,536	929,286	3,567,892	696,541	16.3%
2018	3,814,012	1,129,045	606,795	363,511	912,038	3,011,390	802,622	21.0%
2019	3,305,408	1,192,672	398,563	314,991	1,019,058	2,925,284	380,124	11.5%
2020	2,878,175	1,199,010	500,025	276,154	784,736	2,759,924	118,251	4.1%
2021	2,481,750	1,193,154	569,787	170,167	794,731	2,727,839	(246,089)	-9.9%
2022	2,122,311	1,093,987	582,323	101,715	865,183	2,643,208	(520,897)	-24.5%
2023	1,870,161	1,082,150	602,407	94,930	876,552	2,656,039	(785,879)	-42.0%
2024	1,747,767	648,911	551,048	96,480	943,352	2,239,790	(492,024)	-28.2%
Total	32,316,458	12,868,687	5,408,170	2,795,181	8,639,667	29,711,705	2,604,753	8.1%
Latest 5	11,100,162	5,217,212	2,805,589	739,445	4,264,553	13,026,800	(1,926,638)	-17.4%
Latest 3	5,740,238	2,825,048	1,735,778	293,125	2,685,087	7,539,037	(1,798,800)	-31.3%

Total Underwriting Margin of 8.1% suggests that the Plan has retained approximately \$0.08 of every \$1.00 of premium earned.

Kentucky FAIR Plan Rating Information

DWELLING PROGRAM

Base Rates *	
Fire - Buildings	\$201
Fire - Contents	\$28
E.C.- Buildings	\$137
E.C.- Contents	\$9
\$1,000 Deductible Owner Occupied, 1 Family Frame Construction Protection Class 5 \$20,000 Buildings \$6,000 Contents	
* All rating factors are applied to these rates	

DP-2 Form Factors		
E.C. Buildings	Non-Seasonal	Seasonal
30,31,33,34	1.80	2.25
32,35-38	1.80	2.25
E.C. Contents	Non-Seasonal	Seasonal
30,31,33,34	2.80	4.05
32,35-38	2.80	4.05

Number of Family Factors		
No. of Families	Fire Buildings	Fire Contents
2	1.05	1.00
3 or 4	1.55	1.40

Non-Owner Factor	
Fire - Buildings	1.05

Deductible Factors		
Deductible	Fire	E.C. and V&MM
\$250	1.07	1.66
500	1.02	1.25
1,000	1.00	1.00
2,500	0.93	0.84

Territory Factors				
Territory	Fire Buildings	Fire Contents	E.C. Buildings	E.C. Contents
30	1.086	1.066	0.922	0.923
31	1.047	1.053	0.922	0.923
32	1.047	1.053	1.143	1.144
33	0.815	0.807	0.722	0.717
34	0.815	0.807	0.722	0.717
35	1.047	1.053	1.143	1.144
36	1.047	1.053	1.143	1.144
37	1.047	1.053	1.143	1.144
38	1.047	1.053	1.143	1.144

Protection - Construction Factors				
Protection Class	Fire - Buildings		Fire - Contents	
	Masonry	Frame	Masonry	Frame
1	0.71	0.96	0.71	0.96
2	0.72	0.97	0.72	0.97
3	0.73	0.98	0.73	0.98
4	0.74	0.99	0.74	0.99
5	0.75	1.00	0.75	1.00
6	0.76	1.01	0.76	1.01
7	0.77	1.40	0.77	1.40
8	0.90	1.40	0.90	1.40
8B	1.26	2.00	1.26	2.00
9	1.50	2.40	1.50	2.40
10	1.80	3.75	1.80	3.75

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2. Multiply the Fire Building Key Rate times (X) the Fire Building Key Factor.* (See the Interpolation Example below for coverage amounts not included in the key factor table.)
3. If an Optional Deductible is selected, multiply the Deductible Factor times (X) the result obtained in 2 above and this becomes the Fire Building Adjusted Base Premium.
4. Mobile Home Risks - multiply **\$11.58** times the amount of Building Coverage per \$1,000 and add to the Fire Building Adjusted Base Premium.

ii. Contents

1. Select the Territory, Protection Class, Number of Families, Construction, and Occupancy.
2. Multiply the Fire Contents Key Rate times (X) the Fire Contents Key Factor.
3. If an Optional Deductible is selected, multiply the Deductible Factor times (X) the result obtained in 2 above and this becomes the Fire Contents Adjusted Base Premium.
4. Mobile Home Risks -multiply **\$11.58** times the amount of Contents Coverage per \$1,000 and add to the Fire Contents Adjusted Base Premium.

b. Extended Coverage Premium

i. Building

1. Select the Territory, Policy Form, and Seasonal or Non-Seasonal.
2. Multiply the Extended Coverage Building Key Rate times (X) the Extended Coverage Building Key Factor.* (See the Interpolation Example below for coverage amounts not included in the key factor table.)
3. If an Optional Deductible is selected, multiply the Deductible Factor times (X) the result obtained in 1 above and this becomes the EC Building Adjusted Base Premium.

ii. Contents

1. Select the Territory, Policy Form, and Seasonal or Non-Seasonal.
2. Multiply the Extended Coverage Contents Key Rate times (X) the Extended Coverage Contents Key Factor.
3. If an Optional Deductible is selected, multiply the Deductible Factor times (X) the result obtained in 1 above and this becomes the EC Contents Adjusted Base Premium.

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C. Total Annual Premium

The total annual premium is determined by adding the following to the Premium Prior to Surcharge determined in B. above.

Kentucky Premium Surcharge (Do not round). Multiply the Premium Prior to Surcharge times (X) the Kentucky Premium Surcharge.

D. Waiver of Premium

When a policy is endorsed subsequent to the inception date, any additional or return premium of \$3.99 or less may be waived however the waived premium will be returned if requested by the policyholder.

19. Condition Charges

Condition charges are assessed in accordance with this rule. Depending on the severity of the deficiency, dwellings with one or more of the following deficiencies may be conditionally rejected until the deficiencies are corrected or if minor, accepted with condition charge(s) added.

A. Amount of Charge

1. Conditions 1–5: **\$2.20** per \$1,000 of coverage
2. Condition 6: **\$11.01** per \$1,000 of coverage

Charges are added to the Adjusted Base Premium and are rounded to the nearest dollar.

B. Deficiencies

1. unsafe arrangement of heating equipment, including chimneys, stovepipes and gas vents;
2. unsafe or inadequate electrical wiring or fuse boxes, including non-standard extensions or use of non-U.L. approved equipment;
3. conversion or sub-division of original living space into multiple units with over-crowded occupancy, inadequate sanitary facilities, or unsafe arrangements of cooking equipment;
4. poor physical condition of building or need of repair, such as worn out roofing, cracked or crumbling chimneys, deteriorating or decaying wood surfaces or supports, no gutters;
5. poor housekeeping in yards, basements, hallways or attics which are not kept clean and free from rubbish and litter;
6. vacancy or unoccupancy when the entire structure is vacant or unoccupied.

20. Wood burning or Coal Stove Surcharge

Dwellings with fireplace inserts, wood burning or coal stoves or freestanding fireplaces used as heating sources are acceptable if properly installed and maintained. The wood burning stove questionnaire in the application must be completed along with photos showing the installation. **A \$100.00 annual surcharge** will be assessed. This is a flat charge.

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21. Deductibles

The base deductible is **\$1,000**. A \$2,500 deductible will be required on dwellings with prior fire losses or multiple claims. Optional deductibles may be written by multiplying the base premium by the following factors:

Optional Deductibles	\$500	\$2,500
Fire	1.02	.93
Extended Coverage and V&MM	1.25	.84

The selected factor is used in determining the base premium. See Rule 18.

22. Vandalism & Malicious Mischief (DP 00 01 Only, V&MM is Incl. in DP 00 02)

Premium per \$1,000 of coverage:

Non Seasonal & Not Vacant	Seasonal, Not Vacant	Vacant &/or Unoccupied
\$0.31	\$1.45	\$20.47

23. Mobile Homes or Trailer Homes

A surcharge of **\$11.58** per \$1,000 of coverage applies to dwelling and contents. See Premium Computation rule.

24. Limited Fungi, Wet or Dry Rot, or Bacteria Coverage

The Limited Fungi, Wet or Dry Rot, or Bacteria Endorsement (**DP 04 22**) is **attached to all DP 00 02** policies and provides **\$5,000** coverage for loss to covered real or personal property owned by an insured that is damaged by fungi, wet or dry rot, or bacteria on the described location. Refer to the endorsement for coverage specifics. This coverage amount may not be increased.

25. Other Structures Coverage

A. Coverage Description

Coverage for other structures described as covered under Coverage **B** is automatically provided on a blanket basis for up to 10% of the Coverage **A** limit.

- i Under Form **DP 00 01**, use of this option reduces the Coverage **A**. The blanket limit may not be increased.
- i Under Form **DP 00 02**, this limit is additional insurance. The blanket limit may not be increased.

B. Additional Other Structures Coverage

If Additional Other Structures Coverage is desired, the premium is calculated as follows:

1. Rates
 - i. Fire **\$0.16**

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ii. EC **\$0.28**

2. Premium Computation

- i. Fire: Fire Building Key Rate X **.16** = Other Structures Key Rate (round to nearest \$1.00) X amount of Additional Other Structures Coverage/\$1,000 = Base Premium X Deductible Factor, if applicable = Other Structures Fire Premium. (round to nearest \$1.00)
- ii. EC: EC Building Key Rate X **.28** = Other Structures Key Rate (round to nearest \$1.00) X amount of Additional Other Structures Coverage/\$1,000 = Base Premium X Deductible Factor, if applicable = Other Structures EC Premium. (round to nearest \$1.00)
- iii. V&MM: Multiply the V&MM factor X the amount of Coverage/\$1,000 = Base Premium X Deductible Factor, if applicable = Other Structures V&MM Premium. (round to nearest \$1.00)

26. Territory Definitions

City of Louisville 30

County	Terr.	County	Terr.	County	Terr.
Adair	38	Grant	36	Mason	37
Allen	38	Graves	38	Meade	38
Anderson	36	Grayson	38	Menifee	37
Ballard	38	Green	38	Mercer	36
Barren	38	Greenup	37	Metcalfe	38
Bath	37	Hancock	38	Monroe	38
Bell	37	Hardin	38	Montgomery	36
Boone	36	Harlan	37	Morgan	37
Bourbon	36	Harrison	36	Muhlenberg	38
Boyd	37	Hart	38	Nelson	36
Boyle	36	Henderson	35	Nicholas	36
Bracken	36	Henry	36	Ohio	38
Breathitt	37	Hickman	38	Oldham	36
Breckinridge	38	Hopkins	38	Owen	36
Bullitt	36	Jackson	36	Owsley	37
Butler	38	Jefferson	31	Pendleton	36
Caldwell	38	Jessamine	36	Perry	37
Calloway	38	Johnson	37	Pike	37
Campbell	34	Kenton	33	Powell	36
Carlisle	38	Knott	37	Pulaski	38
Carroll	36	Knox	37	Robertson	36
Carter	37	Larue	38	Rockcastle	36
Casey	36	Laurel	37	Rowan	37
Christian	38	Lawrence	37	Russell	38
Clark	36	Lee	37	Scott	36

KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
DWELLING FIRE
RULE 32. KEY RATES

KEY RATE X KEY FACTOR = BASE PREMIUM

TERRITORY 30 - OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	155	21	163	21	240	30
	F	210	29	220	29	325	40
2	M	157	21	165	21	244	30
	F	212	29	222	29	328	41
3	M	159	22	167	22	247	31
	F	214	29	225	29	332	41
4	M	162	22	170	22	250	31
	F	216	30	227	30	335	41
5	M	164	22	172	22	254	31
	F	218	30	229	30	338	42
6	M	166	23	174	23	257	32
	F	220	30	231	30	342	42
7	M	168	23	176	23	261	32
	F	306	42	321	42	474	59
8	M	196	27	206	27	305	38
	F	306	42	321	42	474	59
8B	M	275	38	289	38	426	53
	F	437	60	458	60	677	84
9	M	327	45	344	45	508	63
	F	524	72	550	72	812	100
10	M	393	54	413	54	609	75
	F	819	112	860	112	1,269	157

TERRITORY 30 - NON-OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	163	21	171	21	252	30
	F	220	29	231	29	341	40
2	M	165	21	173	21	256	30
	F	222	29	233	29	345	41
3	M	167	22	176	22	259	31
	F	225	29	236	29	348	41
4	M	170	22	178	22	263	31
	F	227	30	238	30	352	41
5	M	172	22	180	22	266	31
	F	229	30	241	30	355	42
6	M	174	23	183	23	270	32
	F	231	30	243	30	359	42
7	M	176	23	185	23	274	32
	F	321	42	337	42	497	59
8	M	206	27	217	27	320	38
	F	321	42	337	42	497	59
8B	M	289	38	303	38	448	53
	F	458	60	481	60	711	84
9	M	344	45	361	45	533	63
	F	550	72	578	72	853	100
10	M	413	54	433	54	639	75
	F	860	112	902	112	1,332	157

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
DWELLING FIRE
RULE 32. KEY RATES

KEY RATE X KEY FACTOR = BASE PREMIUM

TERRITORY 31 - OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	149	21	157	21	232	29
	F	202	28	212	28	313	40
2	M	152	21	159	21	235	30
	F	204	29	214	29	316	40
3	M	154	22	161	22	238	30
	F	206	29	217	29	320	40
4	M	156	22	164	22	241	31
	F	208	29	219	29	323	41
5	M	158	22	166	22	245	31
	F	210	29	221	29	326	41
6	M	160	22	168	22	248	31
	F	213	30	223	30	329	42
7	M	162	23	170	23	251	32
	F	295	41	309	41	457	58
8	M	189	27	199	27	294	37
	F	295	41	309	41	457	58
8B	M	265	37	278	37	411	52
	F	421	59	442	59	652	83
9	M	316	44	331	44	489	62
	F	505	71	530	71	783	99
10	M	379	53	398	53	587	74
	F	789	111	829	111	1,223	155

TERRITORY 31 - NON-OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	157	21	165	21	243	29
	F	212	28	223	28	329	40
2	M	159	21	167	21	247	30
	F	214	29	225	29	332	40
3	M	161	22	169	22	250	30
	F	217	29	227	29	336	40
4	M	164	22	172	22	253	31
	F	219	29	230	29	339	41
5	M	166	22	174	22	257	31
	F	221	29	232	29	343	41
6	M	168	22	176	22	260	31
	F	223	30	234	30	346	42
7	M	170	23	179	23	264	32
	F	309	41	325	41	480	58
8	M	199	27	209	27	308	37
	F	309	41	325	41	480	58
8B	M	278	37	292	37	432	52
	F	442	59	464	59	685	83
9	M	331	44	348	44	514	62
	F	530	71	557	71	822	99
10	M	398	53	418	53	617	74
	F	829	111	870	111	1,284	155

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
DWELLING FIRE
RULE 32. KEY RATES

KEY RATE X KEY FACTOR = BASE PREMIUM

TERRITORY 32 - OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	149	21	157	21	232	29
	F	202	28	212	28	313	40
2	M	152	21	159	21	235	30
	F	204	29	214	29	316	40
3	M	154	22	161	22	238	30
	F	206	29	217	29	320	40
4	M	156	22	164	22	241	31
	F	208	29	219	29	323	41
5	M	158	22	166	22	245	31
	F	210	29	221	29	326	41
6	M	160	22	168	22	248	31
	F	213	30	223	30	329	42
7	M	162	23	170	23	251	32
	F	295	41	309	41	457	58
8	M	189	27	199	27	294	37
	F	295	41	309	41	457	58
8B	M	265	37	278	37	411	52
	F	421	59	442	59	652	83
9	M	316	44	331	44	489	62
	F	505	71	530	71	783	99
10	M	379	53	398	53	587	74
	F	789	111	829	111	1,223	155

TERRITORY 32 - NON-OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	157	21	165	21	243	29
	F	212	28	223	28	329	40
2	M	159	21	167	21	247	30
	F	214	29	225	29	332	40
3	M	161	22	169	22	250	30
	F	217	29	227	29	336	40
4	M	164	22	172	22	253	31
	F	219	29	230	29	339	41
5	M	166	22	174	22	257	31
	F	221	29	232	29	343	41
6	M	168	22	176	22	260	31
	F	223	30	234	30	346	42
7	M	170	23	179	23	264	32
	F	309	41	325	41	480	58
8	M	199	27	209	27	308	37
	F	309	41	325	41	480	58
8B	M	278	37	292	37	432	52
	F	442	59	464	59	685	83
9	M	331	44	348	44	514	62
	F	530	71	557	71	822	99
10	M	398	53	418	53	617	74
	F	829	111	870	111	1,284	155

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
DWELLING FIRE
RULE 32. KEY RATES

KEY RATE X KEY FACTOR = BASE PREMIUM

TERRITORY 33 - OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	116	16	122	16	180	22
	F	157	22	165	22	244	30
2	M	118	16	124	16	183	23
	F	159	22	167	22	246	31
3	M	120	16	126	16	185	23
	F	161	22	169	22	249	31
4	M	121	17	127	17	188	23
	F	162	22	170	22	251	31
5	M	123	17	129	17	190	24
	F	164	23	172	23	254	32
6	M	124	17	131	17	193	24
	F	165	23	174	23	256	32
7	M	126	17	132	17	196	24
	F	229	32	241	32	355	44
8	M	147	20	155	20	229	28
	F	229	32	241	32	355	44
8B	M	206	28	217	28	320	40
	F	328	45	344	45	508	63
9	M	246	34	258	34	381	47
	F	393	54	413	54	609	76
10	M	295	41	310	41	457	57
	F	614	85	645	85	952	119

TERRITORY 33 - NON-OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	122	16	128	16	189	22
	F	165	22	173	22	256	30
2	M	124	16	130	16	192	23
	F	167	22	175	22	259	31
3	M	126	16	132	16	195	23
	F	169	22	177	22	261	31
4	M	127	17	134	17	197	23
	F	170	22	179	22	264	31
5	M	129	17	135	17	200	24
	F	172	23	181	23	267	32
6	M	131	17	137	17	203	24
	F	174	23	182	23	269	32
7	M	132	17	139	17	205	24
	F	241	32	253	32	373	44
8	M	155	20	163	20	240	28
	F	241	32	253	32	373	44
8B	M	217	28	228	28	336	40
	F	344	45	361	45	533	63
9	M	258	34	271	34	400	47
	F	413	54	433	54	640	76
10	M	310	41	325	41	480	57
	F	645	85	677	85	1,000	119

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
DWELLING FIRE
RULE 32. KEY RATES

KEY RATE X KEY FACTOR = BASE PREMIUM

TERRITORY 34 - OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	116	16	122	16	180	22
	F	157	22	165	22	244	30
2	M	118	16	124	16	183	23
	F	159	22	167	22	246	31
3	M	120	16	126	16	185	23
	F	161	22	169	22	249	31
4	M	121	17	127	17	188	23
	F	162	22	170	22	251	31
5	M	123	17	129	17	190	24
	F	164	23	172	23	254	32
6	M	124	17	131	17	193	24
	F	165	23	174	23	256	32
7	M	126	17	132	17	196	24
	F	229	32	241	32	355	44
8	M	147	20	155	20	229	28
	F	229	32	241	32	355	44
8B	M	206	28	217	28	320	40
	F	328	45	344	45	508	63
9	M	246	34	258	34	381	47
	F	393	54	413	54	609	76
10	M	295	41	310	41	457	57
	F	614	85	645	85	952	119

TERRITORY 34 - NON-OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	122	16	128	16	189	22
	F	165	22	173	22	256	30
2	M	124	16	130	16	192	23
	F	167	22	175	22	259	31
3	M	126	16	132	16	195	23
	F	169	22	177	22	261	31
4	M	127	17	134	17	197	23
	F	170	22	179	22	264	31
5	M	129	17	135	17	200	24
	F	172	23	181	23	267	32
6	M	131	17	137	17	203	24
	F	174	23	182	23	269	32
7	M	132	17	139	17	205	24
	F	241	32	253	32	373	44
8	M	155	20	163	20	240	28
	F	241	32	253	32	373	44
8B	M	217	28	228	28	336	40
	F	344	45	361	45	533	63
9	M	258	34	271	34	400	47
	F	413	54	433	54	640	76
10	M	310	41	325	41	480	57
	F	645	85	677	85	1,000	119

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
DWELLING FIRE
RULE 32. KEY RATES

KEY RATE X KEY FACTOR = BASE PREMIUM

TERRITORY 35 - OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	149	21	157	21	232	29
	F	202	28	212	28	313	40
2	M	152	21	159	21	235	30
	F	204	29	214	29	316	40
3	M	154	22	161	22	238	30
	F	206	29	217	29	320	40
4	M	156	22	164	22	241	31
	F	208	29	219	29	323	41
5	M	158	22	166	22	245	31
	F	210	29	221	29	326	41
6	M	160	22	168	22	248	31
	F	213	30	223	30	329	42
7	M	162	23	170	23	251	32
	F	295	41	309	41	457	58
8	M	189	27	199	27	294	37
	F	295	41	309	41	457	58
8B	M	265	37	278	37	411	52
	F	421	59	442	59	652	83
9	M	316	44	331	44	489	62
	F	505	71	530	71	783	99
10	M	379	53	398	53	587	74
	F	789	111	829	111	1,223	155

TERRITORY 35 - NON-OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	157	21	165	21	243	29
	F	212	28	223	28	329	40
2	M	159	21	167	21	247	30
	F	214	29	225	29	332	40
3	M	161	22	169	22	250	30
	F	217	29	227	29	336	40
4	M	164	22	172	22	253	31
	F	219	29	230	29	339	41
5	M	166	22	174	22	257	31
	F	221	29	232	29	343	41
6	M	168	22	176	22	260	31
	F	223	30	234	30	346	42
7	M	170	23	179	23	264	32
	F	309	41	325	41	480	58
8	M	199	27	209	27	308	37
	F	309	41	325	41	480	58
8B	M	278	37	292	37	432	52
	F	442	59	464	59	685	83
9	M	331	44	348	44	514	62
	F	530	71	557	71	822	99
10	M	398	53	418	53	617	74
	F	829	111	870	111	1,284	155

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
DWELLING FIRE
RULE 32. KEY RATES

KEY RATE X KEY FACTOR = BASE PREMIUM

TERRITORY 36 - OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	149	21	157	21	232	29
	F	202	28	212	28	313	40
2	M	152	21	159	21	235	30
	F	204	29	214	29	316	40
3	M	154	22	161	22	238	30
	F	206	29	217	29	320	40
4	M	156	22	164	22	241	31
	F	208	29	219	29	323	41
5	M	158	22	166	22	245	31
	F	210	29	221	29	326	41
6	M	160	22	168	22	248	31
	F	213	30	223	30	329	42
7	M	162	23	170	23	251	32
	F	295	41	309	41	457	58
8	M	189	27	199	27	294	37
	F	295	41	309	41	457	58
8B	M	265	37	278	37	411	52
	F	421	59	442	59	652	83
9	M	316	44	331	44	489	62
	F	505	71	530	71	783	99
10	M	379	53	398	53	587	74
	F	789	111	829	111	1,223	155

TERRITORY 36 - NON-OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	157	21	165	21	243	29
	F	212	28	223	28	329	40
2	M	159	21	167	21	247	30
	F	214	29	225	29	332	40
3	M	161	22	169	22	250	30
	F	217	29	227	29	336	40
4	M	164	22	172	22	253	31
	F	219	29	230	29	339	41
5	M	166	22	174	22	257	31
	F	221	29	232	29	343	41
6	M	168	22	176	22	260	31
	F	223	30	234	30	346	42
7	M	170	23	179	23	264	32
	F	309	41	325	41	480	58
8	M	199	27	209	27	308	37
	F	309	41	325	41	480	58
8B	M	278	37	292	37	432	52
	F	442	59	464	59	685	83
9	M	331	44	348	44	514	62
	F	530	71	557	71	822	99
10	M	398	53	418	53	617	74
	F	829	111	870	111	1,284	155

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
DWELLING FIRE
RULE 32. KEY RATES

KEY RATE X KEY FACTOR = BASE PREMIUM

TERRITORY 37 - OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	149	21	157	21	232	29
	F	202	28	212	28	313	40
2	M	152	21	159	21	235	30
	F	204	29	214	29	316	40
3	M	154	22	161	22	238	30
	F	206	29	217	29	320	40
4	M	156	22	164	22	241	31
	F	208	29	219	29	323	41
5	M	158	22	166	22	245	31
	F	210	29	221	29	326	41
6	M	160	22	168	22	248	31
	F	213	30	223	30	329	42
7	M	162	23	170	23	251	32
	F	295	41	309	41	457	58
8	M	189	27	199	27	294	37
	F	295	41	309	41	457	58
8B	M	265	37	278	37	411	52
	F	421	59	442	59	652	83
9	M	316	44	331	44	489	62
	F	505	71	530	71	783	99
10	M	379	53	398	53	587	74
	F	789	111	829	111	1,223	155

TERRITORY 37 - NON-OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	157	21	165	21	243	29
	F	212	28	223	28	329	40
2	M	159	21	167	21	247	30
	F	214	29	225	29	332	40
3	M	161	22	169	22	250	30
	F	217	29	227	29	336	40
4	M	164	22	172	22	253	31
	F	219	29	230	29	339	41
5	M	166	22	174	22	257	31
	F	221	29	232	29	343	41
6	M	168	22	176	22	260	31
	F	223	30	234	30	346	42
7	M	170	23	179	23	264	32
	F	309	41	325	41	480	58
8	M	199	27	209	27	308	37
	F	309	41	325	41	480	58
8B	M	278	37	292	37	432	52
	F	442	59	464	59	685	83
9	M	331	44	348	44	514	62
	F	530	71	557	71	822	99
10	M	398	53	418	53	617	74
	F	829	111	870	111	1,284	155

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
DWELLING FIRE
RULE 32. KEY RATES

KEY RATE X KEY FACTOR = BASE PREMIUM

TERRITORY 38 - OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	149	21	157	21	232	29
	F	202	28	212	28	313	40
2	M	152	21	159	21	235	30
	F	204	29	214	29	316	40
3	M	154	22	161	22	238	30
	F	206	29	217	29	320	40
4	M	156	22	164	22	241	31
	F	208	29	219	29	323	41
5	M	158	22	166	22	245	31
	F	210	29	221	29	326	41
6	M	160	22	168	22	248	31
	F	213	30	223	30	329	42
7	M	162	23	170	23	251	32
	F	295	41	309	41	457	58
8	M	189	27	199	27	294	37
	F	295	41	309	41	457	58
8B	M	265	37	278	37	411	52
	F	421	59	442	59	652	83
9	M	316	44	331	44	489	62
	F	505	71	530	71	783	99
10	M	379	53	398	53	587	74
	F	789	111	829	111	1,223	155

TERRITORY 38 - NON-OWNER OCCUPIED

PROT. CLASS	CONST.	NUMBER OF FAMILIES					
		1		2		3 OR 4	
		COVERAGE		COVERAGE		COVERAGE	
		BLDG.	CONT.	BLDG.	CONT.	BLDG.	CONT.
1	M	157	21	165	21	243	29
	F	212	28	223	28	329	40
2	M	159	21	167	21	247	30
	F	214	29	225	29	332	40
3	M	161	22	169	22	250	30
	F	217	29	227	29	336	40
4	M	164	22	172	22	253	31
	F	219	29	230	29	339	41
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9	M	331	44	348	44	514	62
	F	530	71	557	71	822	99
10	M	398	53	418	53	617	74
	F	829	111	870	111	1,284	155

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
DWELLING FIRE
RULE 32. KEY FACTORS

KEY RATE X KEY FACTOR = BASE PREMIUM

BUILDINGS

Cov. A		Cov. A		Cov. A		Cov. A	
<u>Amount</u>	<u>Factor</u>	<u>Amount</u>	<u>Factor</u>	<u>Amount</u>	<u>Factor</u>	<u>Amount</u>	<u>Factor</u>
1,000	0.310	17,000	0.891	33,000	1.213	49,000	1.474
2,000	0.346	18,000	0.927	34,000	1.229	50,000	1.490
3,000	0.382	19,000	0.964	35,000	1.245	60,000	1.650
4,000	0.419	20,000	1.000	36,000	1.261	70,000	1.810
5,000	0.455	21,000	1.017	37,000	1.278	80,000	1.970
6,000	0.491	22,000	1.033	38,000	1.294	90,000	2.130
7,000	0.528	23,000	1.049	39,000	1.311	100,000	2.290
8,000	0.564	24,000	1.065	40,000	1.327	110,000	2.450
9,000	0.600	25,000	1.082	41,000	1.343	120,000	2.610
10,000	0.637	26,000	1.098	42,000	1.359	130,000	2.770
11,000	0.673	27,000	1.115	43,000	1.376	140,000	2.930
12,000	0.709	28,000	1.131	44,000	1.392	150,000	3.090
13,000	0.746	29,000	1.147	45,000	1.409	160,000	3.250
14,000	0.782	30,000	1.163	46,000	1.425	170,000	3.410
15,000	0.818	31,000	1.180	47,000	1.441	180,000	3.570
16,000	0.855	32,000	1.196	48,000	1.457	190,000	3.730
						200,000	3.890

CONTENTS

Cov. C		Cov. C		Cov. C		Cov. C	
<u>Amount</u>	<u>Factor</u>	<u>Amount</u>	<u>Factor</u>	<u>Amount</u>	<u>Factor</u>	<u>Amount</u>	<u>Factor</u>
1,000	0.35	16,000	2.30	31,000	4.25	46,000	6.20
2,000	0.48	17,000	2.43	32,000	4.38	47,000	6.33
3,000	0.61	18,000	2.56	33,000	4.51	48,000	6.46
4,000	0.74	19,000	2.69	34,000	4.64	49,000	6.59
5,000	0.87	20,000	2.82	35,000	4.77	50,000	6.72
6,000	1.00	21,000	2.95	36,000	4.90	51,000	6.85
7,000	1.13	22,000	3.08	37,000	5.03	52,000	6.98
8,000	1.26	23,000	3.21	38,000	5.16	53,000	7.11
9,000	1.39	24,000	3.34	39,000	5.29	54,000	7.24
10,000	1.52	25,000	3.47	40,000	5.42	55,000	7.37
11,000	1.65	26,000	3.60	41,000	5.55	56,000	7.50
12,000	1.78	27,000	3.73	42,000	5.68	57,000	7.63
13,000	1.91	28,000	3.86	43,000	5.81	58,000	7.76
14,000	2.04	29,000	3.99	44,000	5.94	59,000	7.89
15,000	2.17	30,000	4.12	45,000	6.07	60,000	8.02
						e/a 1,000	0.130

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
EXTENDED COVERAGE
RULE 32. KEY RATES AND KEY FACTORS

KEY RATE X KEY FACTOR = BASE PREMIUM

Territory	Form DP-1 Buildings	Form DP-2 Buildings	Form DP-2 Buildings	Form DP-1 Contents	Form DP-2 Contents	Form DP-2 Contents
	Non-Seasonal and Seasonal	Non-Seasonal	Seasonal	Non-Seasonal and Seasonal	Non-Seasonal	Seasonal
30	\$126	\$227	\$284	\$8	\$22	\$32
31	126	227	284	8	22	32
32	157	283	353	10	28	41
33	99	178	223	6	17	24
34	99	178	223	6	17	24
35	157	283	353	10	28	41
36	157	283	353	10	28	41
37	157	283	353	10	28	41
38	157	283	353	10	28	41

BUILDINGS

Cov. A		Cov. A		Cov. A		Cov. A	
Amount	Factor	Amount	Factor	Amount	Factor	Amount	Factor
1,000	0.566	17,000	0.931	33,000	1.297	49,000	1.662
2,000	0.588	18,000	0.953	34,000	1.320	50,000	1.685
3,000	0.611	19,000	0.977	35,000	1.343	60,000	1.915
4,000	0.634	20,000	1.000	36,000	1.365	70,000	2.145
5,000	0.657	21,000	1.023	37,000	1.388	80,000	2.375
6,000	0.680	22,000	1.046	38,000	1.411	90,000	2.605
7,000	0.703	23,000	1.069	39,000	1.434	100,000	2.835
8,000	0.726	24,000	1.091	40,000	1.456	110,000	3.065
9,000	0.749	25,000	1.114	41,000	1.479	120,000	3.295
10,000	0.771	26,000	1.137	42,000	1.502	130,000	3.525
11,000	0.794	27,000	1.160	43,000	1.525	140,000	3.755
12,000	0.817	28,000	1.182	44,000	1.547	150,000	3.985
13,000	0.840	29,000	1.205	45,000	1.570	160,000	4.215
14,000	0.862	30,000	1.228	46,000	1.593	170,000	4.445
15,000	0.885	31,000	1.251	47,000	1.616	180,000	4.675
16,000	0.908	32,000	1.273	48,000	1.639	190,000	4.905
						200,000	5.135

CONTENTS

Cov. C		Cov. C		Cov. C		Cov. C	
Amount	Factor	Amount	Factor	Amount	Factor	Amount	Factor
1,000	0.17	16,000	2.67	31,000	5.19	46,000	7.74
2,000	0.33	17,000	2.84	32,000	5.36	47,000	7.91
3,000	0.50	18,000	3.00	33,000	5.53	48,000	8.08
4,000	0.67	19,000	3.17	34,000	5.70	49,000	8.25
5,000	0.83	20,000	3.34	35,000	5.87	50,000	8.42
6,000	1.00	21,000	3.51	36,000	6.04	51,000	8.59
7,000	1.17	22,000	3.67	37,000	6.21	52,000	8.76
8,000	1.34	23,000	3.84	38,000	6.38	53,000	8.93
9,000	1.50	24,000	4.00	39,000	6.55	54,000	9.10
10,000	1.67	25,000	4.17	40,000	6.72	55,000	9.27
11,000	1.84	26,000	4.34	41,000	6.89	56,000	9.44
12,000	2.00	27,000	4.51	42,000	7.06	57,000	9.61
13,000	2.17	28,000	4.68	43,000	7.23	58,000	9.78
14,000	2.33	29,000	4.85	44,000	7.40	59,000	9.95
15,000	2.50	30,000	5.02	45,000	7.57	60,000	10.12
						e/a 1,000	0.170

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Kentucky FAIR Plan Dwelling Fire Rating Worksheet

Rating Territory		Form DP-1 or DP-2		Name of Insured	
Protection Class		Seasonal or Non-Seasonal		Policy Number	
Construction		Number of Families		Occupancy	

Fire

Building (If mobile home, see Note 3 below)								
Key Rate	X	Key Factor	(=)	Base Premium (1)	X	Deductible Factor	(=)	Fire Building Adjusted Base Premium (Note 1 and 3)
	X		(=)		X		a	

Contents (If mobile home, see Note 3 below)								
Key Rate	X	Key Factor	(=)	Base Premium (1)	X	Deductible Factor	(=)	Fire Contents Adjusted Base Premium (Note 1 and 3)
	X		(=)		X		b	

Extended Coverage

Building								
Key Rate	X	Key Factor	(=)	Base Premium (1)	X	Deductible Factor	(=)	EC Building Adjusted Base Premium (Note 1)
	X		(=)		X		c	

Contents								
Key Rate	X	Key Factor	(=)	Base Premium (1)	X	Deductible Factor	(=)	EC Contents Adjusted Base Premium (Note 1)
	X		(=)		X		d	

V&MM

Building								
V&MM Rate	X	Amount of Coverage/\$1,000	(=)	Base Premium (1)	X	Deductible Factor	(=)	V&MM Building Adjusted Base Premium (Note 1)
	X		(=)		X		e	

Contents								
V&MM Rate	X	Amount of Coverage/\$1,000	(=)	Base Premium (1)	X	Deductible Factor	(=)	V&MM Contents Adjusted Base Premium (Note 1)
	X		(=)		X		f	

Adjusted Base Premium (a+b+c+d+e+f)								g
Protective Device Credit (-)								h
Other Structures Prem. (Note 2) (See rating steps below)								i
Condition Charges (see below)								j
Wood or Coal Stove Surcharge (\$100.00 flat charge)								k
Earthquake Premium (\$25.00 Minimum Premium)								l
Mine Subsidence Premium								m
Premium Prior to Surcharge (g-h+i+j+k+l+m)								n
KY Prem. Surcharge (1.8% x n)								o
Total Annual Premium (n+o)								

Condition Charges				Notes:			
Condition Charges: (1-5) 2.20 X Amt of bldg. + cont. covg. / \$1,000				1. Round to nearest \$1.00			
Condition Charges: (6) 11.01 X Amt of bldg. + cont. covg. / \$1,000				2. Policy includes 10% cov'g within limits so this is addl. covg.if needed			
				3. Mobile Home - see below.			

Other Structures (Additional) Coverage Rating Steps: (Note 2)							
Fire	Fire Building Key Rate X 0.16 = Other Structures Key Rate (round to \$1.00) X Amt of Covg/\$1,000 = Base Premium X Deductible Factor = Other Structures Fire Premium (round to \$1.00)						
EC	EC Building Key Rate X 0.28 = Other Structures Key Rate (round to \$1.00) X Amt of Covg/\$1,000 = Base Premium X Deductible Factor = Other Structures EC Premium (round to \$1.00)						
V&MM	V&MM factor X Amt of Covg/\$1,000 = Base Prem X Ded factor = Other Structures V&MM Premium (round to \$1.00)						

Note 3: If Mobile Home, the following is added

Amt of Building Coverage/\$1,000	X	Mobile Home Charge	(=)	Premium: Round to \$1.00	X	Deductible Factor		Mobile Home Building Load: Round to \$1.00 and add to Fire Building Adjusted Base Premium
	X	\$11.58	(=)		X			
Amt of Contents Coverage/\$1,000	X	Mobile Home Charge	(=)	Premium: Round to \$1.00	X	Deductible Factor		Mobile Home Contents Load: Round to \$1.00 and add to Fire Contents Adjusted Base Premium
	X	\$11.58	(=)		X			



"Serving the Insurance Industry"

August 12, 2025

Melissa Chlon
Assistant Director/Plan Manager
Kentucky FAIR Plan Reinsurance Association
P.O. Box 437249
Louisville, KY 40253

**Kentucky FAIR Plan
2025 Homeowners Program Rate Review and Proposal**

Dear Melissa:

Enclosed is a proposal for your review and actions. This was developed for your Governing Committee to consider in support of a possible rate filing.

Rate Review

The statewide indication is based on a review of the Plan's experience for calendar years 2015 through 2024. Following generally accepted procedures, the premiums are adjusted for rate changes and inflationary trends and the losses are adjusted to smooth excess losses and for inflationary trends. Expenses include provisions of 0.0% for profit and 1.0% for contingencies. This analysis produced a statewide rate level indication of 12.1%.

Over the 2015 through 2024 experience period the Plan developed an underwriting margin of -5.7%, suggesting the Plan paid out approximately \$1.06 for every \$1.00 of premium earned over this timeframe. It should be noted that the UW margin has dropped considerably to -32.0% for the last five years, and -81.3% for the last three. Please see Exhibit 8 of the attachments for further details.

Proposal

To adjust rates to the current loss cost level and help the Plan achieve break-even basis on its rate structure, a 12.0% rate change for the Homeowners Program is proposed (Exhibit 2). This proposal:

- Adopts the base class loss costs from ISO reference filing HO-2025-RLA1
- Revises the loss cost multiplier from 3.432 to 2.770
- Revises the base deductible from \$500 to \$1,000. It should be noted that there are no changes proposed to the Plan's deductible factors other than adjusting them to the new \$1,000 base deductible. The \$250 deductible option will no longer be available for new business.

Plan rates would be a combination of the base class loss costs from reference filing HO-2025-RLA1 and the proposed 2.770 loss cost multiplier. In support of this proposal the following exhibits are provided, and these exhibits will constitute the Homeowners Program rate filing should the Committee elect to file:

- Kentucky Department of Insurance – Calculation of Loss Cost Multiplier, Form LC-1 P&C
- Actuarial Memorandum
- Kentucky FAIR Plan Rate Review, Exhibits 1-10

The anticipated effective date is June 1, 2026 for new business and renewals.

Please keep us advised of any actions taken with respect to this proposal. We will be available if you would like us to take part in a discussion of this proposal with your Governing Committee.

Sincerely,

Dave Gill
AIPSO Actuarial Services
(401) 528-1430
David.Gill@aipso.com

Kentucky FAIR Plan

INDEX

Kentucky Department of Insurance - Calculation of Loss Cost Multiplier, LC-1 P&C (9/2004)

Actuarial Memorandum

Exhibit 1	Statewide Rate Level Indication
Exhibit 2	Statewide Rate Level Change
Exhibit 3	Determination of Premium On-Level Factors
Exhibit 4	Determination of Premium Trend
Exhibit 5	Determination of Adjusted Losses and LAE
Exhibit 6	Determination of Loss Trend
Exhibit 7	Determination of Permissible Loss and LAE Ratio
Exhibit 8	Historical Underwriting Results
Exhibit 9	Rating Information
Exhibit 10	Manual Pages

**COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE
CALCULATION OF LOSS COST MULTIPLIER**

COMPANY NAME _____ NAIC CO.# _____ DATE _____
 GROUP NAME _____ GROUP # _____

1. LINE, SUB-LINE, COVERAGE, TERRITORY, CLASS, ETC. COMBINATION TO WHICH THIS LOSS COST MULTIPLIER IS APPLICABLE? _____

2. LOSS COST MODIFICATION:

A. THE INSURER HEREBY FILES TO ADOPT THE PROSPECTIVE LOSS COSTS OF...
 ORGANIZATION _____ REFERENCE FILING

(check one) _____

() WITHOUT MODIFICATION. (2B. = 1.000)

() WITH THE FOLLOWING MODIFICATION(S). CITE THE NATURE AND PERCENTAGE MODIFICATION INCLUDING THE UNDERLYING RATIONALE FOR MODIFICATION.

B. LOSS COST **MODIFICATION** EXPRESSED AS A FACTOR: _____ > _____

3. LOSS ADJUSTMENT EXPENSE EXPRESSED AS A FACTOR OF LOSSES _____ > _____
 (Please refer to the explanatory notes on the reverse side of this form to determine the appropriate factor.)

NOTE: IF EXPENSE CONSTANTS ARE USED, COMPLETE & ATTACH "EXPENSE CONSTANT SUPPLEMENT" (LC-2). DO NOT COMPLETE ITEMS 4 - 7 BELOW.

4. DEVELOPMENT OF EXPECTED LOSS RATIO (ELR).

A. TOTAL PRODUCTION EXPENSE _____ > _____ %

B. GENERAL EXPENSE _____ > _____ %

C. TAXES, LICENSES & FEES _____ > _____ %

(Note: Do not include any assessments collected that are not your company's actual expense. For example, the workers compensation Special Fund and the Kentucky Municipal Premium Tax are excluded from this line.)

D. UNDERWRITING PROFIT & CONTINGENCIES _____ > _____ %

E. TOTAL _____ %

5A. EXPECTED LOSS RATIO: $ELR = 100\% - 4E.$ _____ %

5B. EXPECTED LOSS RATIO EXPRESSED AS A FACTOR: _____

6. COMPANY FORMULA LOSS COST MULTIPLIER: $[2B. \times 3. / 5B.]$ _____

7. COMPANY SELECTED LOSS COST **MULTIPLIER**: _____ > _____

8. CHECK ONE OF THE FOLLOWING:

The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants included in the attachments. The rates will apply to policies written on or after the **effective date** of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or amended or withdrawn by the insurer subject to Kentucky Revised Statutes Chapter 304, Subtitle 13.

The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above advisory organization Reference Filing.

Kentucky FAIR Plan
Homeowners Program
ACTUARIAL MEMORANDUM

Data

In our analysis we utilized data provided in the Plan's financial statements, the PIPSO Reports, and policy data provided by the Plan. We relied on the general accuracy of this data without audit, however, we did review the data for reasonableness and consistency with prior rate reviews. We considered the Plan's own experience as well as both historical and current industry information, and we utilized commonly accepted actuarial methods and principles in developing our analysis.

Exhibits

In support of this proposal the following exhibits are included.

Exhibit 1 (Statewide Rate Level Indication). This exhibit shows the calculation of the statewide rate level indication. The factors used to adjust the earned premium and incurred losses are further described below. Credibility was based on the standard of 4,000 claims for full credibility and the square root rule for partial credibility subject to a minimum partial credibility of 20%.

Exhibit 2 (Statewide Rate Level Change). These exhibits display the Plan's written premium and policy count (in force data is not available) and show the rate change on existing policyholders by impact rank.

Exhibit 3 (Determination of Premium On-Level Factors). This exhibit shows the impact of past rate level changes on earned premium using the traditional parallelogram method.

Exhibit 4 (Determination of Premium Trend). This exhibit shows the trend factors used to adjust the earned premium for changes in home values. The premium trend was tempered to account for the variation in insureds from year to year and the greater than average percentage of new business associated with the involuntary market.

Exhibit 5 (Determination of Adjusted Losses and LAE). Because there is potential for excess losses arising from wind, hail or other perils, this exhibit displays the derivation of excess losses utilizing an excess procedure applied to the Plan's loss data. Because of the infrequent nature of excess losses, this adjustment is necessary to include a provision for expected losses rather than those that happened to occur during the experience period. The excess loss procedure makes two adjustments to reported losses. It removes the excess losses that occurred in a given year and replaces those losses with an expected excess loss provision.

Exhibit 6 (Determination of Loss Trend). The factors used to adjust the losses utilize the United States Census Bureau's "Construction Price Index" to incorporate changes in the cost of single-family homes under construction.

Exhibit 7 (Determination of Permissible Loss & LAE Ratio). This exhibit provides a history of the Plan's expenses taken from the Plan's financial statements. Totals and 3-year averages are displayed, and final provisions are judgmentally selected.

Exhibit 8 (Historical Underwriting Results). This exhibit provides a history of the Plan's underwriting results taken from the Plan's financial statements.

Exhibit 9 (Rating Information). This exhibit summarizes the rating information used to develop the Plan's manual rate pages.

Exhibit 10 (Manual Pages). We have enclosed a copy of the Plan's manual pages incorporating the proposed changes and noting the anticipated effective date.

Kentucky FAIR Plan Statewide Rate Level Indication

HOMEOWNERS PROGRAM

(1)	(2)	(3) Exhibit 3	(4) Exhibit 4	(5) (2)x(3)x(4)	(6) Exhibit 5	(7) Exhibit 6	(8) (6)x(7)	(9) (8)/(5)	(10) Exhibit 7	(11) (9)+(10)	(12) PIPSO C1
Year	Premiums Earned	Premium On-Level Factor	Premium Trend Factor	Projected Premium at Current Level	Adjusted Losses and LAE	Loss Trend Factor	Projected Losses and LAE	Loss and LAE Ratio	Fixed Expense Ratio	L&LAE Ratio Including Fixed Expenses	No. of Losses Reported
2015	1,784,777	1.139	1.000	2,032,862	1,042,671	1.934	2,016,526	99.2%			175
2016	1,486,309	1.139	1.000	1,692,906	1,536,451	1.844	2,833,216	167.4%			176
2017	1,267,431	1.139	1.000	1,443,604	1,339,750	1.753	2,348,582	162.7%			109
2018	1,147,087	1.149	1.000	1,318,002	465,197	1.693	787,579	59.8%			114
2019	939,390	1.194	1.000	1,121,631	803,280	1.642	1,318,986	117.6%			19
2020	766,652	1.199	1.000	919,216	369,186	1.579	582,945	63.4%			85
2021	594,800	1.199	1.000	713,166	572,688	1.418	812,072	113.9%			64
2022	414,674	1.180	1.000	489,316	456,083	1.212	552,773	113.0%			32
2023	326,852	1.103	1.000	360,517	283,332	1.184	335,465	93.1%			79
2024	300,998	1.078	1.000	324,476	220,056	1.159	255,045	78.6%			21
Total	9,028,970			10,415,696	7,088,694		11,843,186	113.7%			
5 Year	2,403,977			2,806,691	1,901,345		2,538,299	90.4%			
3 Year	1,042,524			1,174,309	959,471		1,143,283	97.4%			
SELECTED								90.4%	23.8%	114.2%	
(13) Permissible Loss and Loss Adjustment Expense Ratio Including Fixed Expenses [Exhibit 7]											90.3%
(14) Plan Indication [(11)/(13)-1.0]											26.5%
(15) Number of Losses Reported [Sum of (12)]											874
(16) Credibility [Square Root of {(15)/4,000}, Minimum = 20%]											47%
(17) ISO Reference Filing HO-2025-RLA1 Loss Cost Change											-0.7%
(18) Statewide Rate Level Indication [(14) x (16) + (17) x {1.0 - (16)}]											12.1%

Kentucky FAIR Plan Statewide Rate Level Change

Determination of Revised Base Rates

(1)	(2)	(3)	(4)	(5)	(6)	(7) (5)x(6)	(8)	(9)	(10)	(11)	(12) [(11)/(7)]-1.0	(13) (4)x(12)
ISO Reference Filing HO-2025-RLA1												
Territory	Policy Form	2024 Policy Count	2024 Written Premium	PRESENT			PROPOSED					
				\$500 Deductible Base Rate	\$1,000 Deductible Factor	\$1,000 Deductible Rate	\$1,000 Deductible Loss Cost	Index of Column (8) to Statewide	Loss Cost Multiplier	\$1,000 Deductible Base Rate	Percent Change	Dollar Change
30	2, 8	71	51,580	\$949	0.87	\$826	\$313.68	0.924	2.770	\$869	5.2%	2,685
31	2, 8	40	28,231	728	0.87	633	303.23	0.893	2.770	839	32.5%	9,187
32	2, 8	30	20,734	695	0.87	605	267.37	0.788	2.770	741	22.5%	4,661
33	2, 8	33	21,934	656	0.87	571	263.01	0.775	2.770	729	27.7%	6,069
34	2, 8	19	9,402	543	0.87	472	178.94	0.527	2.770	495	4.9%	458
35	2, 8	15	12,715	866	0.87	753	335.79	0.989	2.770	930	23.5%	2,989
36	2, 8	92	111,194	1,147	0.87	998	389.15	1.147	2.770	1,078	8.0%	8,913
37	2, 8	16	26,274	2,089	0.87	1,817	518.92	1.529	2.770	1,437	-20.9%	(5,495)
38	2, 8	77	83,027	1,298	0.87	1,129	484.73	1.428	2.770	1,342	18.9%	15,664
SW	2, 8	393	365,091				\$339.42	1.000	2.770	\$940	12.4%	45,132
30	4	0	0	\$170	0.87	\$148	\$43.01	1.261	2.770	\$120	-18.9%	0
31	4	2	178	133	0.87	116	33.39	0.979	2.770	93	-19.8%	(35)
32	4	0	0	102	0.87	89	29.96	0.878	2.770	83	-6.7%	0
33	4	0	0	104	0.87	90	30.29	0.888	2.770	84	-6.7%	0
34	4	0	0	65	0.87	57	14.42	0.423	2.770	40	-29.8%	0
35	4	0	0	121	0.87	105	31.31	0.918	2.770	87	-17.1%	0
36	4	1	66	128	0.87	111	35.43	1.038	2.770	99	-10.8%	(7)
37	4	0	0	133	0.87	116	42.96	1.259	2.770	120	3.4%	0
38	4	1	59	161	0.87	140	46.27	1.356	2.770	129	-7.9%	(5)
SW	4	4	303				\$34.12	1.000	2.770	\$95	-15.5%	(47)
30	6	0	0	\$181	0.87	\$157	\$43.83	1.125	2.770	\$122	-22.3%	0
31	6	1	224	173	0.87	151	40.25	1.033	2.770	112	-25.8%	(58)
32	6	0	0	123	0.87	107	37.61	0.965	2.770	104	-2.8%	0
33	6	2	846	143	0.87	124	38.44	0.986	2.770	106	-14.5%	(123)
34	6	2	358	138	0.87	120	35.56	0.912	2.770	98	-18.3%	(66)
35	6	1	235	147	0.87	128	37.44	0.961	2.770	104	-18.8%	(44)
36	6	2	518	148	0.87	129	35.49	0.911	2.770	98	-24.0%	(124)
37	6	0	0	179	0.87	156	45.44	1.166	2.770	126	-19.2%	0
38	6	0	0	136	0.87	118	36.67	0.941	2.770	102	-13.6%	0
SW	6	8	2,181				\$38.97	1.000	2.770	\$108	-19.0%	(415)

NOTES:

Base Rates: HO-2 and HO-8: \$1,000 Deductible, Frame 5, \$60,000 AOI; HO-4 and HO-6: \$1,000 Deductible, Frame 5, \$20,000 AOI

Kentucky FAIR Plan

Statewide Rate Level Change

HOMEOWNERS PROGRAM

Deductible Factors

Deductible	Present	Proposed
\$250	1.10	1.26
\$500	1.00	1.15
\$1,000	0.87	1.00
\$2,500	0.68	0.78

Kentucky FAIR Plan Statewide Rate Level Change

Distribution of Impacts Summary

Impact Rank	2024 Policy Count	2024 Written Premium	Average Impact	Dollar Impact
Less than -50%	0	0	0.0%	0
-50% to -25%	1	224	-25.8%	(58)
-25% to -10%	26	28,475	-20.7%	(5,894)
-10% to 0%	1	3,397	-0.1%	(5)
0% to 10%	182	172,176	7.0%	12,057
10% to 25%	122	116,477	20.0%	23,314
25% to 50%	73	50,164	30.4%	15,256
Greater than 50%	0	0	0.0%	0
Total	405	370,913	12.0%	44,670

Largest estimated rate impact: 32.5%
 Smallest estimated rate impact: -25.8%

Kentucky FAIR Plan

Determination of Premium On-Level Factors

(1)	(2)	(3)	(4)	(5)	(6)
Renewal Effective Date	Rate Change	Cumulative Rate Level	Calendar Year	Average Earned Rate Level	On-Level Factor
6/1/2014	0.0%	1.139	2015	1.000	1.139
6/1/2015	0.0%		2016	1.000	1.139
6/1/2018	-5.0%		2017	1.000	1.139
6/1/2022	9.5%		2018	0.991	1.149
6/1/2024	9.5%		2019	0.954	1.194
-	-		2020	0.950	1.199
-	-		2021	0.950	1.199
-	-		2022	0.965	1.180
-	-		2023	1.033	1.103
-	-		2024	1.057	1.078
-	-				
-	-				
-	-				
-	-				
-	-				
-	-				
-	-				
-	-				
-	-				
-	-				
-	-				
-	-				
-	-				

NOTES:
 Column (3) Cumulative product of all rate level changes affecting the experience period
 Column (5) Generated using the traditional Parallelogram Method
 Column (6) On-Level Factor = [Column (3)] / [Column (5)]

Kentucky FAIR Plan Determination of Premium Trend

PREMIUM TREND SUMMARY

(1) Sheet 2	(2)	(3)	(4)	(5)	(6)	(7) (1)^(6)
Premium Trend	CY	Calendar Year	Midpoint of Experience Period	Average Earned Date	Number of Trend Years	Premium Trend Factor
0.0%	2015	01/01/2015 - 12/31/2015	7/1/2015	6/1/2027	11.916	1.000
	2016	01/01/2016 - 12/31/2016	7/1/2016	6/1/2027	10.916	1.000
	2017	01/01/2017 - 12/31/2017	7/1/2017	6/1/2027	9.916	1.000
	2018	01/01/2018 - 12/31/2018	7/1/2018	6/1/2027	8.916	1.000
	2019	01/01/2019 - 12/31/2019	7/1/2019	6/1/2027	7.916	1.000
	2020	01/01/2020 - 12/31/2020	7/1/2020	6/1/2027	6.916	1.000
	2021	01/01/2021 - 12/31/2021	7/1/2021	6/1/2027	5.916	1.000
	2022	01/01/2022 - 12/31/2022	7/1/2022	6/1/2027	4.916	1.000
	2023	01/01/2023 - 12/31/2023	7/1/2023	6/1/2027	3.916	1.000
	2024	01/01/2024 - 12/31/2024	7/1/2024	6/1/2027	2.916	1.000

NOTES:

Column (5): Trended to 06/01/2027, one year past the proposed renewal date of 06/01/2026

Column (6) = [(5)-(4)]/365.25

Kentucky FAIR Plan Determination of Premium Trend

(1)	(2)	(3) Exhibit 3	(4) (2)x(3)	(5) PIPSO C1	(6) (4)/(5)	(7)	(8)	(9)	(10)
Calendar Year	Premiums Earned	On-Level Factor	Premium at Current Level	No. of Policies Issued	Average Policy Premium	Exponential Curve of Best Fit			
						10 Pts	8 Pts	6 Pts	4 Pts
2015	1,784,777	1.139	2,032,862	2,023	1,004.87	1,022.39			
2016	1,486,309	1.139	1,692,906	1,810	935.31	972.59			
2017	1,267,431	1.139	1,443,604	1,571	918.91	925.21	953.03		
2018	1,147,087	1.149	1,318,002	1,450	908.97	880.15	900.78		
2019	939,390	1.194	1,121,631	1,374	816.33	837.27	851.39	871.63	
2020	766,652	1.199	919,216	1,100	835.65	796.49	804.71	817.63	
2021	594,800	1.199	713,166	887	804.02	757.69	760.59	766.97	817.18
2022	414,674	1.180	489,316	642	762.17	720.78	718.89	719.46	740.20
2023	326,852	1.103	360,517	543	663.94	685.67	679.48	674.88	670.48
2024	300,998	1.078	324,476	536	605.37	652.28	642.22	633.07	607.32
Average Annual Change						-4.9%	-5.5%	-6.2%	-9.4%

- (11) 50-50 Weighting of 10 and 6 Point Fits -5.6%
- (12) 50-50 Weighting of 8 and 4 Point Fits -7.5%
- (13) Selected Annual Rate of Change in Premiums 0.0%
- (14) Tempering Factor [Tempered due to the variation in insureds from year-to-year] 0.75
- (15) Premium Trend [(13)x(14)] 0.0%

Kentucky FAIR Plan

Determination of Adjusted Losses and LAE

HOMEOWNERS EXPERIENCE

(1)	(2)	(3)	(4)	(5) [(3)+(4)]/(2)	(6) (5)>1.5xM	(7) (6)-M	(8) (5)-(7)+A	(9) (2)x(8)
Year	Net Earned Premiums	Net Losses Incurred	Net LAE Incurred	Loss and LAE Ratio	Excess Years	Excess Ratio	Adjusted Ratio	Adjusted Losses and LAE
1995	1,364,000	-	-	71.0%	0.0%	0.0%	77.6%	1,057,914
1996	1,695,000	-	-	96.1%	0.0%	0.0%	102.7%	1,740,082
1997	1,774,000	-	-	65.6%	0.0%	0.0%	72.2%	1,280,113
1998	1,227,000	-	-	96.7%	0.0%	0.0%	103.3%	1,266,997
1999	1,086,000	-	-	63.4%	0.0%	0.0%	70.0%	759,762
2000	946,000	-	-	78.1%	0.0%	0.0%	84.7%	800,881
2001	892,000	-	-	102.0%	0.0%	0.0%	108.6%	968,353
2002	997,000	-	-	103.9%	0.0%	0.0%	110.5%	1,101,283
2003	1,439,000	-	-	81.3%	0.0%	0.0%	87.9%	1,264,301
2004	1,976,000	-	-	65.9%	0.0%	0.0%	72.5%	1,431,804
2005	2,328,000	-	-	60.2%	0.0%	0.0%	66.8%	1,554,166
2006	2,265,662	1,365,274	296,706	73.4%	0.0%	0.0%	79.9%	1,810,600
2007	2,002,705	1,656,890	258,203	95.6%	0.0%	0.0%	102.2%	2,046,465
2008	1,515,828	1,142,254	296,208	94.9%	0.0%	0.0%	101.5%	1,537,896
2009	1,323,226	1,450,828	280,554	130.8%	130.8%	50.7%	86.7%	1,147,042
2010	1,296,498	1,120,973	183,690	100.6%	0.0%	0.0%	107.2%	1,389,710
2011	1,373,784	600,833	183,195	57.1%	0.0%	0.0%	63.6%	874,144
2012	1,529,850	1,355,795	291,368	107.7%	0.0%	0.0%	114.2%	1,747,517
2013	1,867,326	743,819	138,256	47.2%	0.0%	0.0%	53.8%	1,004,566
2014	1,972,188	426,883	182,443	30.9%	0.0%	0.0%	37.5%	738,696
2015	1,784,777	683,528	242,067	51.9%	0.0%	0.0%	58.4%	1,042,671
2016	1,486,309	1,141,617	297,337	96.8%	0.0%	0.0%	103.4%	1,536,451
2017	1,267,431	965,633	290,977	99.1%	0.0%	0.0%	105.7%	1,339,750
2018	1,147,087	230,117	159,834	34.0%	0.0%	0.0%	40.6%	465,197
2019	939,390	567,366	174,292	79.0%	0.0%	0.0%	85.5%	803,280
2020	766,652	173,289	145,607	41.6%	0.0%	0.0%	48.2%	369,186
2021	594,800	386,110	147,561	89.7%	0.0%	0.0%	96.3%	572,688
2022	414,674	253,503	175,379	103.4%	0.0%	0.0%	110.0%	456,083
2023	326,852	527,167	212,161	226.2%	226.2%	146.1%	86.7%	283,332
2024	300,998	80,174	120,137	66.5%	0.0%	0.0%	73.1%	220,056
10 Year	9,028,970	5,008,505	1,965,351	77.2%			78.5%	7,088,694
			Median (M) 1.5 x M	80.1% 120.2%	Avg. (A)	6.6%		

Kentucky FAIR Plan Determination of Loss Trend

LOSS TREND SUMMARY

(1) Year	(2) Yearly Average CPI	(3) 03/31/25 Latest Quarter Average CPI	(4) (3)/(2) Current Cost Factor	(5) Year Weight	(6) Row (m) Composite Loss Projection Factor	(7) (4)x(6) Loss Trend Factor
2015	114.0	196.7	1.725	0.00	1.121	1.934
2016	119.6	196.7	1.645	0.00	1.121	1.844
2017	125.8	196.7	1.564	0.00	1.121	1.753
2018	130.3	196.7	1.510	0.00	1.121	1.693
2019	134.3	196.7	1.465	0.00	1.121	1.642
2020	139.6	196.7	1.409	0.10	1.121	1.579
2021	155.5	196.7	1.265	0.15	1.121	1.418
2022	181.9	196.7	1.081	0.20	1.121	1.212
2023	186.2	196.7	1.056	0.25	1.121	1.184
2024	190.2	196.7	1.034	0.30	1.121	1.159

(a) Weighted Current Cost Factor [Sum of (4)x(5)]	1.121
(b) Selected Annual Rate of Change in Losses [Sheet 2]	4.0%
(c) Midpoint of Latest Quarter CPI	02/15/25
(d) Average Accident Date [One year beyond the anticipated effective date]	06/01/27
(e) Number of Trend Years = [(d)-(c)]/365.25	2.289
(f) Loss Projection Factor = [1.0+(b)]^(e)	1.094
(g) Loss Trend = (a)x(f)	1.226
(h) Five Year Number of Losses Reported	281
(i) Base Deductible	\$1,000
(j) Losses Eliminated by Base Deductible = (h)x(i)x.90	252,900
(k) Five Year Adjusted Losses and LAE	1,901,345
(l) Factor to Adjust for Trending from First Dollar = 1.0 + [{"(g)-1.0"}x(j)] ÷ {(g)x(k)}	1.025
(m) Composite Loss Projection Factor = (f)x(l)	1.121

NOTES:

Line (j): tempered by .90 to account for liability claims not subject to a deductible

Kentucky FAIR Plan Determination of Loss Trend

CONSTRUCTION PRICE INDEX

Quarter Ending	Construction Price Index	Percent Change						
			20 Pts	16 Pts	12 Pts	8 Pts	4 Pts	
06/30/20	138.1		144.41					
09/30/20	141.0	2.1%	147.14					
12/31/20	142.4	1.0%	149.92					
03/31/21	146.8	3.1%	152.76					
06/30/21	152.5	3.9%	155.65	163.73				
09/30/21	158.1	3.7%	158.59	165.95				
12/31/21	164.8	4.2%	161.59	168.20				
03/31/22	172.3	4.6%	164.65	170.49				
06/30/22	179.6	4.2%	167.76	172.80	182.72			
09/30/22	185.5	3.3%	170.94	175.15	183.69			
12/31/22	190.4	2.6%	174.17	177.52	184.67			
03/31/23	186.5	-2.0%	177.47	179.93	185.65			
06/30/23	182.3	-2.3%	180.82	182.37	186.63	184.08		
09/30/23	185.4	1.7%	184.24	184.85	187.62	185.60		
12/31/23	190.7	2.9%	187.73	187.36	188.61	187.14		
03/31/24	188.3	-1.3%	191.28	189.90	189.61	188.68		
06/30/24	191.1	1.5%	194.90	192.48	190.62	190.24	189.81	
09/30/24	190.7	-0.2%	198.59	195.09	191.63	191.81	191.47	
12/31/24	190.8	0.1%	202.34	197.74	192.64	193.39	193.15	
03/31/25	196.7	3.1%	206.17	200.42	193.67	194.99	194.84	
Average Annual Change			7.8%	5.5%	2.1%	3.3%	3.5%	
R-Squared Goodness of Fit Test			83%	74%	61%	79%	56%	
50-50 Weighting of 20 and 12 Point Fits								5.0%
50-50 Weighting of 16 and 8 Point Fits								4.4%
50-50 Weighting of 12 and 4 Point Fits								2.8%
Selected Annual Rate of Change in Losses								4.0%

NOTES:

CPI Source: United States Census Bureau, Construction Price Index for Single Family Homes under construction. The index is formed with data for houses built for sale, contractor-built houses, owner-built houses and houses built for rent. The Construction Price Index excludes the value of land and other nonconstruction costs.

Kentucky FAIR Plan

Determination of Permissible Loss and LAE Ratio

EXPENSE PROVISIONS - ALL LINES COMBINED

	2022	2023	2024	Total
(1) Net Premiums Earned	2,736,733	2,390,684	2,264,478	7,391,895
(2) Net Commissions Incurred	131,173	121,599	125,506	378,278
(3) Total Other Expenses Incurred	1,110,964	1,119,684	1,224,101	3,454,748
(4) Net Other Income or Expense	229,310	439,254	744,715	1,413,278

INCURRED PERCENTAGES

	2022	2023	2024	3-Year Total	3-Year Average	Selected	Percent Fixed	Fixed Expense Provision	Variable Expense Provision
(5) Commissions Incurred [(2)/(1)]	0.048	0.051	0.055	0.051	0.051	0.050	0.0%	0.000	0.050
(6) Total Other Expenses Incurred [(3)/(1)]	0.406	0.468	0.541	0.467	0.472	0.475	50.0%	0.238	0.237
(7) Other Income or Expense [(4)/(1)]	0.084	0.184	0.329	0.191	0.199	0.200	0.0%	0.000	0.200
(8) Underwriting Profit Provision						0.000	0.0%	0.000	0.000
(9) Contingency						0.010	0.0%	0.000	0.010
(10) Fixed Expense Ratio [(5)+(6)-(7)+(8)+(9)]								0.238	
(11) Variable Expense Ratio [(5)+(6)-(7)+(8)+(9)]									0.097
(12) Permissible Loss and Loss Adjustment Expense Ratio Including Fixed Expenses [1.0-(11)]									0.903

Kentucky FAIR Plan Historical Underwriting Results

HOMEOWNERS EXPERIENCE

(1)	(2)	(3)	(4)	(5)	(6)	(7) (3)+(4)+(5)+(6)	(8) (2)-(7)	(9) (8)/(2)
Year	Net Earned Premiums	Net Losses Incurred	Net LAE Incurred	Net Commissions Incurred	Total Other Expenses Incurred	Total Losses and Expenses	Underwriting Gain (Loss)	Underwriting Margin
2015	1,784,777	683,528	242,067	84,724	223,274	1,233,592	551,185	30.9%
2016	1,486,309	1,141,617	297,337	69,971	255,441	1,764,365	(278,057)	-18.7%
2017	1,267,431	965,633	290,977	61,130	275,685	1,593,426	(325,994)	-25.7%
2018	1,147,087	230,117	159,834	53,448	267,004	710,403	436,683	38.1%
2019	939,390	567,366	174,292	44,483	285,362	1,071,503	(132,114)	-14.1%
2020	766,652	173,289	145,607	35,054	197,530	551,479	215,173	28.1%
2021	594,800	386,110	147,561	26,164	171,942	731,777	(136,976)	-23.0%
2022	414,674	253,503	175,379	19,426	161,199	609,507	(194,833)	-47.0%
2023	326,852	527,167	212,161	15,633	141,660	896,621	(569,769)	-174.3%
2024	300,998	80,174	120,137	17,315	166,334	383,961	(82,962)	-27.6%
Total	9,028,970	5,008,505	1,965,351	427,348	2,145,430	9,546,635	(517,664)	-5.7%
Latest 5	2,403,977	1,420,243	800,844	113,593	838,664	3,173,345	(769,368)	-32.0%
Latest 3	1,042,524	860,845	507,676	52,374	469,193	1,890,088	(847,564)	-81.3%

Total Underwriting Margin of -5.7% suggests that the Plan has paid out approximately \$1.06 for every \$1.00 of premium earned.

Kentucky FAIR Plan Rating Information

OWNERS FORMS HO-2 & HO-8

Base Rate
<u>HO-8</u>
\$940
\$1,000 Deductible Frame, Protection Class 5 \$60,000 Coverage Amount

Form Factors	
Form	Factor
HO-2	1.20
HO-8	1.00

Territory Factors	
Territory	Factor
30	0.924
31	0.893
32	0.788
33	0.775
34	0.527
35	0.989
36	1.147
37	1.529
38	1.428

Deductible Factors	
Deductible	Factor
\$250	1.26
500	1.15
1,000	1.00
2,500	0.78

Protection - Construction Factors		
Protection Class	Masonry	Frame
1	0.81	0.96
2	0.82	0.97
3	0.83	0.98
4	0.84	0.99
5	0.85	1.00
6	0.86	1.01
7	0.87	1.10
8	1.00	1.40
8B	1.36	1.82
9	1.60	2.10
10	1.70	2.50

Coverage Amount Factors	
Coverage A Amount	Factor
25,000	0.810
26,000	0.811
28,000	0.815
30,000	0.818
32,000	0.824
34,000	0.830
36,000	0.836
38,000	0.843
40,000	0.851
42,000	0.862
44,000	0.873
46,000	0.884
48,000	0.898
50,000	0.910
55,000	0.953
60,000	1.000
65,000	1.057
70,000	1.118
75,000	1.138
80,000	1.150
85,000	1.169
90,000	1.186
95,000	1.210
100,000	1.233
110,000	1.289
120,000	1.354
130,000	1.427
140,000	1.507
150,000	1.594
160,000	1.688
170,000	1.785
180,000	1.888
190,000	1.994
200,000	2.102
e/a 10,000	0.111

Kentucky FAIR Plan Rating Information

CONTENTS FORMS HO-4 & HO-6

Base Rates	
HO-4	HO-6
\$95	\$108
\$1,000 Deductible Frame, Protection Class 5 \$20,000 Coverage Amount	

Territory Factors		
Territory	HO-4	HO-6
30	1.261	1.125
31	0.979	1.033
32	0.878	0.965
33	0.888	0.986
34	0.423	0.912
35	0.918	0.961
36	1.038	0.911
37	1.259	1.166
38	1.356	0.941

Protection - Construction Factors		
Protection Class	Masonry	Frame
1	0.86	0.96
2	0.87	0.97
3	0.88	0.98
4	0.89	0.99
5	0.90	1.00
6	0.91	1.01
7	0.92	1.20
8	0.93	1.30
8B	1.15	1.48
9	1.30	1.60
10	1.50	1.95

Deductible Factors	
Deductible	Factor
\$250	1.26
500	1.15
1,000	1.00
2,500	0.78

Coverage Amount Factors		
Coverage C Amount	HO-4	HO-6
5,000	0.310	0.460
6,000	0.356	0.492
7,000	0.402	0.524
8,000	0.448	0.556
9,000	0.494	0.588
10,000	0.540	0.620
11,000	0.584	0.662
12,000	0.628	0.704
13,000	0.672	0.746
14,000	0.716	0.788
15,000	0.760	0.830
16,000	0.808	0.864
17,000	0.856	0.898
18,000	0.904	0.932
19,000	0.952	0.966
20,000	1.000	1.000
21,000	1.038	1.034
22,000	1.076	1.068
23,000	1.114	1.102
24,000	1.152	1.136
25,000	1.190	1.170

Kentucky FAIR Plan

Homeowners Program

Manual Pages

Kentucky FAIR Plan Reinsurance Association

Homeowner Manual

11. Age and Construction Requirements

If the dwelling is over 40 years old at the time the application is submitted to the FAIR Plan the wiring must have been updated to meet current standards. There are no other age limitations.

12. Mandatory Coverage

It is mandatory that insurance be written for all the coverages provided under both Sections I and II of the Homeowners Policy.

13. Deductibles

All Homeowners Policies are subject to a **\$1,000** base deductible applicable to loss from Section I perils covered under the policy on an occurrence basis.

Optional deductibles are available in amounts of \$500 and \$2,500. See Rule 36 for optional deductibles.

14. Secondary Residence Premises

Homeowners Coverage on a secondary residence premises shall be provided under a separate policy. The rules of this manual apply except the Section II Coverage is not mandatory for the secondary residence policy when the FAIR Plan insures the initial and secondary residence and the policy number of the initial residence is indicated on the policy covering the secondary residence.

15. Change Endorsements

Requested policy endorsements and changes must be submitted to the FAIR Plan for approval. The producer does not have binding authority to increase or bind the FAIR Plan on any additional coverage or amount of insurance until received and approved at the FAIR Plan. The change notice or the policy change form located on the FAIR Plan website may be used to request changes.

16. Other Insurance

In the event the insurable value of the property exceeds the maximum limits of coverage available in the FAIR Plan, the producer may secure other insurance on the property. The producer shall provide evidence, if requested, of any other insurance written on the same property.

17. Changes, Cancellation or Reduction of Coverage

Requested policy changes or endorsements must be submitted to the FAIR Plan for approval. The producer does not have binding authority to increase or bind the Plan on any additional coverage or amount of insurance until the request is received and approved by the Underwriting Department.

If insurance is increased, decreased or cancelled, the additional or return premium shall be computed on a pro-rata basis.

Kentucky FAIR Plan Reinsurance Association

Homeowner Manual

D. Superior Construction.

1. Non-Combustible—exterior walls and floors and roof constructed of, and supported by metal, asbestos gypsum, or other non-combustible materials.
2. Masonry non-combustible—exterior walls constructed of masonry materials (as described in C above) and floors and roof of metal or other non-combustible materials.
3. **Fire resistive**—exterior walls and floors and roof constructed of masonry or other fire resistive materials.

Note: Mixed (masonry/frame)—a combination of both frame and masonry construction shall be classed and coded as frame when the exterior walls of frame construction (including gables) exceed 33 1/3% of the total exterior wall area otherwise class and code as masonry.

36. Deductibles

All policies are subject to a deductible that applies to loss from all Section I Perils, except earthquake. A separate deductible applies to earthquake coverage. A \$2,500 deductible is required for dwellings with fire losses or multiple claims.

A. Base Deductible \$1,000

B. Optional Deductibles: (The factor selected below is used in determining the adjusted base premium. See Rule 25)

<u>Deductible:</u>	<u>\$500</u>	<u>\$2,500</u>
Factor:	1.15	.78

37. Earthquake

Use Endorsement: **HO 04 54**

The base deductible is **5%** of the limit of liability for each coverage and is subject to the **\$250 minimum**. This deductible applies separately to loss under the various Section I Property Coverages. Optional deductible percentages are included below.

A. Zone Definitions:

Zone 2 Ballard, Calloway, Caldwell, Carlisle, Christian, Crittenden, Daviess, Fulton, Graves, Henderson, Hickman, Hopkins, Livingston, Lyon, McCracken, McLean, Marshall, Trigg, Union, and Webster.

Zone 3 Allen, Barren, Butler, Breckinridge, Edmonson, Grayson, Hancock, Hardin, Hart, Larue, Logan, Meade, Muhlenberg, Ohio, Simpson, Todd, Warren.

Zone 4 Balance of the state.

KEY RATE X KEY FACTOR = BASE PREMIUM

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
30	1	845	1,001	
	2	854	1,012	
	3	865	1,021	
	4	876	1,032	
	5	886	1,043	
	6	896	1,052	
	7	907	1,146	
	8	1,043	1,459	
	8B	1,417	1,897	
	9	1,668	2,189	
10	1,772	2,605		

Cov. A Amount	Key Factors
35,000	0.833
36,000	0.836
38,000	0.843
40,000	0.851
42,000	0.862
44,000	0.873
46,000	0.884
48,000	0.898
50,000	0.910
55,000	0.953
60,000	1.000
65,000	1.057
70,000	1.118
75,000	1.138
80,000	1.150
85,000	1.169
90,000	1.186
95,000	1.210
100,000	1.233
110,000	1.289
120,000	1.354
130,000	1.427
140,000	1.507
150,000	1.594
160,000	1.688
170,000	1.785
180,000	1.888
190,000	1.994
200,000	2.102

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
35	1	904	1,070	
	2	914	1,082	
	3	926	1,093	
	4	937	1,104	
	5	948	1,116	
	6	960	1,127	
	7	971	1,228	
	8	1,116	1,562	
	8B	1,517	2,030	
	9	1,784	2,342	
10	1,896	2,789		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
31	1	816	967	
	2	826	977	
	3	836	988	
	4	846	997	
	5	857	1,007	
	6	866	1,018	
	7	876	1,108	
	8	1,007	1,410	
	8B	1,370	1,834	
	9	1,612	2,116	
10	1,712	2,519		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
36	1	1,048	1,242	
	2	1,061	1,255	
	3	1,074	1,268	
	4	1,087	1,280	
	5	1,099	1,294	
	6	1,112	1,307	
	7	1,126	1,423	
	8	1,294	1,811	
	8B	1,759	2,354	
	9	2,070	2,717	
10	2,200	3,234		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
32	1	720	853	
	2	728	862	
	3	738	871	
	4	746	880	
	5	756	889	
	6	764	898	
	7	773	978	
	8	889	1,244	
	8B	1,208	1,618	
	9	1,422	1,867	
10	1,511	2,222		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
37	1	1,397	1,656	
	2	1,415	1,673	
	3	1,432	1,691	
	4	1,448	1,708	
	5	1,466	1,724	
	6	1,483	1,742	
	7	1,500	1,897	
	8	1,724	2,414	
	8B	2,346	3,139	
	9	2,760	3,622	
10	2,932	4,312		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
33	1	708	839	
	2	716	848	
	3	726	857	
	4	734	865	
	5	743	875	
	6	752	883	
	7	761	961	
	8	875	1,224	
	8B	1,189	1,591	
	9	1,399	1,836	
10	1,486	2,185		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
34	1	481	571	
	2	487	577	
	3	493	582	
	4	499	588	
	5	505	594	
	6	511	600	
	7	517	654	
	8	594	833	
	8B	809	1,082	
	9	952	1,248	
10	1,010	1,486		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
38	1	1,304	1,547	
	2	1,321	1,562	
	3	1,337	1,578	
	4	1,354	1,595	
	5	1,369	1,610	
	6	1,385	1,627	
	7	1,402	1,772	
	8	1,610	2,255	
	8B	2,191	2,932	
	9	2,578	3,383	
10	2,738	4,027		

KEY RATE X KEY FACTOR = BASE PREMIUM

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
30	1	103	115	
	2	104	116	
	3	105	117	
	4	107	119	
	5	108	120	
	6	109	121	
	7	110	144	
	8	111	156	
	8B	138	177	
	9	156	192	
10	180	234		

Cov. C Amount	Key Factors
5,000	0.310
6,000	0.356
7,000	0.402
8,000	0.448
9,000	0.494
10,000	0.540
11,000	0.584
12,000	0.628
13,000	0.672
14,000	0.716
15,000	0.760
16,000	0.808
17,000	0.856
18,000	0.904
19,000	0.952
20,000	1.000
21,000	1.038
22,000	1.076
23,000	1.114
24,000	1.152
25,000	1.190

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
35	1	75	84	
	2	76	85	
	3	77	85	
	4	78	86	
	5	78	87	
	6	79	88	
	7	80	105	
	8	81	113	
	8B	100	129	
	9	113	140	
10	131	170		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
31	1	80	89	
	2	81	90	
	3	82	91	
	4	83	92	
	5	84	93	
	6	85	94	
	7	86	112	
	8	86	121	
	8B	107	138	
	9	121	149	
10	140	181		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
36	1	85	95	
	2	86	96	
	3	87	97	
	4	88	98	
	5	89	99	
	6	90	100	
	7	91	118	
	8	92	128	
	8B	113	146	
	9	128	158	
10	148	192		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
32	1	72	80	
	2	73	81	
	3	73	82	
	4	74	83	
	5	75	83	
	6	76	84	
	7	77	100	
	8	78	108	
	8B	96	123	
	9	108	133	
10	125	163		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
37	1	103	115	
	2	104	116	
	3	105	117	
	4	106	118	
	5	108	120	
	6	109	121	
	7	110	144	
	8	111	155	
	8B	138	177	
	9	155	191	
10	179	233		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
33	1	73	81	
	2	73	82	
	3	74	83	
	4	75	84	
	5	76	84	
	6	77	85	
	7	78	101	
	8	78	110	
	8B	97	125	
	9	110	135	
10	127	165		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
34	1	35	39	
	2	35	39	
	3	35	39	
	4	36	40	
	5	36	40	
	6	37	41	
	7	37	48	
	8	37	52	
	8B	46	59	
	9	52	64	
10	60	78		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
38	1	111	124	
	2	112	125	
	3	113	126	
	4	115	128	
	5	116	129	
	6	117	130	
	7	119	155	
	8	120	167	
	8B	148	191	
	9	167	206	
10	193	251		

KEY RATE X KEY FACTOR = BASE PREMIUM

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
30	1	104	117	
	2	106	118	
	3	107	119	
	4	108	120	
	5	109	122	
	6	111	123	
	7	112	146	
	8	113	158	
	8B	140	180	
	9	158	194	
10	182	237		

Cov. C Amount	Key Factors
5,000	0.460
6,000	0.492
7,000	0.524
8,000	0.556
9,000	0.588
10,000	0.620
11,000	0.662
12,000	0.704
13,000	0.746
14,000	0.788
15,000	0.830
16,000	0.864
17,000	0.898
18,000	0.932
19,000	0.966
20,000	1.000
21,000	1.034
22,000	1.068
23,000	1.102
24,000	1.136
25,000	1.170

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
35	1	89	100	
	2	90	101	
	3	91	102	
	4	92	103	
	5	93	104	
	6	94	105	
	7	95	125	
	8	97	135	
	8B	119	154	
	9	135	166	
10	156	202		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
31	1	96	107	
	2	97	108	
	3	98	109	
	4	99	110	
	5	100	112	
	6	102	113	
	7	103	134	
	8	104	145	
	8B	128	165	
	9	145	179	
10	167	218		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
36	1	85	94	
	2	86	95	
	3	87	96	
	4	88	97	
	5	89	98	
	6	90	99	
	7	91	118	
	8	92	128	
	8B	113	146	
	9	128	157	
10	148	192		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
32	1	90	100	
	2	91	101	
	3	92	102	
	4	93	103	
	5	94	104	
	6	95	105	
	7	96	125	
	8	97	135	
	8B	120	154	
	9	135	167	
10	156	203		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
37	1	108	121	
	2	110	122	
	3	111	123	
	4	112	125	
	5	113	126	
	6	115	127	
	7	116	151	
	8	117	164	
	8B	145	186	
	9	164	201	
10	189	246		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
33	1	92	102	
	2	93	103	
	3	94	104	
	4	95	105	
	5	96	106	
	6	97	108	
	7	98	128	
	8	99	138	
	8B	122	158	
	9	138	170	
10	160	208		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
34	1	85	95	
	2	86	96	
	3	87	97	
	4	88	98	
	5	89	98	
	6	90	99	
	7	91	118	
	8	92	128	
	8B	113	146	
	9	128	158	
10	148	192		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
38	1	87	98	
	2	88	99	
	3	89	100	
	4	90	101	
	5	91	102	
	6	92	103	
	7	93	122	
	8	95	132	
	8B	117	150	
	9	132	163	
10	152	198		

KEY RATE X KEY FACTOR = BASE PREMIUM

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
30	1	704	834	
	2	712	843	
	3	721	851	
	4	730	860	
	5	738	869	
	6	747	877	
	7	756	955	
	8	869	1,216	
	8B	1,181	1,581	
	9	1,390	1,824	
10	1,477	2,171		

Cov. A Amount	Key Factors
25,000	0.810
26,000	0.811
28,000	0.815
30,000	0.818
32,000	0.824
34,000	0.830
36,000	0.836
38,000	0.843
40,000	0.851
42,000	0.862
44,000	0.873
46,000	0.884
48,000	0.898
50,000	0.910
55,000	0.953
60,000	1.000
65,000	1.057
70,000	1.118
75,000	1.138
80,000	1.150
85,000	1.169
90,000	1.186
95,000	1.210
100,000	1.233
110,000	1.289
120,000	1.354
130,000	1.427
140,000	1.507
150,000	1.594
160,000	1.688
170,000	1.785
180,000	1.888
190,000	1.994
200,000	2.102

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
35	1	753	892	
	2	762	902	
	3	772	911	
	4	781	920	
	5	790	930	
	6	800	939	
	7	809	1,023	
	8	930	1,302	
	8B	1,264	1,692	
	9	1,487	1,952	
10	1,580	2,324		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
31	1	680	806	
	2	688	814	
	3	697	823	
	4	705	831	
	5	714	839	
	6	722	848	
	7	730	923	
	8	839	1,175	
	8B	1,142	1,528	
	9	1,343	1,763	
10	1,427	2,099		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
36	1	873	1,035	
	2	884	1,046	
	3	895	1,057	
	4	906	1,067	
	5	916	1,078	
	6	927	1,089	
	7	938	1,186	
	8	1,078	1,509	
	8B	1,466	1,962	
	9	1,725	2,264	
10	1,833	2,695		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
32	1	600	711	
	2	607	718	
	3	615	726	
	4	622	733	
	5	630	741	
	6	637	748	
	7	644	815	
	8	741	1,037	
	8B	1,007	1,348	
	9	1,185	1,556	
10	1,259	1,852		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
37	1	1,164	1,380	
	2	1,179	1,394	
	3	1,193	1,409	
	4	1,207	1,423	
	5	1,222	1,437	
	6	1,236	1,452	
	7	1,250	1,581	
	8	1,437	2,012	
	8B	1,955	2,616	
	9	2,300	3,018	
10	2,443	3,593		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
33	1	590	699	
	2	597	707	
	3	605	714	
	4	612	721	
	5	619	729	
	6	627	736	
	7	634	801	
	8	729	1,020	
	8B	991	1,326	
	9	1,166	1,530	
10	1,238	1,821		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
34	1	401	476	
	2	406	481	
	3	411	485	
	4	416	490	
	5	421	495	
	6	426	500	
	7	431	545	
	8	495	694	
	8B	674	902	
	9	793	1,040	
10	842	1,238		

Territory	Protection		Key Rates	
	Class	Masonry	Frame	
38	1	1,087	1,289	
	2	1,101	1,302	
	3	1,114	1,315	
	4	1,128	1,329	
	5	1,141	1,342	
	6	1,154	1,356	
	7	1,168	1,477	
	8	1,342	1,879	
	8B	1,826	2,443	
	9	2,148	2,819	
10	2,282	3,356		

Homeowners Rating Worksheet										
Name of Insured				Policy Number						
Rating Territory			Construction				Protection Class			
Key Rate	X	Key Factor	(=)	Base Premium (Note 1)	X	Ded. Factor	X	Prot. Dev. Disc	(=)	Adjusted Base Prem. a (Note 1)
	X		(=)		X		X		(=)	
				Condition Charge Premium (from below) (Note 1)				b		
				Earthquake Premium (Note 3)				c		
				Mine Subsidence Premium (Note 3)				d		
				Woodstove Surcharge (Note 2)				e		
				Premium Prior to Surcharge (a+b+c+d+e) (Note1)				f		
				KY Premium Surcharge (1.8% x f)				g		
				Total Annual Premium (f+g)				i		
Condition Charges (Times Adjusted Base Premium)						Notes:				
Heating		10%				1. Round to nearest \$1.00				
Electrical		10%				2. Woodstove Surcharge: \$100.00 Flat Charge				
Roof		5%				3. Mine Subsidence and Earthquake are Flat Premiums.				
Physical Condition		5%								
Housekeeping		5%								
Total Condition Charges: 25% Max										

Homeowner Rating Steps:

Adjusted Base Premium:

1. Select the key rate for the territory, protection class and construction.
2. Multiply the key rate by the key factor and round to the nearest \$1.00.
3. Higher Deductible (if applicable): Base Premium x ded. factor and round to the nearest \$1.00.
4. Protective Device (if applicable): Base Premium x prot. dev. factor and round to the nearest \$1.00.

Premium Prior to Surcharge: (added to the Adjusted Base Premium)

1. Condition Charges: (maximum surcharge limit is 25%): Multiply the Adjusted Base Premium by the condition charge % to arrive at the condition charge premium.
2. Earthquake: Determine the earthquake zone, construction, value range and earthquake deductible to obtain the earthquake premium.
3. Mine Subsidence (if applicable): Premium is based on the amount of coverage. Maximum total insured value is \$300,000. (See Rule 8 for maximum coverage limits.) \$25,000 additional living expense is also included in addition to the coverage for the structure.
4. Woodstove Surcharge: \$100.00 flat charge.

Kentucky Premium Surcharge: Premium Prior to Surcharge x 1.8%. (Do not round.)

Total Annual Premium: Premium Prior to Surcharge + Kentucky Premium Surcharge = Total Annual Premium.



"Serving the Insurance Industry"

August 12, 2025

Melissa Chlon
Assistant Director/Plan Manager
Kentucky FAIR Plan Reinsurance Association
P.O. Box 437249
Louisville, KY 40253

Kentucky FAIR Plan
2025 Commercial and Farm Property Program Rate Review and Proposal

Dear Melissa:

Enclosed is a proposal for your review and actions. This was developed for your Governing Committee to consider in support of a possible rate filing.

Rate Review

The statewide indication is based on a review of the Plan's experience for calendar years 2015 through 2024. Following generally accepted procedures, the premiums are adjusted for rate changes and inflationary trends and the losses are adjusted to smooth excess losses and for inflationary trends. Expenses include provisions of 0.0% for profit and 1.0% for contingencies. This analysis produced a statewide rate level indication of 8.8%.

Over the 2015 through 2024 experience period the Plan developed an underwriting margin of -16.4%, suggesting the Plan paid out approximately \$1.16 for every \$1.00 of premium earned over this timeframe. It should be noted that the UW margin has dropped considerably to -44.3% for the last five years, and -58.8% for the last three. Please see Exhibit 8 of the attachments for further details.

Proposal

To adjust rates to the current loss cost level and help the Plan achieve break-even basis on its rate structure, an 8.8% rate change is proposed (Exhibit 2). This proposal:

- Adopts the base class loss costs from ISO reference filing CF-2024-RLA2
- Adopts the base class loss costs from ISO reference filing FR-2022-RLA1
- Revises the loss cost multiplier from 4.069 to 3.823
- Revises the base deductible from \$250 to \$1,000. It should be noted that there are no changes proposed to the Plan's deductible factors other than adjusting them to the new \$1,000 base deductible. The \$250 deductible option will no longer be available for new business.
- Revises limit of insurance curve relativities for amounts of insurance above the base amounts of \$250k for buildings and \$50k for contents. Due to the hardening of the commercial market, the Plan is starting to see requests for higher-limit policies with the potential for large, total limits losses.

Plan rates would be a combination of the base class loss costs from reference filings CF-2024-RLA2 and FR-2022-RLA1, and the proposed 3.823 loss cost multiplier. In support of this proposal the following exhibits are

provided, and these exhibits will constitute the Commercial and Farm Program rate filing should the Committee elect to file:

- Kentucky Department of Insurance – Calculation of Loss Cost Multiplier, Form LC-1 P&C
- Actuarial Memorandum
- Kentucky FAIR Plan Rate Review, Exhibits 1-10

The anticipated effective date is June 1, 2026 for new business and renewals.

Please keep us advised of any actions taken with respect to this proposal. We will be available if you would like us to take part in a discussion of this proposal with your Governing Committee.

Sincerely,

Dave Gill
AIPSO Actuarial Services
(401) 528-1430
David.Gill@aipso.com

Kentucky FAIR Plan

INDEX

Kentucky Department of Insurance - Calculation of Loss Cost Multiplier, LC-1 P&C (9/2004)

Actuarial Memorandum

Exhibit 1	Statewide Rate Level Indication
Exhibit 2	Statewide Rate Level Change
Exhibit 3	Determination of Premium On-Level Factors
Exhibit 4	Determination of Premium Trend
Exhibit 5	Determination of Adjusted Losses and LAE
Exhibit 6	Determination of Loss Trend
Exhibit 7	Determination of Permissible Loss and LAE Ratio
Exhibit 8	Historical Underwriting Results
Exhibit 9	Rating Information
Exhibit 10	Manual Pages

**COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE
CALCULATION OF LOSS COST MULTIPLIER**

COMPANY NAME _____ NAIC CO.# _____ DATE _____
GROUP NAME _____ GROUP # _____

1. LINE, SUB-LINE, COVERAGE, TERRITORY, CLASS, ETC. COMBINATION TO WHICH THIS LOSS COST MULTIPLIER IS APPLICABLE? _____

2. LOSS COST MODIFICATION:

A. THE INSURER HEREBY FILES TO ADOPT THE PROSPECTIVE LOSS COSTS OF... ORGANIZATION _____ REFERENCE FILING # _____

(check one)

() WITHOUT MODIFICATION. (2B. = 1.000)

() WITH THE FOLLOWING MODIFICATION(S). CITE THE NATURE AND PERCENTAGE MODIFICATION INCLUDING THE UNDERLYING RATIONALE FOR MODIFICATION.

B. LOSS COST **MODIFICATION** EXPRESSED AS A FACTOR: _____ > _____

3. LOSS ADJUSTMENT EXPENSE EXPRESSED AS A FACTOR OF LOSSES _____ > _____
(Please refer to the explanatory notes on the reverse side of this form to determine the appropriate factor.)

NOTE: IF EXPENSE CONSTANTS ARE USED, COMPLETE & ATTACH "EXPENSE CONSTANT SUPPLEMENT" (LC-2). DO NOT COMPLETE ITEMS 4 - 7 BELOW.

4. DEVELOPMENT OF EXPECTED LOSS RATIO (ELR).

A. TOTAL PRODUCTION EXPENSE _____ > _____ %

B. GENERAL EXPENSE _____ > _____ %

C. TAXES, LICENSES & FEES _____ > _____ %

(Note: Do not include any assessments collected that are not your company's actual expense. For example, the workers compensation Special Fund and the Kentucky Municipal Premium Tax are excluded from this line.)

D. UNDERWRITING PROFIT & CONTINGENCIES _____ > _____ %

E. TOTAL _____ %

5A. EXPECTED LOSS RATIO: ELR = 100% - 4E. _____ %

5B. EXPECTED LOSS RATIO EXPRESSED AS A FACTOR: _____

6. COMPANY FORMULA LOSS COST MULTIPLIER: [2B. x 3. / 5B.] _____

7. COMPANY SELECTED LOSS COST **MULTIPLIER**: _____ > _____

8. CHECK ONE OF THE FOLLOWING:

The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants included in the attachments. The rates will apply to policies written on or after the **effective date** of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or amended or withdrawn by the insurer subject to Kentucky Revised Statutes Chapter 304, Subtitle 13.

The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above advisory organization Reference Filing.

Kentucky FAIR Plan

Commercial and Farm Property Program

ACTUARIAL MEMORANDUM

Data

In our analysis we utilized data provided in the Plan's financial statements, the PIPSO Reports, and policy data supplied by the Plan. We relied on the general accuracy of this data without audit, however, we did review the data for reasonableness and consistency with prior rate reviews. We considered the Plan's own experience as well as both historical and current industry information, and we utilized commonly accepted actuarial methods and principles in developing our analysis.

Exhibits

In support of this proposal the following exhibits are included.

Exhibit 1 (Statewide Rate Level Indication). This exhibit shows the calculation of the statewide rate level indication. The factors used to adjust the earned premium and incurred losses are further described below. Credibility was based on the standard of 4,000 claims for full credibility and the square root rule for partial credibility subject to a minimum partial credibility of 20%.

Exhibit 2 (Statewide Rate Level Change). These exhibits display the Plan's written premium and policy count (in-force data is not available) and show the proposed rate change on existing policyholders by impact rank.

Exhibit 3 (Determination of Premium On-Level Factors). This exhibit shows the impact of past rate level changes on earned premium using the traditional parallelogram method.

Exhibit 4 (Determination of Premium Trend). This exhibit shows the trend factors used to adjust the earned premium for changes in building values. The premium trend was tempered to account for the variation in insureds from year to year and the greater than average percentage of new business associated with the residual market.

Exhibit 5 (Determination of Adjusted Losses and LAE). Because there is potential for excess losses arising from wind, hail or other perils, this exhibit displays the derivation of excess losses utilizing an excess procedure applied to the Plan's loss data. Because of the infrequent nature of excess losses, this adjustment is necessary to include a provision for expected losses rather than those that happened to occur during the experience period. The excess loss procedure makes two adjustments to reported losses. It removes the excess losses that occurred in a given year and replaces those losses with an expected excess loss provision.

Exhibit 6 (Determination of Loss Trend). The factors used to adjust the losses utilize the Bureau of Labor Statistics "Producer Price Index" to incorporate changes in the cost of nonresidential building construction and repairs.

Exhibit 7 (Determination of Permissible Loss & LAE Ratio). This exhibit shows a history of the Plan's expenses taken from the Plan's financial statements. Totals and 3-year averages are displayed, and final provisions are judgmentally selected.

Exhibit 8 (Historical Underwriting Results). This exhibit provides a history of the Plan's underwriting results taken from the Plan's financial statements.

Exhibit 9 (Rating Information). This exhibit summarizes the rating information used to develop the Plan's manual rate pages.

Exhibit 10 (Manual Pages). We have enclosed a copy of the Plan's manual pages incorporating the proposed changes and noting the anticipated effective date.

Kentucky FAIR Plan Statewide Rate Level Indication

COMMERCIAL AND FARM PROPERTY PROGRAM

(1) Year	(2) Premiums Earned	(3) Exhibit 3 Premium On-Level Factor	(4) Exhibit 4 Premium Trend Factor	(5) (2)x(3)x(4) Projected Premium at Current Level	(6) Exhibit 5 Adjusted Losses and LAE	(7) Exhibit 6 Loss Trend Factor	(8) (6)x(7) Projected Losses and LAE	(9) (8)/(5) Loss and LAE Ratio	(10) Exhibit 7 Fixed Expense Ratio	(11) (9)+(10) L&LAE Ratio Including Fixed Expenses	(12) PIPISO A1 No. of Losses Reported
2015	476,113	0.957	1.194	544,035	362,167	1.866	675,804	124.2%			13
2016	434,209	0.957	1.176	488,673	193,431	1.841	356,106	72.9%			10
2017	362,251	0.959	1.159	402,636	278,539	1.801	501,649	124.6%			15
2018	304,987	0.976	1.142	339,936	231,995	1.770	410,631	120.8%			11
2019	266,320	1.027	1.125	307,700	12,185	1.715	20,897	6.8%			10
2020	250,791	1.033	1.108	287,046	190,770	1.667	318,014	110.8%			9
2021	212,032	1.033	1.092	239,180	75,248	1.577	118,666	49.6%			6
2022	199,748	1.027	1.076	220,732	85,966	1.339	115,108	52.1%			5
2023	193,672	1.003	1.060	205,908	147,321	1.184	174,428	84.7%			11
2024	215,713	1.000	1.044	225,204	164,087	1.158	190,013	84.4%			3
<hr/>											
Total	2,915,836			3,261,048	1,741,709		2,881,316	88.4%			
5 Year	1,071,956			1,178,070	663,392		916,229	77.8%			
3 Year	609,133			651,844	397,374		479,549	73.6%			

SELECTED

(13) Permissible Loss and Loss Adjustment Expense Ratio Including Fixed Expenses [Exhibit 7]	77.8%	23.8%	101.6%
(14) Plan Indication [(11)/(13)-1.0]			90.3%
(15) Number of Losses Reported [Sum of (12)]			12.5%
(16) Credibility [Square Root of {(15)/4,000}, Minimum = 20%]			93
(17) ISO Reference Filing CF-2024-RLA2 Loss Cost Change			20%
(18) Statewide Rate Level Indication [(14) x (16) + (17) x {1.0 - (16)}]			7.9%
			8.8%

COMMERCIAL PROPERTY PROGRAM - STATEWIDE RATE LEVEL CHANGE

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
			CF-2024 RLA1	CF-2024 RLA2	CF-2024 RDED1	Exhibit 2 Sheet 4	Exhibit 2 Sheets 6-8	(5)x(6)x(7) x(8)x(9)		CF-2024 RLA1	CF-2024 RLA2	CF-2024 RDED1	Exhibit 2 Sheet 4	Exhibit 2 Sheets 6-8	(12)x(13)x(14) x(15)x(16)		(4)+(11) +(18)	[(4)x(10)+(11)x(17)] /[(4)+(11)+(18)]	(20)x(21)	(19)x(22)		
BASIC GROUP I - FIRE										BASIC GROUP II - E.C.						OTHER	COMBINED					
Rating Group	Terr.	2024 Policy Count	2024 Written Premium	Loss Cost Change	Loss Cost Change	Off Balance Factor	Deductible Factors	Limit of Insurance Factors	BG I Total Change	2024 Written Premium	Loss Cost Change	Loss Cost Change	Off Balance Factor	Deductible Factors	Limit of Insurance Factors	BG II Total Change	2024 Written Premium	2024 Written Premium	BG I&II Change	Loss Cost Multiplier Change	Rate Level Change	Dollar Change
01	LOU	4	7,334	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	6,823	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	14,157	48.2%	-6.0%	39.2%	5,550
02	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
03	LOU	1	1,004	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	1,004	47.7%	-6.0%	38.8%	390
04	LOU	3	1,656	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	1,656	47.7%	-6.0%	38.8%	643
05	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
06	LOU	4	2,608	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	3,801	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	6,409	48.3%	-6.0%	39.3%	2,518
07	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
08	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
09	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
10	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
11	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
12	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
13	LOU	1	1,557	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	1,811	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	3,368	48.2%	-6.0%	39.2%	1,322
14	LOU	1	328	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	328	47.7%	-6.0%	38.8%	127
15	LOU	1	77	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	23	100	36.8%	-6.0%	28.5%	28
17	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
18	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
19	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
20	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
21	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
22	LOU	0	0	22.2%	18.1%	-2.8%	4.2%	1.1%	47.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
01	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
02	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
03	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
04	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
05	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
06	LEX	1	335	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	335	-6.7%	-6.0%	-12.4%	(41)
07	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
08	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
09	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
10	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
11	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
12	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
13	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
14	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
15	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
17	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
18	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
19	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
20	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
21	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
22	LEX	0	0	-5.0%	-4.1%	-2.8%	4.2%	1.1%	-6.7%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
01	BAL	11	29,041	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	8,282	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	105	37,428	18.0%	-6.0%	10.8%	4,057
02	BAL	8	13,207	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	1,571	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	70	14,848	13.4%	-6.0%	6.6%	974
03	BAL	1	1,860	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	1,860	9.3%	-6.0%	2.7%	50
04	BAL	16	19,200	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	7,201	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	93	26,494	20.0%	-6.0%	12.7%	3,365
05	BAL	1	22	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	47	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	31	100	24.9%	-6.0%	17.3%	17
06	BAL	9	4,773	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	1,724	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	82	6,578	19.5%	-6.0%	12.3%	807
07	BAL	1	878	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	878	9.3%	-6.0%	2.7%	24
08	BAL	2	4,979	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	965	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	5,944	15.7%	-6.0%	8.7%	516
09	BAL	4	7,801	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	4,811	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	39	12,651	24.2%	-6.0%	16.7%	2,114
10	BAL	2	9,164	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	117	9,280	9.2%	-6.0%	2.6%	240
11	BAL	0	0	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
12	BAL	2	2,714	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	2,714	9.3%	-6.0%	2.7%	73
13	BAL	6	7,038	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	1,037	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	8,075	14.4%	-6.0%	7.4%	601
14	BAL	5	12,931	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	4,843	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	15	17,789	20.0%	-6.0%	12.7%	2,266
15	BAL	19	42,516	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	8,636	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	30	51,182	15.9%	-6.0%	8.9%	4,565
17	BAL	0	0	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
18	BAL	0	0	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
19	BAL	0	0	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
20	BAL	0	0	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	0	28.3%	12.1%	-11.0%	15.0%	1.0%	48.6%	0	0	0.0%	-6.0%	-6.0%	0
21	BAL	0	0	5.5%	1.2%	-2.8%	4.2%	1.1%	9.3%	0	28											

Kentucky FAIR Plan Statewide Rate Level Change

FARM PROPERTY PROGRAM

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) (6)x(7)	(9)	(10)	(11)	(12) (11)/(8)-1.0	(13) (5)x(12)		
								ISO Reference Filing FR-2022-RLA1						
					PRESENT			PROPOSED						
Coverage A or Coverage C	Type	Type Distr.	2024 Policy Count	2024 Written Premium	\$250 Deductible Base Rate	\$1,000 Deductible Factor	\$1,000 Deductible Rate	\$1,000 Deductible Loss Cost	Loss Cost Multiplier	\$1,000 Deductible Base Rate	Rate Level Change	Dollar Change		
DWELLING	1	0.245		5,296	\$18.84	0.90	\$16.96	\$3.93	3.823	\$15.02	-11.4%	(606)		
	2	0.400		8,646	29.42	0.90	26.48	6.15	3.823	23.51	-11.2%	(970)		
	3	0.350		7,566	34.30	0.90	30.87	7.16	3.823	27.37	-11.3%	(858)		
	MH	0.005		108	48.26	0.90	43.43	10.08	3.823	38.54	-11.3%	(12)		
HOUSEHOLD PP	1	0.245		692	16.52	0.90	14.87	3.45	3.823	13.19	-11.3%	(78)		
	2	0.400		1,130	25.96	0.90	23.36	5.42	3.823	20.72	-11.3%	(128)		
	3	0.350		989	29.22	0.90	26.30	6.10	3.823	23.32	-11.3%	(112)		
	MH	0.005		14	42.52	0.90	38.27	8.87	3.823	33.91	-11.4%	(2)		
BARNs/STABLES OUTBUILDINGS	1	0.125		2,675	10.01	0.90	9.01	1.94	3.823	7.42	-17.6%	(472)		
	2	0.200		4,280	14.12	0.90	12.71	2.74	3.823	10.48	-17.5%	(751)		
	3	0.175		3,745	21.93	0.90	19.74	4.25	3.823	16.25	-17.7%	(662)		
SILOS	1	0.125		2,675	9.44	0.90	8.50	1.83	3.823	7.00	-17.6%	(472)		
	2	0.200		4,280	18.55	0.90	16.70	3.59	3.823	13.72	-17.8%	(764)		
	3	0.175		3,745	50.46	0.90	45.41	9.77	3.823	37.35	-17.7%	(665)		
ALL OTHER				242							0.0%	0		
TOTAL			52	46,083							-14.2%	(6,551)		

NOTES:

Base Class: Basic Causes of Loss, Per \$1,000 of Insurance, Frame Construction, Protection Class 10

Kentucky FAIR Plan Statewide Rate Level Change

COMMERCIAL PROGRAM CONDITION CHARGES

The following charges are, if applicable, are added to the building and contents Group I rates.

Construction	Substandard Condition	Present	Proposed	Group I % Change
Frame, Joisted Masonry or Non-Combustible	Heating and Cooking	\$0.55	\$0.62	12.5%
	Electrical Wiring	\$0.27	\$0.30	12.5%
	Conversion	\$0.55	\$0.62	12.5%
	Physical Condition and Housekeeping	\$0.55	\$0.62	12.5%
	Exposure to Other Substandard Property	\$0.27	\$0.30	12.5%
Fire Resistive	Heating and Cooking	\$0.13	\$0.15	12.5%
	Electrical Wiring	\$0.07	\$0.08	12.5%
	Conversion	\$0.13	\$0.15	12.5%
	Physical Condition and Housekeeping	\$0.13	\$0.15	12.5%
	Exposure to Other Substandard Property	\$0.07	\$0.08	12.5%

Kentucky FAIR Plan Statewide Rate Level Change

COMMERCIAL PROGRAM DEDUCTIBLE FACTORS

k=thousands
 m=millions

Amount of Insurance	Deductible	Basic Group I			Basic Group II		
		Present	Proposed	% Change	Present	Proposed	% Change
All	\$250	1.00	1.04	4.0%	1.00	1.15	15.0%
>250k	\$500	0.99	1.03	4.0%	0.98	1.13	15.3%
100-250k		0.99	1.03	4.0%	0.95	1.09	14.7%
50-100k		0.98	1.02	4.1%	0.93	1.07	15.1%
<50k		0.96	1.00	4.2%	0.89	1.02	14.6%
>250k	\$1,000	0.98	1.02	4.1%	0.95	1.09	14.7%
100-250k		0.96	1.00	4.2%	0.87	1.00	14.9%
50-100k		0.95	0.99	4.2%	0.82	0.94	14.6%
<50k		0.90	0.94	4.4%	0.74	0.85	14.9%
>500k	\$2,500	0.95	0.99	4.2%	0.88	1.01	14.8%
250-500k		0.94	0.98	4.3%	0.80	0.92	15.0%
100-250k		0.92	0.96	4.3%	0.72	0.83	15.3%
<100k		0.88	0.92	4.5%	0.63	0.72	14.3%
>1m	\$5,000	0.92	0.96	4.3%	0.84	0.97	15.5%
500k-1m		0.91	0.95	4.4%	0.75	0.86	14.7%
250-500k		0.89	0.93	4.5%	0.69	0.79	14.5%
<250k		0.85	0.89	4.7%	0.59	0.68	15.3%
>5m	\$10,000	0.88	0.92	4.5%	0.83	0.95	14.5%
1m-5m		0.86	0.90	4.7%	0.72	0.83	15.3%
500k-1m		0.85	0.89	4.7%	0.64	0.74	15.6%
250-500k		0.83	0.86	3.6%	0.57	0.66	15.8%
<250k		0.77	0.80	3.9%	0.46	0.53	15.2%
>10m	\$25,000	0.81	0.84	3.7%	0.75	0.86	14.7%
5m-10m		0.78	0.81	3.8%	0.71	0.82	15.5%
1m-5m		0.76	0.79	3.9%	0.58	0.67	15.5%
500k-1m		0.75	0.78	4.0%	0.49	0.56	14.3%
<500k		0.65	0.68	4.6%	0.42	0.48	14.3%
>10m	\$50,000	0.77	0.80	3.9%	0.71	0.82	15.5%
5.5m-10m		0.76	0.79	3.9%	0.66	0.76	15.2%
3.5m-5.5m		0.74	0.77	4.1%	0.57	0.66	15.8%
1m-3.5m		0.72	0.75	4.2%	0.48	0.55	14.6%
<1m		0.70	0.73	4.3%	0.39	0.45	15.4%
>10m	\$75,000	0.74	0.77	4.1%	0.67	0.77	14.9%
5.5m-10m		0.73	0.76	4.1%	0.62	0.71	14.5%
3.5m-5.5m		0.71	0.74	4.2%	0.55	0.63	14.5%
1m-3.5m		0.69	0.72	4.3%	0.42	0.48	14.3%
<1m		0.67	0.70	4.5%	0.33	0.38	15.2%
Average				4.2%			15.0%

Kentucky FAIR Plan

Statewide Rate Level Change

FARM PROGRAM DEDUCTIBLE FACTORS

Deductible	Present	Proposed	% Change
\$250	1.00	1.11	11.0%
500	0.95	1.06	11.6%
1,000	0.90	1.00	11.1%
2,500	0.86	0.96	11.6%
5,000	0.82	0.91	11.0%
10,000	0.74	0.82	10.8%
25,000	0.63	0.70	11.1%

Kentucky FAIR Plan Statewide Rate Level Change

BUILDINGS BG I					BUILDINGS BG I				
2024					2024				
Limit of Ins. Curve					Limit of Ins. Curve				
Const. Codes 1-3					Const. Codes 4-6				
AOI	Written Premium	ISO	KFP	LOI Change	AOI	Written Premium	ISO	KFP	LOI Change
<50,000	32,878	1.172	1.172	0.0%	<50,000	0	1.258	1.258	0.0%
50,000	16,263	1.172	1.172	0.0%	50,000	1,004	1.258	1.258	0.0%
75,000	14,222	1.172	1.172	0.0%	75,000	1,566	1.258	1.258	0.0%
100,000	3,763	1.172	1.172	0.0%	100,000	2,688	1.258	1.258	0.0%
125,000	17,750	1.128	1.128	0.0%	125,000	0	1.190	1.190	0.0%
150,000	7,135	1.093	1.093	0.0%	150,000	0	1.137	1.137	0.0%
175,000	2,162	1.064	1.064	0.0%	175,000	0	1.094	1.094	0.0%
200,000	5,688	1.039	1.039	0.0%	200,000	0	1.058	1.058	0.0%
225,000	6,669	1.018	1.018	0.0%	225,000	0	1.027	1.027	0.0%
250,000	4,331	1.000	1.000	0.0%	250,000	0	1.000	1.000	0.0%
275,000	6,770	0.984	1.000	1.6%	275,000	0	0.976	1.000	2.5%
300,000	0	0.969	1.000	3.2%	300,000	0	0.955	0.985	3.1%
325,000	0	0.956	0.990	3.6%	325,000	0	0.936	0.970	3.6%
350,000	14,636	0.943	0.980	3.9%	350,000	0	0.919	0.955	3.9%
375,000	0	0.932	0.970	4.1%	375,000	0	0.903	0.940	4.1%
400,000	0	0.922	0.960	4.1%	400,000	0	0.889	0.930	4.6%
425,000	0	0.912	0.950	4.2%	425,000	0	0.875	0.920	5.1%
450,000	3,775	0.903	0.945	4.7%	450,000	0	0.863	0.910	5.4%
475,000	0	0.895	0.940	5.0%	475,000	0	0.851	0.900	5.8%
500,000	0	0.887	0.935	5.4%	500,000	0	0.841	0.890	5.8%
550,000	0	0.872	0.925	6.1%	550,000	0	0.821	0.875	6.6%
600,000	0	0.859	0.915	6.5%	600,000	0	0.803	0.855	6.5%
650,000	0	0.847	0.905	6.8%	650,000	0	0.787	0.840	6.7%
700,000	0	0.837	0.900	7.5%	700,000	0	0.773	0.825	6.7%
750,000	0	0.827	0.895	8.2%	750,000	0	0.759	0.815	7.4%
800,000	0	0.817	0.890	8.9%	800,000	0	0.747	0.805	7.8%
850,000	0	0.809	0.885	9.4%	850,000	0	0.736	0.795	8.0%
900,000	0	0.801	0.880	9.9%	900,000	0	0.725	0.790	9.0%
950,000	0	0.793	0.875	10.3%	950,000	0	0.716	0.785	9.6%
1,000,000	9,120	0.786	0.868	10.4%	1,000,000	0	0.706	0.776	9.9%
Totals	145,162			1.2%	Totals	5,258			0.0%

Kentucky FAIR Plan Statewide Rate Level Change

CONTENTS BG I					CONTENTS BG I				
2024					2024				
Limit of Ins. Curve					Limit of Ins. Curve				
Const. Codes 1-3					Const. Codes 4-6				
AOI	Written Premium	ISO	KFP	LOI Change	AOI	Written Premium	ISO	KFP	LOI Change
<10,000	15,874	1.285	1.285	0.0%	<10,000	0	1.327	1.327	0.0%
10,000	884	1.285	1.285	0.0%	10,000	372	1.327	1.327	0.0%
20,000	2,827	1.154	1.154	0.0%	20,000	405	1.175	1.175	0.0%
30,000	1,433	1.083	1.083	0.0%	30,000	0	1.094	1.094	0.0%
40,000	0	1.035	1.035	0.0%	40,000	0	1.040	1.040	0.0%
50,000	269	1.000	1.000	0.0%	50,000	0	1.000	1.000	0.0%
60,000	0	0.972	0.985	1.3%	60,000	0	0.968	0.975	0.7%
70,000	2,978	0.949	0.965	1.7%	70,000	0	0.943	0.955	1.3%
80,000	0	0.929	0.945	1.7%	80,000	0	0.921	0.935	1.5%
90,000	0	0.912	0.930	2.0%	90,000	0	0.902	0.920	2.0%
100,000	1,739	0.898	0.920	2.4%	100,000	0	0.885	0.905	2.3%
125,000	0	0.867	0.895	3.2%	125,000	0	0.851	0.880	3.4%
150,000	0	0.842	0.870	3.3%	150,000	0	0.824	0.855	3.8%
175,000	0	0.822	0.850	3.4%	175,000	0	0.802	0.835	4.1%
200,000	0	0.806	0.835	3.6%	200,000	0	0.783	0.820	4.7%
225,000	0	0.791	0.820	3.7%	225,000	0	0.767	0.805	5.0%
250,000	0	0.778	0.810	4.1%	250,000	0	0.753	0.795	5.6%
275,000	0	0.766	0.800	4.4%	275,000	0	0.741	0.785	5.9%
300,000	0	0.756	0.790	4.5%	300,000	0	0.730	0.775	6.2%
325,000	0	0.747	0.785	5.1%	325,000	0	0.719	0.765	6.4%
350,000	0	0.738	0.780	5.7%	350,000	0	0.710	0.760	7.0%
375,000	0	0.730	0.775	6.2%	375,000	0	0.701	0.755	7.7%
400,000	0	0.723	0.770	6.5%	400,000	0	0.694	0.750	8.1%
425,000	0	0.716	0.765	6.8%	425,000	0	0.686	0.745	8.6%
450,000	0	0.710	0.760	7.0%	450,000	0	0.679	0.740	9.0%
475,000	0	0.704	0.755	7.2%	475,000	0	0.673	0.735	9.2%
500,000	0	0.698	0.750	7.4%	500,000	0	0.667	0.730	9.4%
550,000	0	0.688	0.745	8.3%	550,000	0	0.656	0.720	9.8%
600,000	0	0.679	0.740	9.0%	600,000	0	0.646	0.710	9.9%
650,000	0	0.670	0.735	9.7%	650,000	0	0.637	0.700	9.9%
700,000	0	0.663	0.730	10.1%	700,000	0	0.628	0.695	10.7%
750,000	0	0.655	0.725	10.7%	750,000	0	0.621	0.690	11.1%
800,000	0	0.649	0.720	10.9%	800,000	0	0.614	0.685	11.6%
850,000	0	0.643	0.715	11.2%	850,000	0	0.607	0.680	12.0%
900,000	0	0.637	0.710	11.5%	900,000	0	0.601	0.675	12.3%
950,000	0	0.632	0.705	11.6%	950,000	0	0.596	0.670	12.4%
1,000,000	0	0.627	0.700	11.6%	1,000,000	0	0.590	0.665	12.7%
Totals	26,003			0.4%	Totals	777			0.0%

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Kentucky FAIR Plan Statewide Rate Level Change

BUILDINGS BG II					CONTENTS BG II				
2024					2024				
Limit of Ins. Curve					Limit of Ins. Curve				
Const. Codes 1-6					Const. Codes 1-6				
AOI	Written Premium	ISO	KFP	LOI Change	AOI	Written Premium	ISO	KFP	LOI Change
<50,000	8,745	1.513	1.513	0.0%	<10,000	549	1.487	1.487	0.0%
50,000	7,488	1.513	1.513	0.0%	10,000	510	1.487	1.487	0.0%
75,000	6,984	1.363	1.363	0.0%	20,000	1,048	1.254	1.254	0.0%
100,000	1,184	1.266	1.266	0.0%	30,000	229	1.134	1.134	0.0%
125,000	8,252	1.195	1.195	0.0%	40,000	0	1.057	1.057	0.0%
150,000	3,848	1.140	1.140	0.0%	50,000	574	1.000	1.000	0.0%
175,000	1,229	1.096	1.096	0.0%	60,000	0	0.956	0.960	0.4%
200,000	2,348	1.059	1.059	0.0%	70,000	874	0.920	0.930	1.1%
225,000	2,225	1.027	1.027	0.0%	80,000	0	0.891	0.905	1.6%
250,000	2,333	1.000	1.000	0.0%	90,000	0	0.865	0.880	1.7%
275,000	0	0.976	1.000	2.5%	100,000	1,008	0.843	0.860	2.0%
300,000	0	0.954	0.980	2.7%	125,000	0	0.798	0.820	2.8%
325,000	0	0.935	0.965	3.2%	150,000	0	0.763	0.790	3.5%
350,000	0	0.917	0.950	3.6%	175,000	0	0.734	0.765	4.2%
375,000	0	0.901	0.935	3.8%	200,000	0	0.710	0.740	4.2%
400,000	0	0.886	0.920	3.8%	225,000	0	0.690	0.720	4.3%
425,000	0	0.872	0.910	4.4%	250,000	0	0.672	0.705	4.9%
450,000	1,584	0.860	0.900	4.7%	275,000	0	0.657	0.690	5.0%
475,000	0	0.848	0.890	5.0%	300,000	0	0.643	0.675	5.0%
500,000	0	0.837	0.880	5.1%	325,000	0	0.630	0.660	4.8%
550,000	0	0.816	0.865	6.0%	350,000	0	0.619	0.650	5.0%
600,000	0	0.798	0.850	6.5%	375,000	0	0.608	0.640	5.3%
650,000	0	0.782	0.835	6.8%	400,000	0	0.599	0.630	5.2%
700,000	0	0.767	0.825	7.6%	425,000	0	0.590	0.620	5.1%
750,000	0	0.754	0.815	8.1%	450,000	0	0.582	0.615	5.7%
800,000	0	0.741	0.805	8.6%	475,000	0	0.574	0.610	6.3%
850,000	0	0.730	0.795	8.9%	500,000	0	0.567	0.605	6.7%
900,000	0	0.719	0.785	9.2%	550,000	0	0.554	0.595	7.4%
950,000	0	0.709	0.780	10.0%	600,000	0	0.542	0.585	7.9%
1,000,000	4,150	0.700	0.774	10.6%	650,000	0	0.531	0.575	8.3%
Totals	50,369			1.0%	700,000	0	0.522	0.570	9.2%
					750,000	0	0.513	0.565	10.1%
					800,000	0	0.505	0.560	10.9%
					850,000	0	0.497	0.555	11.7%
					900,000	0	0.490	0.550	12.2%
					950,000	0	0.484	0.545	12.6%
					1,000,000	0	0.478	0.540	13.0%
					Totals	4,792			0.6%

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Kentucky FAIR Plan Statewide Rate Level Change

Distribution of Impacts Summary

COMMERCIAL PROPERTY PROGRAM

Impact Rank	2024 Policy Count	2024 Written Premium	Average Impact	Dollar Impact
Less than -50%	0	0	0.0%	0
-50% to -25%	0	0	0.0%	0
-25% to -10%	1	335	-12.4%	(41)
-10% to 0%	0	0	0.0%	0
0% to 10%	41	94,781	7.4%	7,043
10% to 25%	47	101,883	12.6%	12,823
25% to 50%	15	27,022	39.1%	10,578
Greater than 50%	0	0	0.0%	0
Commercial	104	224,022	13.6%	30,403

Largest estimated rate impact: 39.3%
Smallest estimated rate impact: -12.4%

FARM PROPERTY PROGRAM

Impact Rank	2024 Policy Count	2024 Written Premium	Average Impact	Dollar Impact
Less than -50%	N/A	0	0.0%	0
-50% to -25%		0	0.0%	0
-25% to -10%		45,841	-14.3%	(6,551)
-10% to 0%		242	0.0%	0
0% to 10%		0	0.0%	0
10% to 25%		0	0.0%	0
25% to 50%		0	0.0%	0
Greater than 50%		0	0.0%	0
Farm	52	46,083	-14.2%	(6,551)

Largest estimated rate impact: -11.2%
Smallest estimated rate impact: -17.8%

Total	156	270,105	8.8%	23,852
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Kentucky FAIR Plan Determination of Premium Trend

PREMIUM TREND SUMMARY

(1) Sheet 2	(2)	(3)	(4)	(5)	(6)	(7) (1)^(6)
Premium Trend	CY	Calendar Year	Midpoint of Experience Period	Average Earned Date	Number of Trend Years	Premium Trend Factor
1.5%	2015	01/01/2015 - 12/31/2015	7/1/2015	6/1/2027	11.916	1.194
	2016	01/01/2016 - 12/31/2016	7/1/2016	6/1/2027	10.916	1.176
	2017	01/01/2017 - 12/31/2017	7/1/2017	6/1/2027	9.916	1.159
	2018	01/01/2018 - 12/31/2018	7/1/2018	6/1/2027	8.916	1.142
	2019	01/01/2019 - 12/31/2019	7/1/2019	6/1/2027	7.916	1.125
	2020	01/01/2020 - 12/31/2020	7/1/2020	6/1/2027	6.916	1.108
	2021	01/01/2021 - 12/31/2021	7/1/2021	6/1/2027	5.916	1.092
	2022	01/01/2022 - 12/31/2022	7/1/2022	6/1/2027	4.916	1.076
	2023	01/01/2023 - 12/31/2023	7/1/2023	6/1/2027	3.916	1.060
	2024	01/01/2024 - 12/31/2024	7/1/2024	6/1/2027	2.916	1.044

NOTES:

Column (5): Trended to 06/01/2027, one year past the proposed renewal date of 06/01/2026

Column (6) = [(5)-(4)]/365.25

Kentucky FAIR Plan Determination of Premium Trend

(1)	(2)	(3) Exhibit 3	(4) (2)x(3)	(5) PIPSO A1	(6) (4)/(5)	(7)	(8)	(9)	(10)
Calendar Year	Premiums Earned	On-Level Factor	Premium at Current Level	No. of Policies Issued	Average Policy Premium	Exponential Curve of Best Fit			
						10 Pts	8 Pts	6 Pts	4 Pts
2015	476,113	0.957	455,640	478	953.22	866.74			
2016	434,209	0.957	415,538	409	1,015.99	880.90			
2017	362,251	0.959	347,399	387	897.67	895.29	788.66		
2018	304,987	0.976	297,667	357	833.80	909.92	824.09		
2019	266,320	1.027	273,511	340	804.44	924.78	861.11	769.40	
2020	250,791	1.033	259,067	304	852.19	939.89	899.80	833.13	
2021	212,032	1.033	219,029	258	848.95	955.24	940.22	902.14	832.35
2022	199,748	1.027	205,141	221	928.24	970.85	982.46	976.86	940.41
2023	193,672	1.003	194,253	189	1,027.79	986.71	1,026.59	1,057.78	1,062.50
2024	215,713	1.000	215,713	175	1,232.65	1,002.83	1,072.71	1,145.39	1,200.44
Average Annual Change						1.6%	4.5%	8.3%	13.0%
(11) 50-50 Weighting of 10 and 6 Point Fits									5.0%
(12) 50-50 Weighting of 8 and 4 Point Fits									8.8%
(13) Selected Annual Rate of Change in Premiums									2.0%
(14) Tempering Factor [Tempered due to the variation in insureds from year-to-year]									0.75
(15) Premium Trend [(13) x (14)]									1.5%

NOTES:

Row (13): FAIR Plan experience is small volume and misleading when new business is written at higher limits, the trend for increasing coverage is close to 0%. Increases to coverage are rarely requested so amounts stay the same, and a 2% selection was made to account for occasional policies that ask for a coverage increase.

Kentucky FAIR Plan

Determination of Adjusted Losses and LAE

COMMERCIAL AND FARM PROPERTY EXPERIENCE

(1)	(2)	(3)	(4)	(5) [(3)+(4)]/(2)	(6) (5)>1.5xM	(7) (6)-M	(8) (5)-(7)+A	(9) (2)x(8)
Year	Net Earned Premiums	Net Losses Incurred	Net LAE Incurred	Loss and LAE Ratio	Excess Years	Excess Ratio	Adjusted Ratio	Adjusted Losses and LAE
1995	861,000	-	-	71.7%	0.0%	0.0%	91.1%	784,747
1996	849,000	-	-	146.3%	146.3%	89.7%	76.1%	645,812
1997	859,000	-	-	27.4%	0.0%	0.0%	46.8%	402,387
1998	811,000	-	-	73.9%	0.0%	0.0%	93.3%	757,017
1999	690,000	-	-	27.5%	0.0%	0.0%	46.9%	323,911
2000	639,000	-	-	58.6%	0.0%	0.0%	78.0%	498,699
2001	648,000	-	-	55.8%	0.0%	0.0%	75.2%	487,579
2002	775,000	-	-	35.9%	0.0%	0.0%	55.3%	428,913
2003	949,000	-	-	96.4%	96.4%	39.8%	76.1%	721,879
2004	943,000	-	-	39.5%	0.0%	0.0%	58.9%	555,839
2005	669,000	-	-	47.3%	0.0%	0.0%	66.7%	446,515
2006	573,281	321,383	60,807	66.7%	0.0%	0.0%	86.1%	493,657
2007	425,746	(6,652)	6,308	-0.1%	0.0%	0.0%	19.4%	82,437
2008	590,208	583,546	91,283	114.3%	114.3%	57.7%	76.1%	448,956
2009	531,582	270,699	55,420	61.3%	0.0%	0.0%	80.8%	429,478
2010	479,728	(6,043)	15,781	2.0%	0.0%	0.0%	21.5%	103,015
2011	434,244	212,756	42,557	58.8%	0.0%	0.0%	78.2%	339,745
2012	452,956	195,355	33,491	50.5%	0.0%	0.0%	70.0%	316,917
2013	515,453	202,845	26,601	44.5%	0.0%	0.0%	64.0%	329,669
2014	520,203	106,237	69,575	33.8%	0.0%	0.0%	53.2%	276,959
2015	476,113	586,116	159,057	156.5%	156.5%	99.9%	76.1%	362,167
2016	434,209	79,669	29,336	25.1%	0.0%	0.0%	44.5%	193,431
2017	362,251	163,263	44,841	57.4%	0.0%	0.0%	76.9%	278,539
2018	304,987	244,600	34,336	91.5%	91.5%	34.8%	76.1%	231,995
2019	266,320	(76,813)	37,215	-14.9%	0.0%	0.0%	4.6%	12,185
2020	250,791	275,502	93,541	147.2%	147.2%	90.5%	76.1%	190,770
2021	212,032	25,069	8,952	16.0%	0.0%	0.0%	35.5%	75,248
2022	199,748	25,923	21,205	23.6%	0.0%	0.0%	43.0%	85,966
2023	193,672	154,807	74,368	118.3%	118.3%	61.7%	76.1%	147,321
2024	215,713	314,205	43,466	165.8%	165.8%	109.2%	76.1%	164,087
10 Year	2,915,836	1,792,343	546,314	80.2%			59.7%	1,741,709
			Median (M) 1.5 x M	56.6% 84.9%	Avg. (A)	19.4%		

Kentucky FAIR Plan Determination of Loss Trend

LOSS TREND SUMMARY

(1) Year	(2) Yearly Average PPI	(3) 03/31/25 Latest Quarter Average PPI	(4) (3)/(2) Current Cost Factor	(5) Year Weight	(6) Row (m) Composite Loss Projection Factor	(7) (4)x(6) Loss Trend Factor
2015	124.8	205.9	1.650	0.00	1.131	1.866
2016	126.5	205.9	1.628	0.00	1.131	1.841
2017	129.3	205.9	1.592	0.00	1.131	1.801
2018	131.6	205.9	1.565	0.00	1.131	1.770
2019	135.8	205.9	1.516	0.00	1.131	1.715
2020	139.7	205.9	1.474	0.10	1.131	1.667
2021	147.7	205.9	1.394	0.15	1.131	1.577
2022	173.9	205.9	1.184	0.20	1.131	1.339
2023	196.6	205.9	1.047	0.25	1.131	1.184
2024	201.0	205.9	1.024	0.30	1.131	1.158

(a) Weighted Current Cost Factor [Sum of (4)x(5)]	1.162
(b) Selected Annual Rate of Change in Losses [Sheet 2]	5.0%
(c) Midpoint of Latest Quarter PPI	02/15/25
(d) Average Accident Date [One year beyond the anticipated effective date]	06/01/27
(e) Number of Trend Years = [(d)-(c)]/365.25	2.289
(f) Loss Projection Factor = [1.0+(b)]^(e)	1.118
(g) Loss Trend = (a)x(f)	1.299
(h) Five Year Number of Losses Reported	34
(i) Base Deductible	\$1,000
(j) Losses Eliminated by Base Deductible = (h)x(i)	34,000
(k) Five Year Adjusted Losses and LAE	663,392
(l) Factor to Adjust for Trending from First Dollar = 1.0 + [{"(g)-1.0"}x(j)] ÷ {"(g)}x(k)}	1.012
(m) Composite Loss Projection Factor = (f)x(l)	1.131

Kentucky FAIR Plan Determination of Loss Trend

PRODUCER PRICE INDEX

Quarter Ending	Producer Price Index	Percent Change						
			20 Pts	16 Pts	12 Pts	8 Pts	4 Pts	
06/30/20	139.4		137.21					
09/30/20	140.1	0.5%	140.62					
12/31/20	141.0	0.6%	144.12					
03/31/21	142.3	0.9%	147.71					
06/30/21	145.2	2.0%	151.38	153.11				
09/30/21	149.2	2.8%	155.15	156.75				
12/31/21	154.1	3.3%	159.01	160.47				
03/31/22	161.7	4.9%	162.97	164.28				
06/30/22	170.2	5.3%	167.03	168.18	179.36			
09/30/22	179.6	5.5%	171.18	172.17	181.92			
12/31/22	183.9	2.4%	175.45	176.26	184.52			
03/31/23	193.2	5.1%	179.81	180.44	187.15			
06/30/23	198.2	2.6%	184.29	184.73	189.82	196.37		
09/30/23	197.2	-0.5%	188.87	189.11	192.52	197.51		
12/31/23	197.9	0.4%	193.57	193.60	195.27	198.65		
03/31/24	198.8	0.5%	198.39	198.20	198.05	199.80		
06/30/24	199.9	0.6%	203.33	202.90	200.88	200.96	199.92	
09/30/24	202.1	1.1%	208.39	207.72	203.74	202.12	201.81	
12/31/24	203.2	0.5%	213.58	212.65	206.65	203.29	203.72	
03/31/25	205.9	1.3%	218.89	217.70	209.59	204.47	205.65	
Average Annual Change			10.3%	9.8%	5.8%	2.3%	3.8%	
R-Squared Goodness of Fit Test			91%	85%	80%	87%	98%	
50-50 Weighting of 20 and 12 Point Fits								8.1%
50-50 Weighting of 16 and 8 Point Fits								6.1%
50-50 Weighting of 12 and 4 Point Fits								4.8%
Selected Annual Rate of Change in Losses								5.0%

NOTES:

PPI Source: United States Department of Labor, Bureau of Labor Statistics. The four nonresidential building work contractor indexes utilized and the weight assigned to each index:

- * Concrete Contractors (5%)
- * Roofing Contractors (75%)
- * Electrical Contractors (10%)
- * Plumbing, Heating and Air-Conditioning Contractors (10%)

Each of the four trade indexes is intended to represent national average price movement for that special trade on a combination of new, nonresidential (commercial and industrial only) building construction activities and nonresidential building maintenance and repair work. These indexes exclude residential work as well as additions, renovations and non-building construction. The indexes further exclude pre-construction site preparation work, post-construction landscaping, reclamation work, architectural fees, and building design fees which are not costs incurred when erecting the structure itself.

Each of the four trade contractor indexes is created by aggregating contractor-specific data collected for new construction activities for the four building types (warehouses, schools, offices, and industrial buildings) with data separately collected for maintenance and repair work performed by each of the contractors.

Kentucky FAIR Plan

Determination of Permissible Loss and LAE Ratio

EXPENSE PROVISIONS - ALL LINES COMBINED

	2022	2023	2024	Total
(1) Net Premiums Earned	2,736,733	2,390,684	2,264,478	7,391,895
(2) Net Commissions Incurred	131,173	121,599	125,506	378,278
(3) Total Other Expenses Incurred	1,110,964	1,119,684	1,224,101	3,454,748
(4) Net Other Income or Expense	229,310	439,254	744,715	1,413,278

INCURRED PERCENTAGES

	2022	2023	2024	3-Year Total	3-Year Average	Selected	Percent Fixed	Fixed Expense Provision	Variable Expense Provision
(5) Commissions Incurred [(2)/(1)]	0.048	0.051	0.055	0.051	0.051	0.050	0.0%	0.000	0.050
(6) Total Other Expenses Incurred [(3)/(1)]	0.406	0.468	0.541	0.467	0.472	0.475	50.0%	0.238	0.237
(7) Other Income or Expense [(4)/(1)]	0.084	0.184	0.329	0.191	0.199	0.200	0.0%	0.000	0.200
(8) Underwriting Profit Provision						0.000	0.0%	0.000	0.000
(9) Contingency						0.010	0.0%	0.000	0.010
(10) Fixed Expense Ratio [(5)+(6)-(7)+(8)+(9)]								0.238	
(11) Variable Expense Ratio [(5)+(6)-(7)+(8)+(9)]									0.097
(12) Permissible Loss and Loss Adjustment Expense Ratio Including Fixed Expenses [1.0-(11)]									0.903

Kentucky FAIR Plan

Historical Underwriting Results

COMMERCIAL AND FARM PROPERTY EXPERIENCE

(1)	(2)	(3)	(4)	(5)	(6)	(7) (3)+(4)+(5)+(6)	(8) (2)-(7)	(9) (8)/(2)
Year	Net Earned Premiums	Net Losses Incurred	Net LAE Incurred	Net Commissions Incurred	Total Other Expenses Incurred	Total Losses and Expenses	Underwriting Gain (Loss)	Underwriting Margin
2015	476,113	586,116	159,057	47,269	62,368	854,810	(378,697)	-79.5%
2016	434,209	79,669	29,336	39,624	72,499	221,128	213,081	49.1%
2017	362,251	163,263	44,841	33,928	76,671	318,702	43,549	12.0%
2018	304,987	244,600	34,336	29,562	73,974	382,472	(77,486)	-25.4%
2019	266,320	(76,813)	37,215	25,615	83,285	69,302	197,018	74.0%
2020	250,791	275,502	93,541	27,018	76,961	473,022	(222,231)	-88.6%
2021	212,032	25,069	8,952	11,586	60,579	106,186	105,846	49.9%
2022	199,748	25,923	21,205	10,032	84,581	141,741	58,007	29.0%
2023	193,672	154,807	74,368	11,036	101,472	341,683	(148,011)	-76.4%
2024	215,713	314,205	43,466	11,711	114,415	483,797	(268,084)	-124.3%
Total	2,915,836	1,792,343	546,314	247,380	806,806	3,392,844	(477,007)	-16.4%
Latest 5	1,071,956	795,507	241,531	71,383	438,008	1,546,429	(474,473)	-44.3%
Latest 3	609,133	494,935	139,038	32,779	300,468	967,221	(358,088)	-58.8%

Total Underwriting Margin of -16.4% suggests that the Plan has paid out approximately \$1.16 for every \$1.00 of premium earned.

Kentucky FAIR Plan

Rating Information

COMMERCIAL PROPERTY PROGRAM

BASIC GROUP I

Protection Class Multipliers		
<u>Protection Class</u>	<u>Frame, JM, or Non-C</u>	<u>Mas Non-C, Mod FR, or FR</u>
1	0.88	0.90
2	0.92	0.94
3	0.96	0.97
4	0.98	0.98
5	1.00	1.00
6	1.06	1.05
7	1.18	1.14
8	1.30	1.24
9	1.42	1.34
10	1.72	1.58

Territory Multipliers	
<u>Territory</u>	<u>Multiplier</u>
Louisville	1.214
Lexington-Fayette	0.773
Balance of State	1.000

BASIC GROUP II

Rate per \$100		
<u>Basic Group II Symbol</u>	<u>Buildings</u>	<u>Contents</u>
AA	0.325	0.455
A	0.359	0.505
AB	0.470	0.604
B	0.554	0.681

SPECIFIC RATED

Loss Cost Multiplier	
LCM	1.504

FAIR Plan Surcharge	
Surcharge	2.542

Kentucky FAIR Plan Rating Information

FARM PROPERTY PROGRAM

Base Rates				
<u>Type</u>	<u>Dwelling</u>	<u>HH PP</u>	<u>Barns Stables Outbuildings</u>	<u>Silos</u>
1	\$15.02	\$13.19	\$7.42	\$7.00
2	23.51	20.72	10.48	13.72
3	27.37	23.32	16.25	37.35
MH	38.54	33.91	N/A	N/A
\$1,000 Deductible, Frame Construction, Protection Class 10				

Construction Factors	
Masonry	0.90
Frame	1.00

Protection Factors	
1-7	0.75
8	0.85
8B	0.90
9	0.90
10	1.00

Deductible Factors	
\$250	1.11
500	1.06
1,000	1.00
2,500	0.96
5,000	0.91
10,000	0.82
25,000	0.70

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Commercial and Farm Property Program
Manual Pages

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Commercial Property and Farm Property Manual

20. Optional Deductibles

The base deductible for Commercial Property and Farm Property policies is \$1,000. Higher optional deductibles are based on the total amount of insurance at each location as follows:

A. Commercial Property Optional Deductibles

Total Amt of Insurance at Each Location	Deductible	Code	Basic Group I	Basic Group II	Other Causes of Loss
More than \$250,001	\$500	05	1.03	1.13	1.15
100,001–250,000			1.03	1.09	1.12
50,001–100,000			1.02	1.07	1.10
50,000 or less			1.00	1.02	1.05
More than \$250,001	\$1,000	07	1.02	1.09	1.10
100,001–250,000			1.00	1.00	1.00
50,001–100,000			.99	.94	.94
50,000 or less			.94	.85	.86
More than \$500,001	\$2,500	08	.99	1.01	.99
250,001–500,000			.98	.92	.89
100,001–250,000			.96	.83	.81
100,000 or Less			.92	.72	.70
More than \$1,000,001	\$5,000	09	.96	.97	.90
500,001–1,000,000			.95	.86	.81
250,001–500,000			.93	.79	.75
250,000 or Less			.89	.68	.63
More than \$5,000,001	\$10,000	10	.92	.95	.87
1,000,001–5,000,000			.90	.83	.75
500,001–1,000,000			.89	.74	.67
250,001–500,000			.86	.66	.60
250,000 or Less	.80	.53	.49		
More than \$10,000,001	\$25,000	11	.84	.86	.75
5,000,001–10,000,000			.81	.82	.71
1,000,001–5,000,000			.79	.67	.57
500,001–1,000,000			.78	.56	.49
500,000 or Less	.68	.48	.42		
More than \$10,000,001	\$50,000	12	.80	.82	.69
5,500,001–10,000,000			.79	.76	.64
3,500,001–5,500,000			.77	.66	.55
1,000,001–3,500,000			.75	.55	.46
1,000,000 or Less	.73	.45	.38		
More than \$10,000,001	\$75,000	13	.77	.77	.63
5,500,001–10,000,000			.76	.71	.58
3,500,001–5,500,000			.74	.63	.52
1,000,001–3,500,000			.72	.48	.39
1,000,000 or Less	.70	.38	.31		

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B. Farm Property Optional Deductibles

\$500	1.06
\$1,000	1.00
\$2,500	.96
\$5,000	.91
\$10,000	.82
\$25,000	.70

21. Coal Mine Subsidence Coverage

- A. Coverage for loss caused by Coal Mine Subsidence must be provided on real property risks in “qualified locations”. If coverage is not desired, the application must be marked as such and will constitute a waiver of coverage.
- B. The following counties are eligible to become “Qualified Locations*”. Coverage for Coal Mine Subsidence shall not be provided in eligible locations, which have not “qualified”. Qualification refers to certification by the fiscal courts that the availability of Mine Subsidence Insurance has been approved in a particular eligible county. The following applies to Coverages A & B. When Coal Mine Subsidence Coverage is written for all structures insured under the policy, Endorsement form IL 09 25 will be attached. The maximum limit of liability reinsured by the Kentucky Coal Mine Subsidence Fund is \$500,000. See note (2) below regarding maximum limits. The coverage includes \$50,000 additional living expense coverage for the owner of a residence who has been temporarily displaced as a result of mine subsidence. The amount is in addition to the \$500,000 for the structure.

Qualified Locations *		
Bath	Hancock*	Menifee
Bell*	Harlan*	Montgomery
Boyd*	Henderson*	Morgan*
Breathitt*	Hopkins*	Muhlenberg*
Butler*	Jackson*	Ohio*
Caldwell	Johnson*	Owsley*
Carter*	Knott*	Perry*
Christian*	Knox*	Pike
Clay*	Laurel*	Powell
Clinton	Lawrence*	Pulaski
Crittenden	Lee*	Rockcastle
Daviess*	Leslie*	Rowan
Edmonson*	Letcher*	Union*
Elliott*	McCreary*	Warren
Estill	McLean*	Wayne
Floyd*	Madison	Webster*
Grayson	Magoffin	Whitley*
Greenup*	Martin*	Wolfe*

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2. Unsafe electrical system—indicators include the following:
 - a. Loose or hanging wires
 - b. Missing cover plates
 - c. Exposed wiring
 - d. Apparent overloading of circuits
3. Unsafe cooking facilities—indicators include the following:
Commercial cooking facilities not equipped with a metal hood and direct exhaust system or such system not free of grease or with inadequate clearance
4. Unsafe physical condition or housekeeping—indicators include the following:
 - a. Combustible trash and rubbish not removed
 - b. Highly combustible stock or other highly combustible materials not kept in closed containers
5. Exposure to substandard property—indicators include the following:
 - a. Adjacent property is vacant and in poor condition and a fire therein would likely spread to insured property
 - b. Exposure to property that increases the likelihood of loss to insured property
6. Conversion property—insured property has been converted to a use that was not originally intended when constructed.

B. Condition Charges

The following charges, if applicable, are added to the building and contents Group I Rates. Please refer to the Premium Computation Rule.

Substandard Condition	Frame, Joisted Masonry or Non-Combustible	Fire Resistive
Heating and Cooking	.62	.15
Electrical Wiring	.30	.08
Conversion	.62	.15
Physical Condition and Housekeeping	.62	.15
Exposure to Other Substandard Property	.30	.08

24. Coinsurance—Commercial Property

Most risks written with the Plan will not qualify for coinsurance. Rates however are based on 80% coinsurance. Policies written at other than 80% coinsurance are subject to the following factors. Please refer to the Premium Computation Rule.

A. Coinsurance Greater than 80%

Coinsurance %	Group I & II Credits
90%	.95
100%	.90

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City of Louisville	1.214
Lexington–Fayette	.773
Remainder of State	1.000

28. Limit of Insurance Multipliers—Commercial Property

Select the appropriate limit of insurance multiplier and apply in accordance with the Premium Computation Rule.

If the selected multiplier is not listed, refer to the interpolation procedure following the tables.

Limit of Insurance	Building - Basic Group I		Building - Basic Group II
	Frame, Joisted Masonry and Non-Combustible	Masonry Non-Combustible and Fire Resistive	
\$50,000 or less	1.172	1.258	1.513
75,000	1.172	1.258	1.363
100,000	1.172	1.258	1.266
125,000	1.128	1.190	1.195
150,000	1.093	1.137	1.140
175,000	1.064	1.094	1.096
200,000	1.039	1.058	1.059
225,000	1.018	1.027	1.027
250,000	1.000	1.000	1.000
275,000	1.000	1.000	1.000
300,000	1.000	0.985	0.980
325,000	0.990	0.970	0.965
350,000	0.980	0.955	0.950
375,000	0.970	0.940	0.935
400,000	0.960	0.930	0.920
425,000	0.950	0.920	0.910
450,000	0.945	0.910	0.900
475,000	0.940	0.900	0.890
500,000	0.935	0.890	0.880
550,000	0.925	0.875	0.865
600,000	0.915	0.855	0.850
650,000	0.905	0.840	0.835
700,000	0.900	0.825	0.825
750,000	0.895	0.815	0.815
800,000	0.890	0.805	0.805
850,000	0.885	0.795	0.795
900,000	0.880	0.790	0.785
950,000	0.875	0.785	0.780
1,000,000	0.868	0.776	0.774

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Limit of Insurance	Contents - Basic Group I		Contents - Basic Group II
	Frame, Joisted Masonry and Non-Combustible	Masonry Non-Combustible and Fire Resistive	
\$10,000 or less	1.285	1.327	1.487
20,000	1.154	1.175	1.254
30,000	1.083	1.094	1.134
40,000	1.035	1.040	1.057
50,000	1.000	1.000	1.000
60,000	0.985	0.975	0.960
70,000	0.965	0.955	0.930
80,000	0.945	0.935	0.905
90,000	0.930	0.920	0.880
100,000	0.920	0.905	0.860
125,000	0.895	0.880	0.820
150,000	0.870	0.855	0.790
175,000	0.850	0.835	0.765
200,000	0.835	0.820	0.740
225,000	0.820	0.805	0.720
250,000	0.810	0.795	0.705
275,000	0.800	0.785	0.690
300,000	0.790	0.775	0.675
325,000	0.785	0.765	0.660
350,000	0.780	0.760	0.650
375,000	0.775	0.755	0.640
400,000	0.770	0.750	0.630
425,000	0.765	0.745	0.620
450,000	0.760	0.740	0.615
475,000	0.755	0.735	0.610
500,000	0.750	0.730	0.605
550,000	0.745	0.720	0.595
600,000	0.740	0.710	0.585
650,000	0.735	0.700	0.575
700,000	0.730	0.695	0.570
750,000	0.725	0.690	0.565
800,000	0.720	0.685	0.560
850,000	0.715	0.680	0.555
900,000	0.710	0.675	0.550
950,000	0.705	0.670	0.545
1,000,000	0.700	0.665	0.540

Interpolation Procedure

For limits of insurance not displayed in the tables above, use the multipliers for the nearest limits above and below the selected limit of insurance. Refer to the following example. Do not round until the final step of the interpolation procedure.

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The multipliers in this example are for illustrative purposes only.

- a. If the selected building limit of insurance is \$315,000, the nearest limits for which multipliers are shown are limits of \$300,000 and \$325,000.
- b. For \$300,000, the multiplier is .969 and for \$325,000, the multiplier is .956.
- c. Calculate the difference between the two multipliers.

$$.969 - .956 = .013$$

- d. Calculate the difference between the selected limit of insurance (\$315,000) and the lower limit (\$300,000), in thousands.

$$315 - 300 = 15$$

- e. Calculate the difference between the higher and lower limits of insurance, in thousands.

$$325 - 300 = 25$$

- f. Multiply the result of paragraph c by the result of paragraph d and divide by the result of paragraph e.

$$.013 \times 15 \div 25 = .0078$$

- g. Subtract the result of paragraph f from the multiplier for the lower limit. Round the multiplier to three decimal places. The result is the limit of insurance multiplier for a limit of \$315,000.

$$.969 - .0078 = .9612 \text{ (rounded to .961)}$$

29. Class Rates and Specific Rates

Commercial Property rates are based on the building occupancy and are either Class Rated or Specifically Rated as defined below.

A. Class Rates

Commercial buildings where the occupancy classification is included in the CSP Class Codes displayed on the Commercial Property Group I Rate Pages are eligible for class rating. Class rates are included in this manual.

B. Specifically Rated Risks

Commercial buildings where the occupancy is not included in the CSP Class Codes Table require specific rating. Loss Costs are provided by ISO Commercial Risk Services, Inc. and are based on a rating survey and the application of rating schedules. Loss Costs are modified by the multipliers included below as outlined in the Premium Computation Rule. Please refer risks not included in the CSP Class Codes displayed on the Commercial Property Group I Rate Pages to the Underwriting Department for determination of loss costs.

1. The following multipliers convert ISO Loss Costs to final rates for Specifically Rated Risks:

- i. Loss Cost Multiplier: 1.504

- ii. FAIR Plan Surcharge: 2.542

2. Sprinkler Leakage Exclusion: If the building does not have an operating sprinkler system, a credit of 0.001 applies. Please refer to the Premium Computation Rule.

KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
 RULE 32. COMMERCIAL PROPERTY RATES

GROUP I CLASS RATES PER \$100

All rates are subject to protection class and territory multipliers.

RATING GROUP 01 - APARTMENTS

CSP Class Codes and Description						
0311	Apartments without Mercantile Occupancies - Up to 10 Units					
0312	Apartments without Mercantile Occupancies - 11 to 30 Units					
0313	Apartments without Mercantile Occupancies - Over 30 Units					
0321	Apartments with Mercantile Occupancies - Up to 10 Units					
0322	Apartments with Mercantile Occupancies - 11 to 30 Units					
0323	Apartments with Mercantile Occupancies - Over 30 Units					
0331	Residential Condominiums without Mercantile Occupancies - Up to 10 Units					
0332	Residential Condominiums without Mercantile Occupancies - 11 to 30 Units					
0333	Residential Condominiums without Mercantile Occupancies - Over 30 Units					
0341	Residential Condominiums with Mercantile Occupancies - Up to 10 Units					
0342	Residential Condominiums with Mercantile Occupancies - 11 to 30 Units					
0343	Residential Condominiums with Mercantile Occupancies - Over 30 Units					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)
0311	Building (1)	1.002	0.906	0.807	0.650	0.600
0311	Contents (2)	1.135	1.021	0.960	0.853	0.799
0312	Building (1)	1.002	0.906	0.807	0.650	0.600
0312	Contents (2)	1.135	1.021	0.960	0.853	0.799
0313	Building (1)	1.002	0.906	0.807	0.650	0.600
0313	Contents (2)	1.135	1.021	0.960	0.853	0.799
0321	Building (1)	1.545	1.388	1.227	1.002	0.921
0321 A	Contents (2)	2.298	2.065	1.954	1.724	1.606
0321 B&C	Contents (2)	2.695	2.416	2.290	2.015	1.885
0322	Building (1)	1.545	1.388	1.227	1.002	0.921
0322 A	Contents (2)	2.298	2.065	1.954	1.724	1.606
0322 B&C	Contents (2)	2.695	2.416	2.290	2.015	1.885
0323	Building (1)	1.545	1.388	1.227	1.002	0.921
0323 A	Contents (2)	2.298	2.065	1.954	1.724	1.606
0323 B&C	Contents (2)	2.695	2.416	2.290	2.015	1.885
0331	Building (1)	0.566	0.508	0.447	0.359	0.344
0331	Contents (2)	0.493	0.440	0.421	0.371	0.344
0332	Building (1)	0.566	0.508	0.447	0.359	0.344
0332	Contents (2)	0.493	0.440	0.421	0.371	0.344
0333	Building (1)	0.566	0.508	0.447	0.359	0.344
0333	Contents (2)	0.493	0.440	0.421	0.371	0.344
0341	Building (1)	0.872	0.784	0.711	0.573	0.524
0341 A	Contents (2)	0.994	0.898	0.837	0.742	0.700
0341 B&C	Contents (2)	1.158	1.040	0.994	0.872	0.811
0342	Building (1)	0.872	0.784	0.711	0.573	0.524
0342 A	Contents (2)	0.994	0.898	0.837	0.742	0.700
0342 B&C	Contents (2)	1.158	1.040	0.994	0.872	0.811
0343	Building (1)	0.872	0.784	0.711	0.573	0.524
0343 A	Contents (2)	0.994	0.898	0.837	0.742	0.700
0343 B&C	Contents (2)	1.158	1.040	0.994	0.872	0.811

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
RULE 32. COMMERCIAL PROPERTY RATES

GROUP I CLASS RATES PER \$100

All rates are subject to protection class and territory multipliers.

RATING GROUP 02 - OTHER HABITATIONAL

CSP Class Codes and Description						
0074	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories - Up to 10 Units					
0075	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories - 11 to 30 Units					
0076	Boarding and Lodging Houses, Rooming Houses, Fraternities and Sororities, Dormitories - Over 30 Units					
0077	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes - Up to 10 Units					
0078	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes - 11 to 30 Units					
0079	Convents, Monasteries and Rectories, Orphan Homes, Nurses' Homes, Sisters' Homes - Over 30 Units					
0196	Dwellings Written in Conjunction with Commercial Risks from the Commercial Lines Manual - 1 Family					
0197	Dwellings Written in Conjunction with Commercial Risks from the Commercial Lines Manual - 2 Family					
0198	Dwellings Written in Conjunction with Commercial Risks from the Comm. Lines Manual - 3 and 4 Family					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)
0074	Building (1)	0.623	0.573	0.505	0.409	0.371
0074	Contents (2)	0.627	0.573	0.539	0.466	0.440
0075	Building (1)	0.623	0.573	0.505	0.409	0.371
0075	Contents (2)	0.627	0.573	0.539	0.466	0.440
0076	Building (1)	0.623	0.573	0.505	0.409	0.371
0076	Contents (2)	0.627	0.573	0.539	0.466	0.440
0077	Building (1)	0.577	0.520	0.455	0.367	0.344
0077	Contents (2)	0.593	0.539	0.512	0.447	0.417
0078	Building (1)	0.577	0.520	0.455	0.367	0.344
0078	Contents (2)	0.593	0.539	0.512	0.447	0.417
0079	Building (1)	0.577	0.520	0.455	0.367	0.344
0079	Contents (2)	0.593	0.539	0.512	0.447	0.417
0196	Building (1)	0.386	0.352	0.313	0.249	0.233
0196	Contents (2)	0.432	0.386	0.363	0.336	0.306
0197	Building (1)	0.386	0.352	0.313	0.249	0.233
0197	Contents (2)	0.432	0.386	0.363	0.336	0.306
0198	Building (1)	0.386	0.352	0.313	0.249	0.233
0198	Contents (2)	0.432	0.386	0.363	0.336	0.306

RATING GROUP 03 - RESTAURANTS & BARS

CSP Class Codes and Description						
0541	Bars and Taverns					
0545	Restaurants with Limited Cooking					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)
0541	Building (1)	2.233	2.007	1.782	1.445	1.346
0541	Contents (2)	2.386	2.145	2.026	1.782	1.667
0545	Building (1)	2.627	2.370	2.099	1.709	1.583
0545	Contents (2)	2.971	2.669	2.527	2.233	2.068

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
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GROUP I CLASS RATES PER \$100

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RATING GROUP 04 - OTHER MERCANTILES

CSP Class Codes and Description							
0511	Risks Having Low Susceptibility Personal Property, NOC						
0512	Tire, Battery and Accessory Dealers Without Tire Recapping and Vulcanizing						
0520	Wearing Apparel, Textiles, Shoes						
0531	Alcoholic Beverages other than Bars						
0532	Food Products including Retail Bakeries (no baking and no cooking on premises; sales only); Beverages other than Alcoholic						
0533	Retail Bakeries - Baking on Premises (No delivery to other outlets)						
0534	Food Products with Limited Cooking, Excluding Bakeries						
0550	Motor Vehicle (Auto, Aircraft, Marine) Sales, No Repair						
0561	Boat and Marine Supply Dealers						
0562	Drugs						
0563	Electrical Goods, Hardware and Machinery						
0564	Furniture and Home Furnishings other than Appliances						
0565	Jewelry						
0566	Sporting Goods						
CSP Class Code	Coverage	Construction (Code)					Mod. F.R. (5) or Fire Res. (6)
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)		
0511	Building (1)	1.009	0.910	0.814	0.646	0.604	
0511	Contents (2)	1.208	1.086	1.017	0.891	0.849	
0512	Building (1)	0.967	0.856	0.765	0.627	0.573	
0512	Contents (2)	1.070	0.967	0.910	0.803	0.749	
0520	Building (1)	1.200	1.086	0.967	0.784	0.715	
0520	Contents (2)	1.560	1.415	1.327	1.178	1.090	
0531	Building (1)	1.017	0.921	0.814	0.658	0.604	
0531	Contents (2)	1.273	1.143	1.070	0.948	0.887	
0532	Building (1)	1.556	1.399	1.246	1.009	0.940	
0532	Contents (2)	1.560	1.415	1.327	1.178	1.090	
0533	Building (1)	1.223	1.090	0.986	0.799	0.738	
0533	Contents (2)	1.269	1.128	1.063	0.944	0.876	
0534	Building (1)	1.709	1.529	1.369	1.105	1.032	
0534	Contents (2)	1.315	1.178	1.120	0.986	0.929	
0550	Building (1)	0.921	0.822	0.738	0.596	0.554	
0550	Contents (2)	1.300	1.178	1.101	0.979	0.910	
0561	Building (1)	0.979	0.872	0.772	0.627	0.589	
0561	Contents (2)	1.300	1.178	1.101	0.979	0.910	
0562	Building (1)	1.090	0.986	0.883	0.715	0.658	
0562	Contents (2)	1.441	1.300	1.227	1.086	1.009	
0563	Building (1)	1.090	0.986	0.872	0.707	0.646	
0563	Contents (2)	1.070	0.967	0.910	0.803	0.749	
0564	Building (1)	1.514	1.353	1.200	0.986	0.891	
0564	Contents (2)	1.885	1.709	1.606	1.426	1.319	
0565	Building (1)	1.002	0.891	0.803	0.646	0.596	
0565	Contents (2)	1.059	0.944	0.887	0.799	0.738	
0566	Building (1)	1.128	1.017	0.910	0.738	0.681	
0566	Contents (2)	1.426	1.281	1.208	1.063	0.998	

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
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GROUP I CLASS RATES PER \$100

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RATING GROUP 04 - OTHER MERCANTILES (continued)

CSP Class Codes and Description							
0567	Risks Having Moderate Susceptibility Personal Property, NOC						
0570	Risks Having High Susceptibility Personal Property, NOC						
0580	Greenhouses						
0581	Multiple Occupancy Mercantile, Fire Class Rated, without furniture Occupant						
0582	Multiple Occupancy Mercantile, Fire Class Rated, with furniture Occupant						
CSP Class Code	Coverage	Construction (Code)					
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)	
0567	Building (1)	1.009	0.910	0.814	0.646	0.604	
0567	Contents (2)	1.208	1.086	1.017	0.891	0.849	
0570	Building (1)	1.009	0.910	0.814	0.646	0.604	
0570	Contents (2)	1.273	1.143	1.070	0.948	0.887	
0580	Building (1)	1.009	0.910	0.814	0.646	0.604	
0580	Contents (2)	1.319	1.193	1.128	0.998	0.940	
0581	Building (1)	1.070	0.967	0.853	0.696	0.646	
0581 A	Contents (2)	1.273	1.143	1.070	0.948	0.887	
0581 B	Contents (2)	1.541	1.388	1.315	1.158	1.086	
0581 C	Contents (2)	1.399	1.269	1.193	1.059	0.979	
0582	Building (1)	1.178	1.063	0.944	0.772	0.707	
0582 A	Contents (2)	1.128	1.017	0.967	0.849	0.799	
0582 B	Contents (2)	1.388	1.250	1.178	1.036	0.967	
0582 C	Contents (2)	1.269	1.128	1.063	0.944	0.876	

RATING GROUP 05 - PUBLIC BUILDINGS

CSP Class Codes and Description							
0701	Governmental Offices						
1000	Penal Institutions						
1051	Museums, Libraries, Art Galleries (non-profit)						
1070	Other Public Buildings, Fire Dept., Police, Water/Sewer						
CSP Class Code	Coverage	Construction (Code)					
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)	
0701	Building (1)	0.283	0.249	0.226	0.184	0.164	
0701 A	Contents (2)	0.313	0.283	0.264	0.233	0.218	
0701 B	Contents (2)	0.459	0.417	0.398	0.352	0.329	
0701 C	Contents (2)	0.359	0.329	0.306	0.268	0.249	
1000	Building (1)	0.279	0.245	0.218	0.176	0.157	
1000	Contents (2)	0.245	0.214	0.206	0.184	0.164	
1051	Building (1)	0.168	0.145	0.141	0.119	0.103	
1051	Contents (2)	0.218	0.195	0.187	0.157	0.145	
1070	Building (1)	0.264	0.237	0.214	0.168	0.153	
1070	Contents (2)	0.313	0.283	0.264	0.233	0.218	

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GROUP I CLASS RATES PER \$100

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RATING GROUP 06 - CHURCHES

CSP Class Codes and Description						
0900	Churches and Synagogues					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)
0900	Building (1)	0.478	0.428	0.375	0.310	0.283
0900	Contents (2)	0.505	0.451	0.428	0.375	0.352

RATING GROUP 07 - SCHOOLS

CSP Class Codes and Description						
1052	Schools, Academic					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)
1052	Building (1)	0.375	0.344	0.306	0.245	0.229
1052	Contents (2)	0.432	0.382	0.367	0.321	0.306

RATING GROUP 08 - OFFICES AND BANKS

CSP Class Codes and Description						
0702	Non-Governmental Offices and Banks					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)
0702	Building (1)	0.642	0.577	0.512	0.417	0.386
0702 A	Contents (2)	0.765	0.688	0.642	0.573	0.531
0702 B	Contents (2)	1.059	0.948	0.898	0.795	0.734
0702 C	Contents (2)	0.944	0.845	0.803	0.715	0.654

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GROUP I CLASS RATES PER \$100

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RATING GROUP 09 - RECREATIONAL FACILITIES

CSP Class Codes and Description						
0755	Golf Clubs, Tennis Clubs and Similar Sports Facilities with Cooking					
0756	Golf Clubs, Tennis Clubs and Similar Sports Facilities without Cooking					
0757	Clubs, NOC, Including Fraternal and Union Halls					
0831	Motion Picture Studios					
0832	Theaters					
0833	Drive-in Theaters					
0834	Skating Rinks--Roller Rinks					
0841	Bowling Alleys					
0843	Halls and Auditoriums					
0844	Recreational Facilities, NOC					
0845	Boys' and Girls' Camps					
0846	Dance Halls, Ballrooms & Discotheques					
0951	Gambling Casinos with Restaurants					
0952	Gambling Casinos without Restaurants					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)
0755	Building (1)	1.816	1.636	1.457	1.185	1.093
0755	Contents (2)	2.091	1.885	1.782	1.564	1.460
0756	Building (1)	0.742	0.661	0.589	0.486	0.443
0756	Contents (2)	0.837	0.761	0.719	0.635	0.589
0757	Building (1)	0.803	0.719	0.635	0.520	0.486
0757	Contents (2)	0.837	0.761	0.719	0.635	0.589
0831	Building (1)	0.627	0.570	0.497	0.409	0.367
0831	Contents (2)	0.719	0.646	0.596	0.547	0.501
0832	Building (1)	0.791	0.711	0.635	0.520	0.478
0832	Contents (2)	0.837	0.761	0.719	0.635	0.589
0833	Building (1)	0.673	0.596	0.547	0.440	0.409
0833	Contents (2)	0.788	0.707	0.661	0.589	0.554
0834	Building (1)	1.078	0.971	0.868	0.707	0.650
0834	Contents (2)	1.101	0.990	0.937	0.826	0.768
0841	Building (1)	1.101	0.990	0.876	0.719	0.654
0841	Contents (2)	1.143	1.032	0.979	0.856	0.807
0843	Building (1)	0.554	0.497	0.440	0.352	0.329
0843	Contents (2)	0.577	0.520	0.497	0.440	0.409
0844	Building (1)	0.742	0.661	0.589	0.486	0.443
0844	Contents (2)	0.818	0.730	0.692	0.604	0.573
0845	Building (1)	0.489	0.440	0.390	0.313	0.298
0845	Contents (2)	0.570	0.501	0.486	0.417	0.390
0846	Building (1)	1.017	0.921	0.818	0.661	0.604
0846	Contents (2)	1.009	0.906	0.856	0.749	0.707
0951	Building (1)	2.118	1.908	1.701	1.380	1.273
0951	Contents (2)	2.340	2.107	1.992	1.759	1.644
0952	Building (1)	0.719	0.646	0.573	0.466	0.424
0952	Contents (2)	1.025	0.929	0.872	0.768	0.719

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GROUP I CLASS RATES PER \$100

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RATING GROUP 10 - HOTELS & MOTELS

CSP Class Codes and Description						
0742	Motels and Hotels with Restaurant - Up to 10 Units					
0743	Motels and Hotels with Restaurant - 10 to 30 Units					
0744	Motels and Hotels with Restaurant - Over 30 Units					
0745	Motels and Hotels without Restaurant - Up to 10 Units					
0746	Motels and Hotels without Restaurant - 10 to 30 Units					
0747	Motels and Hotels without Restaurant - Over 30 Units					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)
0742	Building (1)	1.288	1.158	1.032	0.837	0.776
0742	Contents (2)	1.415	1.281	1.204	1.059	0.994
0743	Building (1)	1.288	1.158	1.032	0.837	0.776
0743	Contents (2)	1.415	1.281	1.204	1.059	0.994
0744	Building (1)	1.288	1.158	1.032	0.837	0.776
0744	Contents (2)	1.415	1.281	1.204	1.059	0.994
0745	Building (1)	0.554	0.505	0.443	0.363	0.340
0745	Contents (2)	0.604	0.551	0.516	0.455	0.424
0746	Building (1)	0.554	0.505	0.443	0.363	0.340
0746	Contents (2)	0.604	0.551	0.516	0.455	0.424
0747	Building (1)	0.554	0.505	0.443	0.363	0.340
0747	Contents (2)	0.604	0.551	0.516	0.455	0.424

RATING GROUP 11 - HOSPITALS & NURSING HOMES

CSP Class Codes and Description						
0851	Hospitals					
0852	Nursing and Convalescent Homes					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)
0851	Building (1)	0.145	0.141	0.126	0.099	0.096
0851	Contents (2)	0.176	0.153	0.145	0.134	0.126
0852	Building (1)	0.153	0.141	0.130	0.107	0.099
0852	Contents (2)	0.176	0.164	0.145	0.141	0.130

RATING GROUP 12 - BUILDINGS UNDER CONSTRUCTION

CSP Class Codes and Description						
1150	Buildings Under Construction					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)
1150	Building (1)	0.604	0.547	0.482	0.390	0.356

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GROUP I CLASS RATES PER \$100

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RATING GROUP 13 - MOTOR VEHICLE RISKS

CSP Class Codes and Description							
0931	Auto Parking Garages, Car Washes						
0932	Gasoline Service Stations						
0933	Aircraft Hangars with Repairing, Motor Vehicle Repairing Including Body Shops, with or without Sales						
0934	Tire Recapping and Vulcanizing with or without Sales						
0940	Aircraft Hangars without Repairing						
CSP Class Code	Coverage	Construction (Code)					Mod. F.R. (5) or Fire Res. (6)
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)		
0931	Building (1)	0.562	0.508	0.455	0.367	0.336	
0931	Contents (2)	0.661	0.596	0.562	0.501	0.459	
0932	Building (1)	0.803	0.723	0.638	0.524	0.486	
0932	Contents (2)	0.986	0.883	0.837	0.734	0.692	
0933	Building (1)	0.681	0.623	0.551	0.447	0.413	
0933	Contents (2)	0.860	0.780	0.730	0.638	0.600	
0934	Building (1)	0.883	0.803	0.715	0.581	0.535	
0934	Contents (2)	1.059	0.952	0.891	0.791	0.734	
0940	Building (1)	0.428	0.382	0.352	0.283	0.256	
0940	Contents (2)	0.535	0.482	0.455	0.398	0.371	

RATING GROUP 14 - OTHER NON-MANUFACTURING

CSP Class Codes and Description							
0911	Dry Cleaner and Dyeing Plants, other than Self-Service						
0912	Laundries, other than Self-Service						
0913	Self-Service Laundries and Dry Cleaners						
0921	Light Hazard Service Occupancies						
0922	Services Occupancies, Other than Light Hazard, NOC						
0923	Funeral Homes						
CSP Class Code	Coverage	Construction (Code)					Mod. F.R. (5) or Fire Res. (6)
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)		
0911	Building (1)	1.044	0.948	0.841	0.688	0.631	
0911	Contents (2)	1.243	1.113	1.059	0.933	0.868	
0912	Building (1)	1.384	1.250	1.113	0.898	0.826	
0912	Contents (2)	1.709	1.529	1.449	1.281	1.197	
0913	Building (1)	0.918	0.822	0.726	0.593	0.551	
0913	Contents (2)	1.070	0.956	0.914	0.803	0.749	
0921	Building (1)	0.551	0.497	0.436	0.352	0.333	
0921	Contents (2)	0.646	0.585	0.551	0.489	0.459	
0922	Building (1)	0.604	0.551	0.489	0.398	0.363	
0922	Contents (2)	0.738	0.661	0.631	0.554	0.520	
0923	Building (1)	0.401	0.363	0.329	0.264	0.241	
0923	Contents (2)	0.436	0.382	0.367	0.329	0.294	

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GROUP I CLASS RATES PER \$100

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RATING GROUP 15 - STORAGE

CSP Class Codes and Description						
1211	Freight Terminals					
1212	General Storage Warehouses - Bailee					
1213	Miscellaneous Products Storage - (other than Retail or Wholesale or Cold Storage)					
1220	Household Goods Storage					
1230	Cold Storage Warehouses					
1400	Waste and Reclaimed Material, including Yards					
1650	Building Supply Yards, including Retail Lumberyards, Coal and Coke Yards					
1700	Mill Yards					
1751	Oil Distributing, Oil Terminals and LPG Tank Farms, Including Stock					
1752	Oil Distributing, Oil Terminals and LPG Tank Farms, Excluding Stock					
CSP Class Code	Coverage	Construction (Code)				
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)	Mod. F.R. (5) or Fire Res. (6)
1211	Building (1)	0.944	0.853	0.765	0.608	0.570
1211	Contents (2)	1.105	1.005	0.944	0.837	0.780
1212	Building (1)	0.749	0.677	0.600	0.486	0.455
1212	Contents (2)	0.925	0.822	0.780	0.688	0.642
1213	Building (1)	0.661	0.596	0.524	0.432	0.398
1213	Contents (2)	0.879	0.791	0.749	0.661	0.608
1220	Building (1)	0.791	0.711	0.631	0.516	0.474
1220	Contents (2)	0.963	0.864	0.814	0.723	0.677
1230	Building (1)	0.681	0.608	0.551	0.443	0.413
1230	Contents (2)	0.937	0.841	0.791	0.696	0.650
1400	Building (1)	2.038	1.835	1.640	1.323	1.223
1400	Contents (2)	2.481	2.233	2.110	1.866	1.740
1400 Yard	Contents (2)	3.085	N/A	0.313	N/A	N/A
1650	Building (1)	1.220	1.093	0.971	0.791	0.730
1650	Contents (2)	1.537	1.388	1.308	1.158	1.078
1650 Yard	Contents (2)	0.853	N/A	0.115	N/A	N/A
1700	Building (1)	0.990	0.891	0.803	0.650	0.596
1700	Contents (2)	1.518	1.357	1.288	1.139	1.059
1700 Yard	Contents (2)	0.837	N/A	0.103	N/A	N/A
1751	Building (1)	0.635	0.577	0.516	0.413	0.378
1751	Contents (2)	0.837	0.749	0.711	0.631	0.581
1752	Building (1)	0.600	0.547	0.482	0.386	0.363
1752	Contents (2)	0.596	0.539	0.505	0.443	0.413

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
RULE 32. COMMERCIAL PROPERTY RATES

GROUP I CLASS RATES PER \$100

All rates are subject to protection class and territory multipliers.

RATING GROUP 17 - FOOD MANUFACTURING

CSP Class Codes and Description							
2200	Bakeries and Bakery Products						
2350	Beverages excluding Alcoholic Beverages						
2459	Distilleries and Wineries						
CSP Class Code	Coverage	Construction (Code)					Mod. F.R. (5) or Fire Res. (6)
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)		
2200	Building (1)	0.849	0.772	0.696	0.558	0.512	
2200	Contents (2)	1.021	0.914	0.860	0.761	0.715	
2350	Building (1)	0.547	0.489	0.440	0.356	0.333	
2350	Contents (2)	0.650	0.589	0.547	0.482	0.451	
2459	Building (1)	0.356	0.321	0.291	0.226	0.210	
2459	Contents (2)	0.451	0.409	0.398	0.352	0.321	

RATING GROUP 19 - WEARING APPAREL

CSP Class Codes and Description							
2800	Textile Mill Products - Natural and Synthetic						
CSP Class Code	Coverage	Construction (Code)					Mod. F.R. (5) or Fire Res. (6)
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)		
2800	Building (1)	0.876	0.799	0.711	0.585	0.531	
2800	Contents (2)	1.170	1.051	0.986	0.872	0.822	

RATING GROUP 22 - OTHER MANUFACTURING

CSP Class Codes and Description							
3409	Leather and Leather Products						
4809	Printing						
CSP Class Code	Coverage	Construction (Code)					Mod. F.R. (5) or Fire Res. (6)
		Frame (1)	Joisted Masonry (2)	Non-Comb. (3)	Mas. Non-Comb. (4)		
3409	Building (1)	0.765	0.681	0.604	0.497	0.447	
3409	Contents (2)	0.883	0.799	0.749	0.658	0.616	
4809	Building (1)	0.585	0.524	0.474	0.375	0.356	
4809	Contents (2)	0.711	0.635	0.600	0.528	0.497	

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
RULE 32. COMMERCIAL PROPERTY RATES

GROUP II RATES PER \$100

Construction	Symbol	Buildings	Contents
Superior	AA	0.325	0.455
Fire Resistive	A	0.359	0.505
Masonry Non-Combustible	AB	0.470	0.604
Frame, Joisted Masonry, and Non-Combustible	B	0.554	0.681

VANDALISM EXCLUSION CREDITS

Vandalism is included in the basic rates unless excluded. If Vandalism is excluded, the following credits apply. Please refer to the Premium Determination rule.

CSP Code	Classification Description	Subtract from Basic Group I 80% Coinsurance Rate
	All classes except those listed in this table	\$0.01
	All property eligible for Special Fire Class Rates (Class Code 1190) except Billboards and Signs (not on buildings)	0.03
1185	Billboards and Signs not on buildings	0.70
1150	Builders Risks (completed value rate)	0.015
841	Bowling Alleys	0.03
1650	Building Supply Yards	0.03
900	Churches and Synagogues	0.03
842	Dance Halls and Roller Rinks	0.03
833	Drive-In Theaters	0.03
580	Greenhouses	0.03
843	Halls and Auditoriums	0.03
745	Motels and Hotels with CSP Code 0745	0.03
746	Motels and Hotels with CSP Code 0746	0.03
747	Motels and Hotels with CSP Code 0747	0.03
1051	Museums, Libraries, Art Galleries (non-profit)	0.03
844	Recreation Facilities, NOC - Billiard and Pool Halls, Ice Rinks, Stadiums, Amusement Parks, Fair Grounds and Baseball Parks	0.03
1052	Schools, Academic	0.03
1180	Vacant Buildings	0.03
1190	Yard Property, NOC, including property in the open	0.03

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
RULE 40. FARM PROPERTY RATES

BASIC CAUSES OF LOSS, PER \$1,000 OF INSURANCE, \$1,000 DEDUCTIBLE

TYPE 1 - ENTIRE STATE

PROT. CLASS	CONST.	DWELLING	HOUSEHOLD PERS. PROP.	BARN STABLES OUTBUILDINGS	SILOS
1	M	10.14	8.90	5.01	4.73
	F	11.27	9.89	5.57	5.25
2	M	10.14	8.90	5.01	4.73
	F	11.27	9.89	5.57	5.25
3	M	10.14	8.90	5.01	4.73
	F	11.27	9.89	5.57	5.25
4	M	10.14	8.90	5.01	4.73
	F	11.27	9.89	5.57	5.25
5	M	10.14	8.90	5.01	4.73
	F	11.27	9.89	5.57	5.25
6	M	10.14	8.90	5.01	4.73
	F	11.27	9.89	5.57	5.25
7	M	10.14	8.90	5.01	4.73
	F	11.27	9.89	5.57	5.25
8	M	11.49	10.09	5.68	5.36
	F	12.77	11.21	6.31	5.95
8B	M	12.17	10.68	6.01	5.67
	F	13.52	11.87	6.68	6.30
9	M	12.17	10.68	6.01	5.67
	F	13.52	11.87	6.68	6.30
10	M	13.52	11.87	6.68	6.30
	F	15.02	13.19	7.42	7.00

TYPE 2 - ENTIRE STATE

PROT. CLASS	CONST.	DWELLING	HOUSEHOLD PERS. PROP.	BARN STABLES OUTBUILDINGS	SILOS
1	M	15.87	13.99	7.07	9.26
	F	17.63	15.54	7.86	10.29
2	M	15.87	13.99	7.07	9.26
	F	17.63	15.54	7.86	10.29
3	M	15.87	13.99	7.07	9.26
	F	17.63	15.54	7.86	10.29
4	M	15.87	13.99	7.07	9.26
	F	17.63	15.54	7.86	10.29
5	M	15.87	13.99	7.07	9.26
	F	17.63	15.54	7.86	10.29
6	M	15.87	13.99	7.07	9.26
	F	17.63	15.54	7.86	10.29
7	M	15.87	13.99	7.07	9.26
	F	17.63	15.54	7.86	10.29
8	M	17.99	15.85	8.02	10.50
	F	19.98	17.61	8.91	11.66
8B	M	19.04	16.78	8.49	11.11
	F	21.16	18.65	9.43	12.35
9	M	19.04	16.78	8.49	11.11
	F	21.16	18.65	9.43	12.35
10	M	21.16	18.65	9.43	12.35
	F	23.51	20.72	10.48	13.72

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KENTUCKY FAIR PLAN REINSURANCE ASSOCIATION
 RULE 40. FARM PROPERTY RATES

BASIC CAUSES OF LOSS, PER \$1,000 OF INSURANCE, \$1,000 DEDUCTIBLE

TYPE 3 - ENTIRE STATE

PROT. CLASS	CONST.	DWELLING	HOUSEHOLD PERS. PROP.	BARN STABLES OUTBUILDINGS	SILOS
1	M	18.47	15.74	10.97	25.21
	F	20.53	17.49	12.19	28.01
2	M	18.47	15.74	10.97	25.21
	F	20.53	17.49	12.19	28.01
3	M	18.47	15.74	10.97	25.21
	F	20.53	17.49	12.19	28.01
4	M	18.47	15.74	10.97	25.21
	F	20.53	17.49	12.19	28.01
5	M	18.47	15.74	10.97	25.21
	F	20.53	17.49	12.19	28.01
6	M	18.47	15.74	10.97	25.21
	F	20.53	17.49	12.19	28.01
7	M	18.47	15.74	10.97	25.21
	F	20.53	17.49	12.19	28.01
8	M	20.94	17.84	12.43	28.57
	F	23.26	19.82	13.81	31.75
8B	M	22.17	18.89	13.16	30.25
	F	24.63	20.99	14.63	33.62
9	M	22.17	18.89	13.16	30.25
	F	24.63	20.99	14.63	33.62
10	M	24.63	20.99	14.63	33.62
	F	27.37	23.32	16.25	37.35

MOBILE HOMES - ENTIRE STATE

PROT. CLASS	CONST.	DWELLING	HOUSEHOLD PERS. PROP.		
1	M	26.01	22.89		
	F	28.91	25.43		
2	M	26.01	22.89		
	F	28.91	25.43		
3	M	26.01	22.89		
	F	28.91	25.43		
4	M	26.01	22.89		
	F	28.91	25.43		
5	M	26.01	22.89		
	F	28.91	25.43		
6	M	26.01	22.89		
	F	28.91	25.43		
7	M	26.01	22.89		
	F	28.91	25.43		
8	M	29.48	25.94		
	F	32.76	28.82		
8B	M	31.22	27.47		
	F	34.69	30.52		
9	M	31.22	27.47		
	F	34.69	30.52		
10	M	34.69	30.52		
	F	38.54	33.91		

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Commercial Property Class Rated Worksheet																																		
CSP Code:		Occupancy				Name				Pol. #:																								
Building Group I																																		
Group I Rate	X	PC Mult.	X	Terr. Mult.	X	Limit Multiplier	(-)	V&MM Credit (if appl.)	(-)	Sprinkler Leakage Excl (a)	X	Stand. Policy Mult.	(+x)	Coins. factor (if >/< 80%) (c)	X	Ded. Factor (if appl.)	(+)	Cond. Charge Factors	X	Vacancy Chg. (b) (if appl.)	(=)	Final Group I Rate	X	Amt of Covg /\$100	(=)	Bldg Gp I Prem (round to nearest \$1.00)								
	X		X		X		(-)		(-)	0.001	X	0.98	(+x)		X		(+)		X		(=)		X		(=)	a								
Building Group II																																		
										Group II Rate	X	Limit Multiplier	X	Stand. Policy Mult.	X	Coins. factor (if >/< 80%) (c)	X	Ded. Factor (if appl.)	X	Vacancy Chg. (b) (if appl.)	(=)	Final Group II Rate	X	Amt of Covg /\$100	(=)	Bldg Gp II Prem (round to nearest \$1.00)								
											X		X	0.98	X		X		X		(=)		X		(=)	b								
Contents Group I																																		
										Group I Rate	X	PC Mult.	X	Terr. Mult.	X	Limit Multiplier	(-)	V&MM Credit (if appl.)	(-)	Factor to Exclude Sprinkler Leakage (a)	X	Stand. Policy Mult.	(+x)	Coins. factor (if >/< 80%) (c)	X	Ded. Factor (if appl.)	(+)	Cond. Charge Factors	X	Final Group I Rate	X	Amt of Covg /\$100	(=)	Cont Gp I Prem (round to nearest \$1.00)
											X		X		X		(-)		(-)		X	0.98	(+x)		X		(+)		X		(=)	c		
Contents Group II																																		
										Group II Rate	X	Limit Multiplier	X	Stand. Policy Mult.	X	Coins. factor (if >/< 80%) (c)	X	Ded. Factor (if appl.)	(=)	Final Group II Rate	X	Amt of Covg /\$100	(=)	Cont Gp II Prem (round to nearest \$1.00)										
											X		X	0.98	X		X		(=)		X		(=)		X		(=)	d						
Notes:																				Base Premium (a+b+c+d)		e												
(a) Factor to exclude SL if SL is not requested for sprinklered risk																				Mine Subsidence (flat premium)		f												
(b) Refer to Rule 25 for Vacancy Charge																				Adjusted Base Premium (e+f)		g												
(c) Coinsurance:																				KY Prem. Surcharge: (1.8% (times) g)		h												
90% Group I & II times (x) .95																				Annual Premium (g+h)														
100% Group I & II times (x) .90																																		
<80% Group I - see table in Rule 24 (B); GP II times (x) 3.0																																		

Commercial Property Specifically Rated Worksheet																								
CSP Code:			RCP Code:			Name											Policy #							
Building Group I																								
Group I Loss Cost	X	KFP Surcharge	X	KFP Loss Cost Multiplier	(-)	V&MM Credit (if appl.)	(-)	Sprinkler Leakage Excl (a)	X	Stand. Policy Mult.	(+/-)	Coins. factor (if >/< 80%) (c)	X	Ded. Factor (if appl.)	(+)	Cond. Charge Factors	X	Vacancy Chg. (b) (if appl.)	(=)	Final Group I Rate	X	Amt of Covg /\$100	(=)	Bldg Gp I Prem (round to nearest \$1.00)
	X	2.542	X	1.504	(-)		(-)	0.001	X	0.98	(+/-)		X		(+)		X		(=)		X		(=)	a
Building Group II																								
				Group II Loss Cost	X	KFP Surcharge	X	KFP Loss Cost Multiplier	X	Stand. Policy Mult.	X	Coins. factor (if >/< 80%) (c)	X	Ded. Factor (if appl.)	X	Vacancy Chg. (b) (if appl.)	(=)	Final Group II Rate	X	Amt of Covg /\$100	(=)	Bldg Gp II Prem (round to nearest \$1.00)		
					X	2.542	X	1.504	X	0.98	X		X		X	1.40	(=)		X		(=)		b	
Contents Group I																								
		Group I Loss Cost	X	KFP Surcharge	X	KFP Loss Cost Multiplier	(-)	V&MM Credit (if appl.)	(-)	Sprinkler Leakage Excl (a)	X	Stand. Policy Mult.	(+/-)	Coins. factor (if >/< 80%) (c)	X	Ded. Factor (if appl.)	(+)	Cond. Charge Factors	(=)	Final Group I Rate	X	Amt of Covg /\$100	(=)	Cont Gp I Prem (round to nearest \$1.00)
			X	2.542	X	1.504	(-)		(-)	0.001	X	0.98	(+/-)		X		(+)		(=)		X		(=)	c
Contents Group II																								
				Group II Loss Cost	X	KFP Surcharge	X	KFP Loss Cost Multiplier	X	Stand. Policy Mult.	X	Coins. factor (if >/< 80%) (c)	X	Ded. Factor (if appl.)	(=)	Final Group II Rate	X	Amt of Covg /\$100	(=)	Cont Gp II Prem (round to nearest \$1.00)				
					X	2.542	X	1.504	X	0.98	X		X		(=)		X		(=)		d			
Notes:																								
(a) Factor to exclude SL if SL is not requested for sprinklered risk																								
(b) Refer to Rule 25 for Vacancy Charge																								
(c) Coinsurance:																								
90% Group I & II times (x) .95												Base Premium (a+b+c+d)								e				
100% Group I & II times (x) .90												Mine Subsidence (flat premium)								f				
<80% Group I - see table in Rule 24 (B); Group II times (x) 3.0.												Adjusted Base Premium (e+f)								g				
												KY Prem. Surcharge: (1.8% (times) g)								h				
												Annual Premium (g+h)												

FARM PROPERTY RATING WORKSHEET

Named Insured: _____ Policy Number: _____

Type: 1 _____	Construction: Frame _____	Protection Class: 1-7 _____
2 _____	Masonry _____	8 _____
3 _____		8B & 9 _____
MH _____		10 _____

Farm Rate (Less Lightning Rod Credit 0.639 if appl.)		Amount of Insurance Per \$1,000		Base Premium (round to nearest \$1.00)		Deductible Factor (if appl.)		Adjusted Base Premium (round to nearest \$1.00)		Vacancy Surcharge Factor (if appl.)		Firing of Tobacco Surcharge (if appl.)		Farm Premium (a) (round to nearest \$1.00)
	x		=		x		=		x		+		=	
	x		=		x		=		x		+		=	

Mine Subsidence (if appl.) (flat) (b)	\$ _____
(a + b) (c)	\$ _____
KY Prem. Surcharge (1.8% x c) (d)	\$ _____
Annual Policy Premium (c + d)	\$ _____

Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

I. Purpose

The Governing Committee has adopted this document to serve as the investment concept and funds management policy for the management of operating and investment funds held by the Plan.

II. Scope

The Policy Statement applies to all funds held by or for the benefit of the Kentucky FAIR Plan Reinsurance Association (the “Plan”). For the purpose of this Policy, the Investment Portfolio is defined as funds in any general or special account or fund of the Plan held by or controlled by the Governing Committee of the Plan, which funds in reasonable contemplation will not be needed for the purpose intended within a reasonable time from the date of such investment.

The main investment objective of the Portfolio is to achieve long-term growth of Portfolio assets by maximizing long-term rate of return on investments and minimizing the risk of loss of Members Equity to be able to fulfill the Plans current and long-term financial obligations and Plan losses.

The purpose of this Policy Statement is to achieve the following:

1. Document investment objectives and investment guidelines for Portfolio assets.
2. Establish an appropriate investment strategy for managing Portfolio assets, including an investment time horizon, risk tolerance ranges and asset allocation to provide sufficient diversification and overall return over the long-term.
3. Establish investment guidelines to control overall risk and liquidity.
4. Establish periodic performance reporting requirements to monitor investment results and confirm that the investment policy is being followed.
5. Comply with fiduciary, prudence, due diligence and legal requirements for Portfolio assets.

III. Statement of Investment Objectives

The investment objectives of the Portfolio are as follows:

1. To invest assets of the Portfolio in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of the Plan and its Portfolio, and (b) assets are to be diversified as outlined in this document in order to maximize the impact of large losses from individual investments.
2. To provide for funding and anticipated withdrawals for insurance operations or claims payments.
3. To enhance the value of the Portfolio assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.

Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

IV. Investment Authority

1. General Cash Management

The Kentucky FAIR Plan Reinsurance Association, is not classified as an Insurance Company. However the Plan will at all times endeavor to hold and invest funds in accordance with Kentucky Revised Statutes and Kentucky Administrative Regulations relating to the definition, classification and limitation of investments for property and casualty insurers.

The Plan's funds shall be managed and its investments shall be made as follows:

A. The Plan shall endeavor to keep approximately \$1,000,000 on hand in one or more bank accounts to pay anticipated claims, loss adjustment expenses, office expenses, and other expenses of the Plan. The Plan may transfer funds in excess of that amount to the Plan's Investment manager.

B. The Plan's funds and assets ("Investment Assets") in the hands of the Investment manager shall be maintained and invested in accordance with the following standards:

1. The Investment Assets shall include cash, cash equivalents, fixed income securities and diversified equity positions subject to the right of the Plan to liquidate Investment Assets in order to pay claims and other costs of operation of the Plan on the terms stated in Section 2.
2. The Investment Assets shall include approximately \$800,000 which shall be held as cash or cash equivalents..
3. Investment Assets held by the Investment manager which are not held as cash or cash equivalents pursuant to Section 1.B.2 shall be invested in one or more of the following categories of investments subject to the limitations included in Section 1.B,4 below:

~~i.~~ Municipal bonds rated AAA and AA by Moody's or Standards & Poor's or rated as "High Grade Investments" with a rating of 1 or 2 by the NAIC, Securities Valuation Office, ("SVO"), bonds shall have a maturity exposure of no greater than ten years; or,

~~ii.~~ Corporate Bond may be considered with a rating of 1 by the NAIC; or,

~~iii.~~ Fixed income securities issued by, or guaranteed by the full faith and credit of, the United States Government; or,

~~iv.~~ AA rated securities issued by agencies of the United States

Commented [SH1]: Removed NAIC 2 - see [capital-markets-special-report-exposure-bonds-designations.pdf](#)

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Commented [SH2]: With the downgrade of US Govt debt, we need to make this change to remain compliant and to allow for continued investment in US securities.

Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

Government or by one or more of its agencies including GSE's (government sponsored entities) such as Fannie Mae, Freddie Mac or the Federal Home Loan Bank; or,

Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

~~iv.v.~~ Equity interests.

~~v.vi.~~ Asset Allocation shall be governed by the following table:

KY FAIR Plan IPS Asset Allocation		
	Minimum	Maximum
Bonds/Fixed Income	70%	85%
Equities	10%	25%
Cash	5% or \$800,000 minimum	20%

4. Notwithstanding any other provision of this Policy, the following guidelines also apply:

i. General diversification limit: No more than 5% of the Investment Assets shall be invested in the securities of a single issuer on a look-through basis in aggregate across all asset classes and securities. This 5% limit shall apply to equity securities of a single issuer.

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Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

- ~~ii. An exception is made for fixed income securities issued by the U.S. Treasury, the limits of which are defined by the broader asset allocations guidelines of this policy document.~~
- ~~iii. Equity interests: The aggregate market value of equity investments held as individual securities, or via ETFs or mutual funds, shall not exceed 25% of the total market value of the entirety of The Plan's Investment Assets.~~
- ~~iv. Within the equity allocation, the market value of any investment in the security of any single issuer shall not exceed 10% of the total value of the equity portfolio.~~
 - ~~i. General diversification limit: no more than 5% of Investment Assets shall be invested in a single position.~~
 - ~~ii. Equity interests: the total shall not exceed 25% of the Investment Assets.~~
 - ~~iii. The value of the investment in any single equity position shall not exceed 10% of the total value of the equity portfolio.~~

5. Interest income from the Investment Assets maybe invested in diversified equity positions. Dividends and other income from such equity positions may be invested or reinvested in such equity positions.
6. The Plan recognizes that from time to time bonds and fixed income securities mature or may be called which will result in balances that may exceed the standards included herein. However, the Investment manager will at all times endeavor to replace or reinvest securities in accordance with this policy as soon as practical.

Investments in equity, fixed income, real estate and other assets classes under consideration may be owned directly via purchase of individual equity securities, or by purchasing mutual funds and/or Exchange Traded Funds (ETFs) that maintain underlying equity, fixed income, real estate, or other investable asset class ownership.

- i. Per item 4(i) above, no more than 5% of Investment Assets shall be invested in a single ETF or mutual fund.

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Commented [SH3]: For clarity this is simply to restrict the purchases of individual security exposures to 5% - NOT Mutual Funds or ETF's as they are not single issuers. If a Mutual Fund or ETF were to be considered as such, it may cause issues with the 5% rule.

Commented [CM4]: I need to think about how to make this crystal clear: SPY, IVV, VOO are all S&P 500 Index ETFs. Is the intent to limit exposure to single issuers of virtually identical vehicles, or is the regulation that drives this seeking to limit exposure to a group/index of underlying securities? If the former, you could own a 5% position in each of SPY/IVV/VOO, resulting in a 15% position in the S&P 500 Index. If the latter, you would be limited to only 5% in the S&P 500.

Commented [CM5R4]: From a practical standpoint, 25% equity cap would imply that you might unintentionally limit the US Large Cap exposure.

Commented [CM6R4]: In a global equity allocation, the US is about 64% of ACWI. Within the US, Large Cap is about 92%

Commented [CM7R4]: So, a passive allocation to US Large Cap (effectively, the S&P 500) is $0.25 \times 0.64 \times 0.92 = 0.1472$, or 14.7%.

Commented [CM8R4]: Perhaps I am overthinking it, but I cannot claim the same for how a regulator might interpret your policy if he/she had is having a bad day.

Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

- ii. Underlying equity interest exposures held in ETFs or mutual funds, plus direct ownership of individual publicly traded equity securities or private equity interests, shall not exceed 25% of Investment Assets.
- iii. Fixed Income ETFs and/or mutual funds must not exceed a maturity of 10 years.
- iv. Fixed Income ETFs and/or mutual funds must comply with item 3 above

7. Taxable and tax exempt securities are permitted in order to maximize after tax income. The Plan will inform the Investment Manager on a regular basis of its current and expected effective tax rate.

- C. Any decision to be made under this Section may be made, in accordance with the foregoing provisions, by the Plan's Executive Director or, in the absence of the Executive Director by the Plan's Manager after consultation with the Investment Committee.
- D. The officers of the Plan, with the recommendation of the Investment Committee, and approval of the Governing Committee, are hereby authorized to enter into an agreement with an Investment manager or a successor Investment manager consistent with this Policy.

2. Withdrawals from the Investment Assets to Pay Claims or Plan Expenses

The Plan shall use reasonable best efforts to pay claims from funds on hand in bank accounts which have not been transferred to the Investment manager and which have therefore not become Investment Assets. There may be times, however, when Investment Assets are needed to pay claims or other costs of the Plan's operation. In those instances, the Executive Director, or in his absence, the Plan Manager, shall notify the Investment Committee who shall have approval authority to transfer funds from the Investment Assets to the Plan's bank accounts to expedite the handling of claims and expenses of the Plan. The Investment Committee shall report to the Governing Committee in accordance with the provisions of this Policy.

3. Role of Governing Committee and Investment Committee

The Governing Committee has adopted this written policy and has appointed an Investment, Finance and Audit Committee ("the Investment Committee") to provide guidance for acquiring and holding investments; engaging in investment practices; specifying guidelines as to the quality, maturity and diversification of investments; and assuring that the investments and investment practices are appropriate for the mission of the Kentucky FAIR Plan Reinsurance Association as established by Subtitle 35 of KRS 304.

The Governing Committee has appointed the Investment Committee to:

- provide oversight, direction and assistance to the Executive Director for the

Revised October 27, 2011, September 15, 2022 (Amended July 2012; March 2016; March 2017; April 2024; October 2025)

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Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

- management of operating and investment funds; and,
- assist the Governing Committee, when needed, with the selection, appointment and

Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

- replacement of the Investment manager; and,
- receive and review, on no less than a quarterly basis, and more often as the Governing Committee may hereafter deem appropriate, a summary report on the Plan investments from the Investment manager in order to determine whether the Plan's investment activities have been consistent with this Policy and to consider whether this Policy should be amended in any way; and,
- meet as necessary but not less than twice annually with the Investment manager to review and make changes to the investment portfolio in accordance with this Policy; and,
- report to the Governing Committee at its annual meetings.

The Governing Committee shall adopt a resolution at its Annual meeting to acknowledge the report of the Investment Committee that investments have been made in accordance with the Investment Concept and Funds Management Policy unless it finds for any reason this Policy has not been followed and if it so the Governing Committee shall take prompt corrective action.

V. Ethics and Conflicts of Interest

Those involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which would impair their ability to make impartial investment decisions.

VI. Amendments

The Investment Committee shall make recommendations for Amendment of this Policy to the Governing Committee and any amendments hereto must be approved by the Governing Committee.

Historical background:

The FAIR Plan Governing Committee created in 2002 an Investment Subcommittee consisting of Ralph Dillihay, the Chair of the FAIR Plan Governing Committee, Brian Smith, its Vice Chair, Committee Member Don Renau, and Michael Plaiss of Kentucky Farm Bureau Insurance Company.

The Subcommittee interviewed various candidates for the provision of investment advisory and custodial services, discussed various strategies for making investments, and reported its recommendations at the Governing Committee meeting held on October 24, 2002. The Subcommittee recommended, among other things, retaining the advisory and custodial services of Merrill Lynch and, more particularly, the services of Steven L. Holley, CFM, an assistant Vice

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President in the Private Client Group in Merrill Lynch's Louisville office.

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Merrill Lynch has maintained the investment assets it received and has invested income from those assets, consistent with the Governing Committee's October 24, 2002 action, in certain equity mutual funds.

Mr. Meadows conferred with Mr. Holley and the Plan's legal counsel, Joe Ardery, and developed a draft Investment and Funds Management Policy, which was intended to be consistent with the Governing Committee's October 2002 action. Mr. Meadows submitted the draft Policy to the members of the Investment Subcommittee for their review and comment prior to the Governing Committee's annual meeting on May 15, 2003. The Governing Committee reviewed the draft Policy and recommended several changes at its May 15, 2003 meeting.

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Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

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April 10, 2024: The Investment Subcommittee recommended adding clarity to language within the ISP document with regards to using ETF’s. *“Investments in equity, fixed income, real estate and other assets classes under consideration may be owned directly via purchase of individual equity securities, or by purchasing mutual funds and/or Exchange Traded Funds (ETFs) that maintain underlying equity, fixed income, real estate, or other investable asset class ownership.*

i. Per item 4(i) above, no more than 5% of Investment Assets shall be invested in a single ETF or mutual fund.

ii. Underlying equity interest exposures held in ETFs or mutual funds, plus direct ownership of individual publicly traded equity securities or private equity interests, shall not exceed 25% of Investment Assets.

iii. Fixed Income ETFs and/or mutual funds must not exceed a maturity of 10 years.

iv. Fixed Income ETFs and/or mutual funds must comply with item 3 above”

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October 22, 2025: The Investment Subcommittee recommended adding clarity and new language within the ISP document to more clearly address General Diversification limits; Equity interests; and Equity allocation as well as to add language related to the use of taxable bonds vs tax-exempt bonds as outlined below.

Related to IV Investment Authority 1.B.4

“i. General diversification limit: No more than 5% of the Investment Assets shall be invested in the securities of a single issuer on a look-through basis in aggregate across all asset classes and securities. This 5% limit shall apply to equity securities of a single issuer.

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Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

- ii. An exception is made for fixed income securities issued by the U.S. Treasury, the limits of which are defined by the broader asset allocations guidelines of this policy document.
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- iv. Within the equity allocation, the market value of any investment in the security of any single issuer shall not exceed 10% of the total value of the equity portfolio."

”
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The Committee recognizes that KRS 304.7 is guidance for “insurers” within Kentucky and the Plan may work to operate as closely as possible to these regulations. However, the Plan is defined as a “residual market mechanism” in KRS 304.13-011(8) and therefor is not an “insurer” as outlined in KRS 304.3-400(5). As such, the Plan may operate outside of the restrictions of KRS 304.7.

Commented [SH10]: For clarity this is simply to restrict the purchases of individual security exposures to 5% - NOT Mutual Funds or ETF's as they are not single issuers. If a Mutual Fund or ETF were to be considered as such, it may cause issues with the 5% rule.

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Commented [SH11]: Added to address the use of taxable bonds in lieu of tax-exempt bonds when tax loss carryforwards are available to offset taxable income.

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Kentucky FAIR Plan Reinsurance Association

Investment Concept and Funds Management Policy

I. Purpose

The Governing Committee has adopted this document to serve as the investment concept and funds management policy for the management of operating and investment funds held by the Plan.

II. Scope

The Policy Statement applies to all funds held by or for the benefit of the Kentucky FAIR Plan Reinsurance Association (the “Plan”). For the purpose of this Policy, the Investment Portfolio is defined as funds in any general or special account or fund of the Plan held by or controlled by the Governing Committee of the Plan, which funds in reasonable contemplation will not be needed for the purpose intended within a reasonable time from the date of such investment.

The main investment objective of the Portfolio is to achieve long-term growth of Portfolio assets by maximizing long-term rate of return on investments and minimizing the risk of loss of Members Equity to be able to fulfill the Plans current and long-term financial obligations and Plan losses.

The purpose of this Policy Statement is to achieve the following:

1. Document investment objectives and investment guidelines for Portfolio assets.
2. Establish an appropriate investment strategy for managing Portfolio assets, including an investment time horizon, risk tolerance ranges and asset allocation to provide sufficient diversification and overall return over the long-term.
3. Establish investment guidelines to control overall risk and liquidity.
4. Establish periodic performance reporting requirements to monitor investment results and confirm that the investment policy is being followed.
5. Comply with fiduciary, prudence, due diligence and legal requirements for Portfolio assets.

III. Statement of Investment Objectives

The investment objectives of the Portfolio are as follows:

1. To invest assets of the Portfolio in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of the Plan and its Portfolio, and (b) assets are to be diversified as outlined in this document in order to maximize the impact of large losses from individual investments.
2. To provide for funding and anticipated withdrawals for insurance operations or claims payments.
3. To enhance the value of the Portfolio assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.

Kentucky FAIR Plan Reinsurance Association

Investment Concept and Funds Management Policy

IV. Investment Authority

1. General Cash Management

The Kentucky FAIR Plan Reinsurance Association, is not classified as an Insurance Company. However the Plan will at all times endeavor to hold and invest funds in accordance with Kentucky Revised Statutes and Kentucky Administrative Regulations relating to the definition, classification and limitation of investments for property and casualty insurers.

The Plan's funds shall be managed and its investments shall be made as follows:

- A. The Plan shall endeavor to keep approximately \$1,000,000 on hand in one or more bank accounts to pay anticipated claims, loss adjustment expenses, office expenses, and other expenses of the Plan. The Plan may transfer funds in excess of that amount to the Plan's Investment manager.
- B. The Plan's funds and assets ("Investment Assets") in the hands of the Investment manager shall be maintained and invested in accordance with the following standards:
 1. The Investment Assets shall include cash, cash equivalents, fixed income securities and diversified equity positions subject to the right of the Plan to liquidate Investment Assets in order to pay claims and other costs of operation of the Plan on the terms stated in Section 2.
 2. The Investment Assets shall include approximately \$800,000 which shall be held as cash or cash equivalents..
 3. Investment Assets held by the Investment manager which are not held as cash or cash equivalents pursuant to Section 1.B.2 shall be invested in one or more of the following categories of investments subject to the limitations included in Section 1.B,4 below:
 - i. Municipal bonds rated AAA and AA by Moody's or Standards & Poor's or rated as "High Grade Investments" with a rating of 1 by the NAIC, Securities Valuation Office, ("SVO"), bonds shall have a maturity exposure of no greater than ten years; or,
 - ii. Corporate Bond may be considered with a rating of 1 by the NAIC; or,
 - iii. Fixed income securities issued by, or guaranteed by the full faith and credit of, the United States Government; or,
 - iv. AA rated securities issued by agencies of the United States Government or

Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

by one or more of its agencies including GSE's (government sponsored entities) such as Fannie Mae, Freddie Mac or the Federal Home Loan Bank; or,

Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

v. Equity interests.

vi. Asset Allocation shall be governed by the following table:

KY FAIR Plan IPS Asset Allocation		
	Minimum	Maximum
Bonds/Fixed Income	70%	85%
Equities	10%	25%
Cash	5% or \$800,000 minimum	20%

4. Notwithstanding any other provision of this Policy, the following guidelines also apply:

- i. General diversification limit: No more than 5% of the Investment Assets shall be invested in the securities of a single issuer on a look-through basis in aggregate across all asset classes and securities. This 5% limit shall apply to equity securities of a single issuer.

Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

- ii. An exception is made for fixed income securities issued by the U.S. Treasury, the limits of which are defined by the broader asset allocations guidelines of this policy document.
 - iii. Equity interests: The aggregate market value of equity investments held as individual securities, or via ETFs or mutual funds, shall not exceed 25% of the total market value of the entirety of The Plan's Investment Assets.
 - iv. Within the equity allocation, the market value of any investment in the security of any single issuer shall not exceed 10% of the total value of the equity portfolio.
5. Interest income from the Investment Assets maybe invested in diversified equity positions. Dividends and other income from such equity positions may be invested or reinvested in such equity positions.
 6. The Plan recognizes that from time to time bonds and fixed income securities mature or may be called which will result in balances that may exceed the standards included herein. However, the Investment manager will at all times endeavor to replace or reinvest securities in accordance with this policy as soon as practical.

Investments in equity, fixed income, real estate and other assets classes under consideration may be owned directly via purchase of individual equity securities, or by purchasing mutual funds and/or Exchange Traded Funds (ETFs) that maintain underlying equity, fixed income, real estate, or other investable asset class ownership.

- i. Per item 4(i) above, no more than 5% of Investment Assets shall be invested in a single ETF or mutual fund.
 - ii. Underlying equity interest exposures held in ETFs or mutual funds, plus direct ownership of individual publicly traded equity securities or private equity interests, shall not exceed 25% of Investment Assets.
 - iii. Fixed Income ETFs and/or mutual funds must not exceed a maturity of 10 years.
 - iv. Fixed Income ETFs and/or mutual funds must comply with item 3 above
7. Taxable and tax exempt securities are permitted in order to maximize after tax income. The Plan will inform the Investment Manager on a regular basis of its current and expected effective tax rate.

C. Any decision to be made under this Section may be made, in accordance with the foregoing provisions, by the Plan's Executive Director or, in the absence of the Executive Director by the Plan's Manager after consultation with the Investment

Kentucky FAIR Plan Reinsurance Association

Investment Concept and Funds Management Policy

Committee.

- D. The officers of the Plan, with the recommendation of the Investment Committee, and approval of the Governing Committee, are hereby authorized to enter into an agreement with an Investment manager or a successor Investment manager consistent with this Policy.

2. Withdrawals from the Investment Assets to Pay Claims or Plan Expenses

The Plan shall use reasonable best efforts to pay claims from funds on hand in bank accounts which have not been transferred to the Investment manager and which have therefore not become Investment Assets. There may be times, however, when Investment Assets are needed to pay claims or other costs of the Plan's operation. In those instances, the Executive Director, or in his absence, the Plan Manager, shall notify the Investment Committee who shall have approval authority to transfer funds from the Investment Assets to the Plan's bank accounts to expedite the handling of claims and expenses of the Plan. The Investment Committee shall report to the Governing Committee in accordance with the provisions of this Policy.

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Kentucky FAIR Plan Reinsurance Association Investment Concept and Funds Management Policy

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- receive and review, on no less than a quarterly basis, and more often as the Governing Committee may hereafter deem appropriate, a summary report on the Plan investments from the Investment manager in order to determine whether the Plan's investment activities have been consistent with this Policy and to consider whether this Policy should be amended in any way; and,
 - meet as necessary but not less than twice annually with the Investment manager to review and make changes to the investment portfolio in accordance with this Policy; and,
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Kentucky FAIR Plan Committee Assignments –
2025/2026

Committee	Member	Company
Executive Committee	Rudy Schlich	Old Kentucky Insurance
	Todd Feltman	State Farm
	Mark Hillis -Executive Director	Kentucky FAIR Plan
Investment Committee	Lisa Pierce	Allstate Insurance Co.
	Jon Simon	Kentucky Farm Bureau
	Liam O'Brien	Kentucky Farm Bureau
	Rudy Schlich	Old Kentucky Insurance
	Chuck McCurdy	Cerity Partners, LLC
	Ryan Burch	Cerity Partners, LLC
	Mark Hillis - Executive Director	Kentucky FAIR Plan
Members Equity & Reinsurance Committee	Kristen Mellinger	Kentucky Farm Bureau
	Todd Feltman	State Farm
	Dawn Whalen	Travelers Insurance
	Mark Hillis – Executive Director	Kentucky FAIR Plan
Audit Committee	Marcus Bickwermert	Kentucky Farm Bureau
	Todd Feltman	State Farm
	Dawn Whalen	Travelers Insurance
	Tina Faleide	Kentucky FAIR Plan
Products and Forms Committee	Kristen Mellinger	Kentucky Farm Bureau
	Rudy Schlich	Old Kentucky Insurance
	Jay Kepperling	Nationwide
	Erin Lux	Kentucky FAIR Plan
Underwriting Committee	Dwayne Taylor	State Farm
	Andy Heim	Kentucky Farm Bureau
	Erin Lux	Kentucky FAIR Plan
Claims Committee	Henry Goins	Kentucky Farm Bureau
	Dan Pendleton	Kentucky Farm Bureau
	Andy Lewis	State Farm
	Stacie Darnell	Kentucky National
	Erin Lux	Kentucky FAIR Plan
KAIP Compensation and Benefits	Lisa Pierce	Allstate Insurance Co.