



# Board of Trustees

**Board Meeting**

**June 26, 2015**

**Pittsburg, Kansas**

**Law Enforcement Center**

**201 N. Pine**

**9:00 AM (CDT)**

# **BOARD OF TRUSTEES MEETING KANSAS MUNICIPAL INSURANCE TRUST**

**9:00 AM (CDT), Friday, June 26, 2015  
Law Enforcement Center\*, Pittsburg, KS**

1. Welcome, Introductions and Call To Order (President Keith Schlaegel)
2. Trustee Absences from Meeting (Schlaegel)
3. Minutes, May 1, 2015—Moundridge (Schlaegel)
4. Financial Reports (J. Davis, Osenbaugh)
  - a. April 30, 2015 Financials
  - b. May 31, 2014 Financials
  - c. Audited (Amended) Fourth Quarter 2014 KID Report
  - d. First Quarter 2015 KID Report
  - e. May 31, 2015 Cash/Investments Summary
5. 2014 Actuary Report (Osenbaugh)
6. 2013/2014 Financial Audit--Presentation (**Stuart Bach**--Summers, Spencer & Company)
7. Reserve Advisory & Settlement Authority (Miller)
8. Loss Control Activities (Rhodes)
9. Formal Appointment of 2015 Nominating Committee (Schlaegel)
10. MOU Agreement With LKM (Osenbaugh)
11. Pool Administrator Contract (Osenbaugh/Schlaegel)
12. Other Business
13. Adjourn (approximately noon)

Lunch.

**Don Osenbaugh**

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**From:** Tim Vandall [tvandall@ellsworthks.net]  
**Sent:** Tuesday, May 12, 2015 5:02 PM  
**To:** cosmgr@ruraltel.net  
**Cc:** 'Don Osenbaugh (dosenbaugh@cox.net)'  
**Subject:** Resignation

Keith,

I am writing to tender my resignation from the KMIT board. I have accepted the position as the City Administrator of Lansing and will be starting full time with the City on July 1st. I have enjoyed learning more about the field of workmen's compensation and value the relationships built over the last 16 months. KMIT is a worthwhile organization that I know will continue to thrive under your leadership. If I can ever be of assistance please let me know.

Sincerely,

Tim Vandall  
City Administrator  
City of Ellsworth  
(785) 472-5566  
[tvandall@ellsworthks.net](mailto:tvandall@ellsworthks.net)

# KANSAS MUNICIPAL INSURANCE TRUST

## Board of Trustees Minutes from March 6, 2015

*Approved in Moundridge, on May 1, 2015*

**Meeting Convened:** Friday, March 6, 2015 in the Ellsworth City Hall, Ellsworth, KS. The meeting was called to order by KMIT Vice President Tim Hardy at 9:07 AM (CST).

**Members Present:** *Board Members Present:* Vice President Hardy (Elkhart), Treasurer Debbie Price (Marysville), Michelle Stegman (Garden City), Tim Vandall (Ellsworth), Randy Frazer (Moundridge), Ty Lasher (Bel Aire), Kerry Rozman (Clay Center), Nathan McCommon (Tonganoxie), and David Dillner (Abilene). *Staff:* Paul Davis (IMA), Jaci Davis (IMA), Chris Retter (IMA), Gene Miller (IMA), Jess Cornejo (IMA), Deanna Furman (IMA), and Don Osenbaugh (KMIT Pool Administrator). *Guests:* Leslie Borden (ARC+) and Jennifer Smith (Bardavon)

**Resignation of Trustee/Formal Acceptance:** Dillner moved to formally accept the resignation of Megan Fry (Pittsburg); seconded by Rozman. Unanimously approved.

**Appointment of New Trustee:** On behalf of President Keith Schlaegel, Vice President Hardy appointed Jay Byers (Assistant City Manager of Pittsburg) to the Board. Dillner moved to confirm; seconded by Vandall, and approved unanimously.

**Members Absences From Meeting:** President Schlaegel (Stockton).

**Minutes: December 12, 2014--WSU, Wichita.** Motion to approve as written, by Dillner; second by Rozman. Approved unanimously.

### Financial Reports:

- a. December 31, 2014 KID Quarterly Report (preliminary)
- b. December 31, 2014 (un-audited) Financials
- c. January 31, 2015 Financials
- d. January 31, 2015 Cash and Investment Summary

Motion to approve all of the above reports made by Dillner, seconded by Frazer. Approved unanimously.

### Reserve Advisory and Settlement Authority:

Miller reported on the following claims—

1. Claim #2014048165. Augusta. Settlement request in the amount of \$55,049.17, full and final. Motion to approve by Vandall; second by McCommon. Approved unanimously.
2. Claim #2013047178. Bonner Springs. Settlement request in the amount of \$29,056.50, full and final. Motion to approve by Frazer; seconded by Stegman. Approved unanimously.
3. Claim #2014069325. Medicine Lodge. Settlement request in the amount of \$25,717.82, full and final. Motion to approve by Dillner, seconded by Lasher. Approved unanimously.
4. Claim #2014048398. Altamont. Settlement previously approved by Pool Administration in the amount of \$12,150.90, full and final.



5. Claim #2014068877. Parsons. Previously approved by Pool Administrator, at \$10,464. Not yet settled.
6. Claim #2012043056. Oswego. Reserve Increase Advisory only.
7. Claim #2015070272. Garden City. Reserve Increase Advisory only.
8. Claim #2014069675. Oakley. Reserve Increase Advisory only.
9. Claim #2014069989. Osawatomie. Reserve Increase Advisory only.
10. Claim #002874-97-07292-01. Wellington. This was notification of settlement authority given to the excess carrier of \$50,000 on this claim which originated in 1997. The claim expense has exceeded the aggregate amount, so any further expense is paid by the excess carrier. The excess carrier will attempt to settle this claim in the amount of \$50,000.

Miller briefly reviewed the 2015 Policy Year (YTD) Logicomp summary.

**Loss Control Activities:** Retter gave a brief report.

**Annual Marketing Review:** Osenbaugh gave an overview of marketing activities and concepts, and referred to, and expanded upon, materials in the packet.

**Annual Pool Performance Review:** Cornejo presented this material, and showed detailed slides which serve to analyze and understand the financial performance side of KMIT.

**Job Analysis Program Presentation:** Leslie Borden (ARC+) and Jennifer Smith (Bardavon) gave a presentation about how the POET (Post Offer Employment Test) program, and network, will operate.

**Other Business:** Osenbaugh asked for Board approval on KMIT joining KMU as an associate member (unanimously approved following a motion by Dillner and a second by Frazer), and also for Board concurrence (given) to allow non-KMIT KMU cities to use our new POET network (no KMIT co-payment). Osenbaugh also reported on several pieces of potential state legislation.

**Adjournment:** Motion made by Rozman to adjourn; seconded by Stegman. Approved unanimously. The meeting was adjourned at 12:11 PM.

# KANSAS MUNICIPAL INSURANCE TRUST

## Board of Trustees Minutes from May 1, 2015

*Unapproved*

**Meeting Convened:** Friday, May 1, 2015 in the offices of Ag360 Insurance, Moundridge, KS. The meeting was called to order by KMIT President Keith Schlaegel at 9:02 AM (CDT).

**Members Present:** *Board Members Present:* President Schlaegel (Stockton), Vice President Tim Hardy (Elkhart), Treasurer Debbie Price (Marysville), Tim Vandall (Ellsworth), Randy Frazer (Moundridge), Ty Lasher (Bel Aire), Nathan McCommon (Tonganoxie), Jay Byers (Pittsburg), and David Dillner (Abilene). *Staff:* Paul Davis (IMA), Jaci Davis (IMA), Gene Miller (IMA), Renee Rhodes (IMA), Jess Cornejo (IMA), Amanda Chamberland (IMA), Deanna Furman (IMA), and Don Osenbaugh (KMIT Pool Administrator). *Guest:* Greg Nelson, Commerce Bank.

**Appointment of New Trustee:** President Keith Schlaegel appointed Michael Reagle (Police Captain, City of Garden City) to the Board, to fill the vacancy created by the resignation of Michelle Stegman, which had been submitted in writing since the last meeting. Vandall moved to confirm; seconded by McCommon, and approved unanimously. Reagle took his seat immediately.

**Members Absences From Meeting:** Kerry Rozman (Clay Center).

**Minutes: March 6, 2015, Ellsworth.** Motion to approve as written, by Price; second by Frazer. Approved unanimously.

### Financial Reports:

- a. February 28, 2015 Financials
- b. March 31, 2015 Financials
- c. March 31, 2015 Cash and Investment Summary

Motion to approve all of the above reports made by Dillner; second by Lasher. Approved unanimously.

### Reserve Advisory and Settlement Authority:

Miller reported on the following claims—

1. Claim #2013046888. Atchison. Settlement request in the amount of \$55,000 full and final OR \$40,000 with medical open. Motion to approve by Hardy; second by Dillner. Approved unanimously.
2. Claim #2013046351. Ogden. Settlement request of up to \$19,958 previously authorized by Pool Administrator.
3. Claim #2015070784. Neodesha. Reserve Increase Advisory only.
4. Claim #2012043056. Oswego. Reserve Increase Advisory only.
5. Claim #2015070719. Ellsworth. Reserve Increase Advisory only.

Miller briefly reviewed the 2015 Policy Year (YTD) Logicomp summary.

Osenbaugh reported on the recent state legislature activity concerning AMA Guide Edition 6 (current) v AMA Edition 4 (most recent previous edition). There is movement afoot to return to

#4, and there could be quite a fight over this in the future, which could even involve the 2011 Reform Bill. This year's Legislature chose not to do anything.

Osenbaugh also led a brief discussion concerning the 2014 law concerning cardiac events, and indicated the subject will appear on a board agenda in the near future.

**Loss Control Activities:** Rhodes gave an report and distributed updated stat sheets.

**Recognition of New Member Cities:** Osenbaugh reported that Marion and Sterling both joined KMIT, as of April 1. Osenbaugh also reported that Valley Falls left KMIT effective March 31.

**Annual Investment Report:** Greg Nelson, of Commerce Bank gave a presentation and answered several questions from the Board.

**Adjournment:** Motion made by Dillner to adjourn; seconded by McCommon. Approved unanimously. The meeting was adjourned at 11:19 AM.

# KMIT Balance Sheet

April 30, 2015

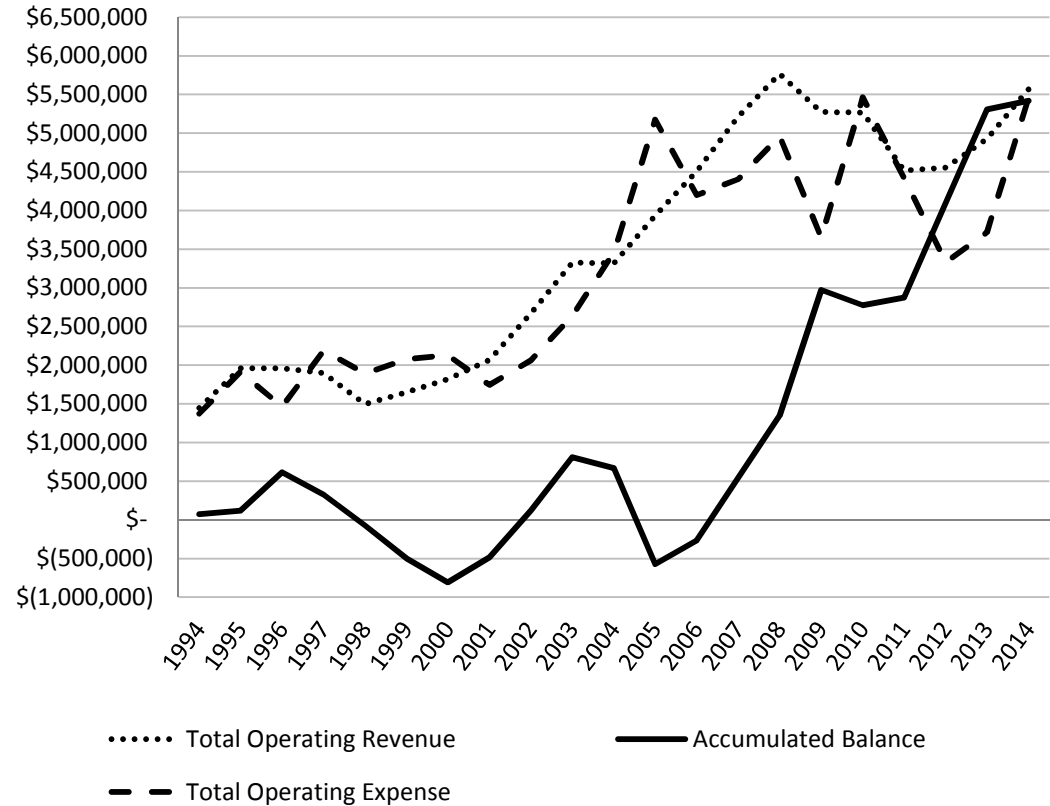
## ASSETS

Checking Accounts	\$	851,148
Investments	\$	14,291,000
Accrued Interest	\$	139,448
Accounts Receivable	\$	94,773
Excess Premium Receivable	\$	25,550
Specific Recoverable	\$	300,594
Aggregate Recoverable	\$	74,950
Prepaid Expenses	\$	408,431
<b>Total Assets</b>	<b>\$</b>	<b>16,185,894</b>

## LIABILITIES & EQUITY

Accounts Payable	\$	25,629
Excess Premium Payable	\$	-
Reserve for Losses	\$	2,632,181
IBNR Reserve	\$	3,937,487
Deposits on Premium	\$	3,681,858
Accrued Taxes and Assessments	\$	522,491
<b>Total Liabilities</b>	<b>\$</b>	<b>10,799,646</b>
<b>Total Equity</b>	<b>\$</b>	<b>5,386,248</b>
<b>Total Liabilities and Equity</b>	<b>\$</b>	<b>16,185,894</b>

## KMIT Financial Overview



# KMIT Profit and Loss

April 30, 2015

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
	Closed	Closed	Closed	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date
<b>REVENUE FUND</b>												
Direct Premium Earned	\$ 1,422,582	\$ 1,885,501	\$ 1,843,047	\$ 1,754,515	\$ 1,377,722	\$ 1,552,110	\$ 1,689,773	\$ 1,965,656	\$ 2,616,641	\$ 3,274,489	\$ 3,256,648	\$ 3,837,793
Interest Income	\$ 22,675	\$ 73,225	\$ 114,912	\$ 142,705	\$ 116,190	\$ 96,882	\$ 129,613	\$ 101,694	\$ 50,668	\$ 52,492	\$ 59,068	\$ 96,274
Miscellaneous Income	\$ -	\$ -	\$ -	\$ -	\$ 4,445	\$ 75	\$ -	\$ -	\$ 2,335	\$ -	\$ -	\$ -
<b>Total Operating Revenue</b>	<b>\$ 1,445,257</b>	<b>\$ 1,958,726</b>	<b>\$ 1,957,959</b>	<b>\$ 1,897,220</b>	<b>\$ 1,498,357</b>	<b>\$ 1,649,067</b>	<b>\$ 1,819,386</b>	<b>\$ 2,067,350</b>	<b>\$ 2,669,644</b>	<b>\$ 3,326,981</b>	<b>\$ 3,315,716</b>	<b>\$ 3,934,067</b>
		\$ 390,462										
<b>ADMINISTRATION FUND EXPENSE</b>	<b>\$ 477,137</b>	<b>\$ 601,545</b>	<b>\$ 492,669</b>	<b>\$ 525,652</b>	<b>\$ 485,865</b>	<b>\$ 454,316</b>	<b>\$ 451,237</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,742</b>	<b>\$ 815,877</b>
<b>CLAIMS FUND EXPENSE</b>												
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,145	\$ 1,873,148	\$ 1,684,318	\$ 1,440,840	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,250,573	\$ 3,797,824
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,305	\$ 83,292	\$ 142,865	\$ 123,055	\$ 83,206	\$ 129,112	\$ 149,296	\$ 149,196	\$ 236,507
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ 13,100	\$ 46,327	\$ 47,735	\$ 16,254	\$ -	\$ -	\$ -	\$ 35,490	\$ 67,117
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ 1,088	\$ 7,306	\$ 4,838	\$ 626	\$ -	\$ -	\$ -	\$ 1,482	\$ 8,322
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,191	\$ -	\$ -	\$ -	\$ 57,931	\$ 64,246
Excess Work Comp Insurance	\$ 151,393	\$ 210,142	\$ 133,376	\$ 117,122	\$ 79,456	\$ 80,124	\$ 86,819	\$ 127,168	\$ 189,458	\$ 366,991	\$ 221,435	\$ 374,472
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ (59,023)	\$ (46,572)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ (268,748)	\$ (622,420)	\$ (171,663)	\$ -	\$ -	\$ -	\$ (400,137)	\$ -	\$ (188,126)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ (65,612)	\$ -	\$ (9,338)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ (300,247)	\$ -	\$ (111,920)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Claims Fund Expense</b>	<b>\$ 893,634</b>	<b>\$ 1,313,638</b>	<b>\$ 970,007</b>	<b>\$ 1,660,153</b>	<b>\$ 1,408,086</b>	<b>\$ 1,620,386</b>	<b>\$ 1,679,785</b>	<b>\$ 1,307,461</b>	<b>\$ 1,530,284</b>	<b>\$ 1,990,358</b>	<b>\$ 2,716,107</b>	<b>\$ 4,360,361</b>
<b>Total Operating Expense</b>	<b>\$ 1,370,771</b>	<b>\$ 1,915,183</b>	<b>\$ 1,462,676</b>	<b>\$ 2,185,805</b>	<b>\$ 1,893,951</b>	<b>\$ 2,074,702</b>	<b>\$ 2,131,022</b>	<b>\$ 1,744,478</b>	<b>\$ 2,063,325</b>	<b>\$ 2,639,694</b>	<b>\$ 3,455,849</b>	<b>\$ 5,176,238</b>
<b>BALANCES</b>												
KMIT Statutory Fund Balance	\$ 74,486	\$ 43,543	\$ 495,283	\$ (288,585)	\$ (395,594)	\$ (425,635)	\$ (311,636)	\$ 322,872	\$ 606,319	\$ 687,287	\$ (140,133)	\$ (1,242,171)
Accumulated Balance	\$ 74,486	\$ 118,029	\$ 613,312	\$ 324,727	\$ (70,867)	\$ (496,501)	\$ (808,137)	\$ (485,265)	\$ 121,053	\$ 808,340	\$ 668,207	\$ (573,964)

**KMIT Profit and Loss**

April 30, 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015	Total
	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Budget	Accrued To Date
<b>REVENUE FUND</b>												
Direct Premium Earned	\$ 4,272,140	\$ 4,950,171	\$ 5,519,169	\$ 5,193,427	\$ 5,213,859	\$ 4,442,326	\$ 4,484,533	\$ 4,853,835	\$ 5,460,508	\$ 1,833,682	\$ 5,640,000	\$ 72,700,127
Interest Income	\$ 234,986	\$ 263,024	\$ 245,802	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 41,713	\$ 225,000	\$ 2,298,733
Miscellaneous Income	\$ -	\$ 2,405	\$ -	\$ -	\$ -	\$ 1,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,701
<b>Total Operating Revenue</b>	<b>\$ 4,507,126</b>	<b>\$ 5,215,600</b>	<b>\$ 5,764,971</b>	<b>\$ 5,275,028</b>	<b>\$ 5,266,578</b>	<b>\$ 4,516,692</b>	<b>\$ 4,554,637</b>	<b>\$ 4,925,696</b>	<b>\$ 5,568,109</b>	<b>\$ 1,875,395</b>	<b>\$ 5,865,000</b>	<b>\$ 75,009,561</b>
<b>ADMINISTRATION FUND EXPENSE</b>	<b>\$ 909,281</b>	<b>\$ 919,830</b>	<b>\$ 953,387</b>	<b>\$ 957,795</b>	<b>\$ 1,031,694</b>	<b>\$ 981,649</b>	<b>\$ 933,352</b>	<b>\$ 1,026,414</b>	<b>\$ 1,131,502</b>	<b>\$ 423,559</b>	<b>\$ 1,098,000</b>	<b>\$ 15,931,898.29</b>
<b>CLAIMS FUND EXPENSE</b>												
Claims Paid Expense	\$ 2,573,900	\$ 2,621,611	\$ 3,132,789	\$ 2,017,831	\$ 3,478,544	\$ 2,309,808	\$ 1,557,296	\$ 1,476,002	\$ 2,192,085	\$ 83,930		\$ 41,302,630
Claims Paid Adjusting Expense	\$ 178,803	\$ 184,330	\$ 222,767	\$ 128,034	\$ 172,681	\$ 126,096	\$ 120,537	\$ 86,240	\$ 63,326	\$ 3,205		\$ 2,599,244
Claims Reserve Expense	\$ 64,727	\$ 141,025	\$ 158,722	\$ 37,852	\$ 104,127	\$ 353,809	\$ 227,994	\$ 153,223	\$ 565,908	\$ 368,329		\$ 2,401,738
Claims Reserves Adjusting Expense	\$ 11,607	\$ 13,197	\$ 16,665	\$ 6,799	\$ 13,886	\$ 19,462	\$ 16,633	\$ 21,303	\$ 50,615	\$ 36,615		\$ 230,443
IBNR Reserve Expense	\$ 76,534	\$ 105,047	\$ 105,756	\$ 158,428	\$ 311,871	\$ 287,921	\$ 147,587	\$ 558,847	\$ 1,216,890	\$ 834,239		\$ 3,937,487
Excess Work Comp Insurance	\$ 384,425	\$ 420,728	\$ 372,790	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 429,976	\$ 159,769	\$ 480,000	\$ 5,668,643
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (195,000)	\$ -		\$ (300,594)
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,965)	\$ -	\$ -	\$ -		\$ (1,661,058)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ (74,950)
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ (412,167)
<b>Claims Fund Expense</b>	<b>\$ 3,289,996</b>	<b>\$ 3,485,937</b>	<b>\$ 4,009,490</b>	<b>\$ 2,690,879</b>	<b>\$ 4,432,484</b>	<b>\$ 3,434,061</b>	<b>\$ 2,397,678</b>	<b>\$ 2,690,744</b>	<b>\$ 4,323,799</b>	<b>\$ 1,486,087</b>	<b>\$ 480,000</b>	<b>\$ 53,691,415</b>
<b>Total Operating Expense</b>	<b>\$ 4,199,277</b>	<b>\$ 4,405,767</b>	<b>\$ 4,962,877</b>	<b>\$ 3,648,674</b>	<b>\$ 5,464,178</b>	<b>\$ 4,415,709</b>	<b>\$ 3,331,030</b>	<b>\$ 3,717,158</b>	<b>\$ 5,455,301</b>	<b>\$ 1,909,646</b>	<b>\$ 1,578,000</b>	<b>\$ 69,623,313</b>
<b>BALANCES</b>												
KMIT Statutory Fund Balance	\$ 307,849	\$ 809,833	\$ 802,094	\$ 1,626,354	\$ (197,600)	\$ 100,983	\$ 1,223,607	\$ 1,208,538	\$ 112,808	\$ (34,251)	\$ 4,287,000	\$ 5,386,248
Accumulated Balance	\$ (266,115)	\$ 543,717	\$ 1,345,811	\$ 2,972,164	\$ 2,774,564	\$ 2,875,547	\$ 4,099,153	\$ 5,307,691	\$ 5,420,499	\$ 5,386,248		



**KMIT Admin Expenses**

April 30, 2015

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Closed	Closed	Closed	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date
<b>GENERAL EXPENSES</b>														
Agent Commissions	\$ -	\$ -	\$ -	\$ -	\$ 969	\$ 4,919	\$ 5,239	\$ 12,669	\$ 33,803	\$ 44,060	\$ 43,231	\$ 61,486	\$ 75,650	\$ 77,961
Directors and Officers Insurance	\$ -	\$ 489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,367
Meetings/Travel	\$ -	\$ 6,971	\$ 976	\$ 5,318	\$ 1,206	\$ -	\$ 149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingencies/Miscellaneous	\$ -	\$ 8,984	\$ 2,596	\$ 3,913	\$ 5,357	\$ 11,585	\$ 6,020	\$ 18,223	\$ 26,103	\$ 28,939	\$ 41,820	\$ 23,173	\$ 66,332	\$ 33,865
Bank Fees	\$ 1,249	\$ 4,735	\$ 579	\$ 658	\$ 263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Write Off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LKM Clearing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub Total</b>	<b>\$ 1,249</b>	<b>\$ 21,179</b>	<b>\$ 4,151</b>	<b>\$ 9,889</b>	<b>\$ 7,795</b>	<b>\$ 16,504</b>	<b>\$ 11,408</b>	<b>\$ 30,892</b>	<b>\$ 59,906</b>	<b>\$ 72,999</b>	<b>\$ 85,051</b>	<b>\$ 84,659</b>	<b>\$ 141,982</b>	<b>\$ 132,193</b>
<b>REGULATORY</b>														
Kansas Insurance Dept (KID) Premium Tax	12,847	18,402	13,177	10,823	13,893	18,215	19,568	18,564	24,377	29,017	30,168	34,004	40,212	46,194
KID Pool Assessment	9,407		5,372	3,470	3,798	1,855	2,693	4,355	3,341	5,983	2,844	3,900		4,300
KID Workers Compensation Assessment	64,034	44,011	25,322	48,345	31,243	14,594	10,372	1,795	7,770	19,748	47,137	91,805	47,193	32,896
KID State Audit														
KDOL Annual Assessment Fee	9,073	15,053	12,410	40,608	34,415	44,004	40,524	30,875	34,311	39,671	58,174	72,246	82,328	84,242
<b>Sub Total</b>	<b>\$ 95,360</b>	<b>\$ 77,466</b>	<b>\$ 56,281</b>	<b>\$ 103,245</b>	<b>\$ 83,349</b>	<b>\$ 78,668</b>	<b>\$ 73,157</b>	<b>\$ 55,589</b>	<b>\$ 69,799</b>	<b>\$ 94,418</b>	<b>\$ 138,323</b>	<b>\$ 201,954</b>	<b>\$ 169,733</b>	<b>\$ 167,632</b>
<b>CONTRACTURAL</b>														
Financial Audit	\$ 4,603	\$ -	\$ 6,639	\$ 32,625	\$ 12,292	\$ 8,288	\$ 10,973	\$ 8,474	\$ 9,600	\$ 9,806	\$ 10,465	\$ 10,264	\$ 33,013	\$ 6,462
Actuarial	\$ -	\$ -	\$ 2,855	\$ 5,000	\$ 25,033	\$ 5,859	\$ 5,703	\$ 7,062	\$ 6,148	\$ 6,272	\$ 7,862	\$ 9,000	\$ 9,991	\$ 12,860
Risk Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 60,000
Risk Control	\$ -	\$ -	\$ 82,500	\$ 99,073	\$ 87,000	\$ 80,000	\$ 80,000	\$ 85,000	\$ 92,500	\$ 105,000	\$ 113,000	\$ 120,000	\$ 130,000	\$ 140,000
Claims Adjusting	\$ 298,447	\$ 312,500	\$ 194,842	\$ 105,470	\$ 100,000	\$ 105,000	\$ 110,000	\$ 110,000	\$ 125,000	\$ 135,000	\$ 140,000	\$ 140,000	\$ 150,000	\$ 165,000
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pool Admin Services	\$ 77,478	\$ 190,400	\$ 145,400	\$ 170,350	\$ 170,396	\$ 159,996	\$ 159,996	\$ 140,000	\$ 160,000	\$ 176,000	\$ 193,000	\$ 200,000	\$ 210,000	\$ 220,000
Payroll Audits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,088	\$ 9,840	\$ 12,042	\$ -	\$ 14,562	\$ 15,684
Rating Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Web Hosting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub Total</b>	<b>\$ 380,528</b>	<b>\$ 502,900</b>	<b>\$ 432,236</b>	<b>\$ 412,518</b>	<b>\$ 394,721</b>	<b>\$ 359,144</b>	<b>\$ 366,672</b>	<b>\$ 350,536</b>	<b>\$ 403,336</b>	<b>\$ 481,918</b>	<b>\$ 516,368</b>	<b>\$ 529,264</b>	<b>\$ 597,566</b>	<b>\$ 620,006</b>
<b>Administration Fund Expense</b>	<b>\$ 477,137</b>	<b>\$ 601,545</b>	<b>\$ 492,669</b>	<b>\$ 525,652</b>	<b>\$ 485,865</b>	<b>\$ 454,316</b>	<b>\$ 451,237</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,742</b>	<b>\$ 815,877</b>	<b>\$ 909,281</b>	<b>\$ 919,830</b>

**KMIT Admin Expenses**

April 30, 2015

	2008	2009	2010	2011	2012	2013	2014	2015	2015	Total
	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Budget	Accrued To Date
<b>GENERAL EXPENSES</b>										
Agent Commissions	\$ 88,532	\$ 94,214	\$ 93,637	\$ 82,860	\$ 96,481	\$ 102,636	\$ 97,597	\$ 19,498	\$ 100,000	\$ 1,035,442
Directors and Officers Insurance	\$ 18,542	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 5,222	\$ 18,000	\$ 142,125
Meetings/Travel	\$ -	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 2,889	\$ 20,000	\$ 72,302
Contingencies/Miscellaneous	\$ 26,155	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 2,018	\$ 5,000	\$ 354,950
Bank Fees	\$ 2,638	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 1,316	\$ 8,000	\$ 45,358
Write Off	\$ -	\$ -	\$ -	\$ (104)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (104)
LKM Clearing	\$ -	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60
Marketing	\$ -	\$ -	\$ -	\$ -	\$ 439	\$ 452	\$ 161	\$ 34	\$ -	\$ 1,086
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ 1,112	\$ 1,830	\$ 3,732	\$ 817	\$ 5,000	\$ 7,490
<b>Sub Total</b>	<b>\$ 135,867</b>	<b>\$ 147,147</b>	<b>\$ 121,475</b>	<b>\$ 107,167</b>	<b>\$ 126,735</b>	<b>\$ 152,627</b>	<b>\$ 156,040</b>	<b>\$ 31,795</b>	<b>\$ 156,000</b>	<b>\$ 1,658,710</b>
<b>REGULATORY</b>										
Kansas Insurance Dept (KID) Premium Tax	54,139	48,525	49,030	40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 12,542	\$ 48,000	\$ 673,467
KID Pool Assessment	3,409	3,476	3,500	3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,701
KID Workers Compensation Assessment	32,770	28,363	57,704	65,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,063
KID State Audit				12,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,652
KDOL Annual Assessment Fee	87,706	65,309	100,248	53,121	\$ 83,040	\$ 115,319	\$ 192,563	\$ 47,514	\$ 115,000	\$ 1,342,753
<b>Sub Total</b>	<b>\$ 178,024</b>	<b>\$ 145,673</b>	<b>\$ 210,482</b>	<b>\$ 175,654</b>	<b>\$ 126,485</b>	<b>\$ 159,668</b>	<b>\$ 243,621</b>	<b>\$ 60,056</b>	<b>\$ 163,000</b>	<b>\$ 2,764,636</b>
<b>CONTRACTURAL</b>										
Financial Audit	\$ 13,127	\$ 18,608	\$ 31,565	\$ 12,023	\$ 11,738	\$ 11,904	\$ 15,803	\$ -	\$ 23,000	\$ 278,272
Actuarial	\$ 13,000	\$ 13,750	\$ 14,000	\$ 14,000	\$ 14,250	\$ 14,250	\$ 15,000	\$ -	\$ 15,000	\$ 201,895
Risk Management	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 170,000	\$ 170,000	\$ 85,000	\$ 170,000	\$ 1,015,000
Risk Control	\$ 140,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 77,500	\$ 155,000	\$ 2,311,573
Claims Adjusting	\$ 165,000	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 102,500	\$ 205,000	\$ 3,568,759
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ -	\$ 10,000	\$ 9,671
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525	\$ 19,000	\$ 525
Pool Admin Services	\$ 220,000	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 29,920	\$ 90,000	\$ 3,690,440
Payroll Audits	\$ 18,370	\$ 17,617	\$ 19,173	\$ 19,000	\$ 16,318	\$ 16,000	\$ 20,143	\$ -	\$ 22,000	\$ 188,836
Rating Services	\$ -	\$ -	\$ -	\$ 22,650	\$ 6,636	\$ 18,702	\$ 10,887	\$ 567	\$ -	\$ 59,442
Web Hosting	\$ -	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 696	\$ -	\$ 9,139
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 35,000	\$ 70,000	\$ 175,000
<b>Sub Total</b>	<b>\$ 639,497</b>	<b>\$ 664,975</b>	<b>\$ 699,738</b>	<b>\$ 698,827</b>	<b>\$ 680,133</b>	<b>\$ 714,119</b>	<b>\$ 731,842</b>	<b>\$ 331,708</b>	<b>\$ 779,000</b>	<b>\$ 11,508,552</b>
<b>Administration Fund Expense</b>	<b>\$ 953,387</b>	<b>\$ 957,795</b>	<b>\$ 1,031,694</b>	<b>\$ 981,649</b>	<b>\$ 933,352</b>	<b>\$ 1,026,414</b>	<b>\$ 1,131,502</b>	<b>\$ 423,559</b>	<b>\$ 1,098,000</b>	<b>\$ 15,931,898</b>

# KMIT Balance Sheet

May 31, 2015

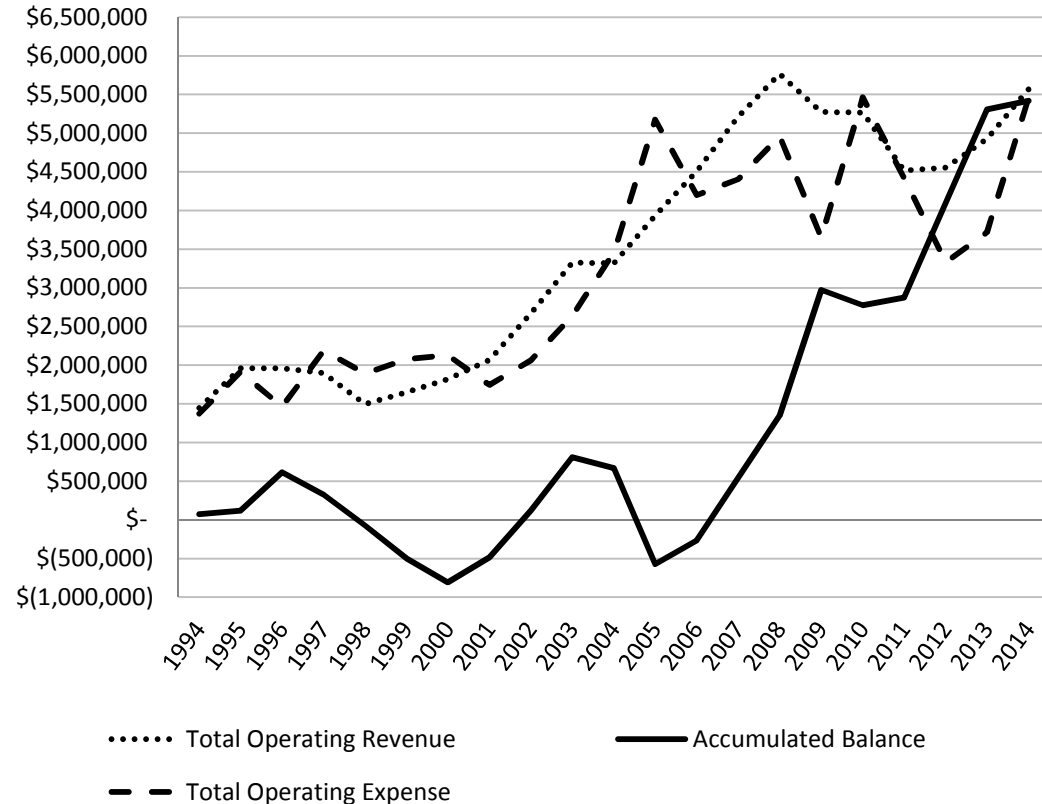
## ASSETS

Checking Accounts	\$	550,723
Investments	\$	14,291,000
Accrued Interest	\$	139,501
Accounts Receivable	\$	38,255
Excess Premium Receivable	\$	25,550
Specific Recoverable	\$	348,036
Aggregate Recoverable	\$	74,950
Prepaid Expenses	\$	362,249
<b>Total Assets</b>	<b>\$</b>	<b>15,830,263</b>

## LIABILITIES & EQUITY

Accounts Payable	\$	11,077
Excess Premium Payable	\$	-
Reserve for Losses	\$	2,674,536
IBNR Reserve	\$	4,080,450
Deposits on Premium	\$	3,227,639
Accrued Taxes and Assessments	\$	428,066
<b>Total Liabilities</b>	<b>\$</b>	<b>10,421,768</b>
<b>Total Equity</b>	<b>\$</b>	<b>5,408,495</b>
<b>Total Liabilities and Equity</b>	<b>\$</b>	<b>15,830,263</b>

## KMIT Financial Overview



**KMIT Profit and Loss**

May 31, 2015

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
	Closed	Closed	Closed	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date
<b>REVENUE FUND</b>												
Direct Premium Earned	\$ 1,422,582	\$ 1,885,501	\$ 1,843,047	\$ 1,754,515	\$ 1,377,722	\$ 1,552,110	\$ 1,689,773	\$ 1,965,656	\$ 2,616,641	\$ 3,274,489	\$ 3,256,648	\$ 3,837,793
Interest Income	\$ 22,675	\$ 73,225	\$ 114,912	\$ 142,705	\$ 116,190	\$ 96,882	\$ 129,613	\$ 101,694	\$ 50,668	\$ 52,492	\$ 59,068	\$ 96,274
Miscellaneous Income	\$ -	\$ -	\$ -	\$ -	\$ 4,445	\$ 75	\$ -	\$ -	\$ 2,335	\$ -	\$ -	\$ -
<b>Total Operating Revenue</b>	<b>\$ 1,445,257</b>	<b>\$ 1,958,726</b>	<b>\$ 1,957,959</b>	<b>\$ 1,897,220</b>	<b>\$ 1,498,357</b>	<b>\$ 1,649,067</b>	<b>\$ 1,819,386</b>	<b>\$ 2,067,350</b>	<b>\$ 2,669,644</b>	<b>\$ 3,326,981</b>	<b>\$ 3,315,716</b>	<b>\$ 3,934,067</b>
		\$ 390,462										
<b>ADMINISTRATION FUND EXPENSE</b>	<b>\$ 477,137</b>	<b>\$ 601,545</b>	<b>\$ 492,669</b>	<b>\$ 525,652</b>	<b>\$ 485,865</b>	<b>\$ 454,316</b>	<b>\$ 451,237</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,742</b>	<b>\$ 815,877</b>
<b>CLAIMS FUND EXPENSE</b>												
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,876,667	\$ 1,684,318	\$ 1,440,988	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,251,333	\$ 3,798,857
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,355	\$ 83,311	\$ 142,886	\$ 123,088	\$ 83,206	\$ 129,112	\$ 149,296	\$ 149,209	\$ 236,520
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ 12,641	\$ 92,808	\$ 47,735	\$ 16,107	\$ -	\$ -	\$ -	\$ 34,730	\$ 66,084
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ 1,038	\$ 7,286	\$ 4,816	\$ 626	\$ -	\$ -	\$ -	\$ 2,469	\$ 8,308
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,158	\$ -	\$ -	\$ -	\$ 56,931	\$ 64,246
Excess Work Comp Insurance	\$ 151,393	\$ 210,142	\$ 133,376	\$ 117,122	\$ 79,456	\$ 80,124	\$ 86,819	\$ 127,168	\$ 189,458	\$ 366,991	\$ 221,435	\$ 374,472
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ (109,023)	\$ (44,013)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ (268,748)	\$ (622,420)	\$ (174,222)	\$ -	\$ -	\$ -	\$ (400,137)	\$ -	\$ (188,126)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ (65,612)	\$ -	\$ (9,338)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ (300,247)	\$ -	\$ (111,920)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Claims Fund Expense</b>	<b>\$ 893,634</b>	<b>\$ 1,313,638</b>	<b>\$ 970,007</b>	<b>\$ 1,660,153</b>	<b>\$ 1,408,086</b>	<b>\$ 1,620,386</b>	<b>\$ 1,679,785</b>	<b>\$ 1,307,461</b>	<b>\$ 1,530,284</b>	<b>\$ 1,990,358</b>	<b>\$ 2,716,107</b>	<b>\$ 4,360,361</b>
<b>Total Operating Expense</b>	<b>\$ 1,370,771</b>	<b>\$ 1,915,183</b>	<b>\$ 1,462,676</b>	<b>\$ 2,185,805</b>	<b>\$ 1,893,951</b>	<b>\$ 2,074,702</b>	<b>\$ 2,131,022</b>	<b>\$ 1,744,478</b>	<b>\$ 2,063,325</b>	<b>\$ 2,639,694</b>	<b>\$ 3,455,849</b>	<b>\$ 5,176,238</b>
<b>BALANCES</b>												
KMIT Statutory Fund Balance	\$ 74,486	\$ 43,543	\$ 495,283	\$ (288,585)	\$ (395,594)	\$ (425,635)	\$ (311,636)	\$ 322,872	\$ 606,319	\$ 687,287	\$ (140,133)	\$ (1,242,171)
Accumulated Balance	\$ 74,486	\$ 118,029	\$ 613,312	\$ 324,727	\$ (70,867)	\$ (496,501)	\$ (808,137)	\$ (485,265)	\$ 121,053	\$ 808,340	\$ 668,207	\$ (573,964)

**KMIT Profit and Loss**

May 31, 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2015	Total
	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Budget	Accrued To Date
<b>REVENUE FUND</b>												
Direct Premium Earned	\$ 4,272,140	\$ 4,950,171	\$ 5,519,169	\$ 5,193,427	\$ 5,213,859	\$ 4,442,326	\$ 4,484,533	\$ 4,853,835	\$ 5,460,508	\$ 2,288,984	\$ 5,640,000	\$ 73,155,429
Interest Income	\$ 234,986	\$ 263,024	\$ 245,802	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 53,573	\$ 225,000	\$ 2,310,593
Miscellaneous Income	\$ -	\$ 2,405	\$ -	\$ -	\$ -	\$ 1,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,701
<b>Total Operating Revenue</b>	<b>\$ 4,507,126</b>	<b>\$ 5,215,600</b>	<b>\$ 5,764,971</b>	<b>\$ 5,275,028</b>	<b>\$ 5,266,578</b>	<b>\$ 4,516,692</b>	<b>\$ 4,554,637</b>	<b>\$ 4,925,696</b>	<b>\$ 5,568,109</b>	<b>\$ 2,342,557</b>	<b>\$ 5,865,000</b>	<b>\$ 75,476,723</b>
<b>ADMINISTRATION FUND EXPENSE</b>	<b>\$ 909,281</b>	<b>\$ 919,830</b>	<b>\$ 953,387</b>	<b>\$ 957,795</b>	<b>\$ 1,031,694</b>	<b>\$ 981,649</b>	<b>\$ 933,352</b>	<b>\$ 1,026,414</b>	<b>\$ 1,131,094</b>	<b>\$ 497,157</b>	<b>\$ 1,098,000</b>	<b>\$ 16,005,088.14</b>
<b>CLAIMS FUND EXPENSE</b>												
Claims Paid Expense	\$ 2,574,406	\$ 2,630,895	\$ 3,135,886	\$ 2,017,882	\$ 3,480,001	\$ 2,318,931	\$ 1,566,932	\$ 1,479,509	\$ 2,302,222	\$ 106,697		\$ 41,478,112
Claims Paid Adjusting Expense	\$ 178,814	\$ 184,714	\$ 222,779	\$ 128,094	\$ 172,748	\$ 128,446	\$ 120,985	\$ 93,705	\$ 71,649	\$ 4,676		\$ 2,619,983
Claims Reserve Expense	\$ 64,221	\$ 156,741	\$ 160,281	\$ 18,546	\$ 102,670	\$ 341,894	\$ 210,922	\$ 203,730	\$ 509,074	\$ 407,087		\$ 2,445,268
Claims Reserves Adjusting Expense	\$ 11,595	\$ 12,813	\$ 17,081	\$ 2,701	\$ 13,873	\$ 17,480	\$ 12,154	\$ 21,980	\$ 55,039	\$ 40,009		\$ 229,268
IBNR Reserve Expense	\$ 76,534	\$ 80,047	\$ 100,673	\$ 181,721	\$ 311,818	\$ 290,344	\$ 159,055	\$ 496,693	\$ 1,150,801	\$ 1,099,429		\$ 4,080,450
Excess Work Comp Insurance	\$ 384,425	\$ 420,728	\$ 372,790	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 429,976	\$ 199,955	\$ 480,000	\$ 5,708,828
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (195,000)	\$ -		\$ (348,036)
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,965)	\$ -	\$ -	\$ -		\$ (1,663,617)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ (74,950)
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ (412,167)
<b>Claims Fund Expense</b>	<b>\$ 3,289,996</b>	<b>\$ 3,485,937</b>	<b>\$ 4,009,490</b>	<b>\$ 2,690,879</b>	<b>\$ 4,432,484</b>	<b>\$ 3,434,061</b>	<b>\$ 2,397,678</b>	<b>\$ 2,690,744</b>	<b>\$ 4,323,760</b>	<b>\$ 1,857,852</b>	<b>\$ 480,000</b>	<b>\$ 54,063,141</b>
<b>Total Operating Expense</b>	<b>\$ 4,199,277</b>	<b>\$ 4,405,767</b>	<b>\$ 4,962,877</b>	<b>\$ 3,648,674</b>	<b>\$ 5,464,178</b>	<b>\$ 4,415,709</b>	<b>\$ 3,331,030</b>	<b>\$ 3,717,158</b>	<b>\$ 5,454,854</b>	<b>\$ 2,355,008</b>	<b>\$ 1,578,000</b>	<b>\$ 70,068,229</b>
<b>BALANCES</b>												
KMIT Statutory Fund Balance	\$ 307,849	\$ 809,833	\$ 802,094	\$ 1,626,354	\$ (197,600)	\$ 100,983	\$ 1,223,607	\$ 1,208,538	\$ 113,255	\$ (12,451)	\$ 4,287,000	\$ 5,408,495
Accumulated Balance	\$ (266,115)	\$ 543,717	\$ 1,345,811	\$ 2,972,164	\$ 2,774,564	\$ 2,875,547	\$ 4,099,153	\$ 5,307,691	\$ 5,420,946	\$ 5,408,495		

**KMIT Admin Expenses**

May 31, 2015

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Closed	Closed	Closed	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date
<b>GENERAL EXPENSES</b>														
Agent Commissions	\$ -	\$ -	\$ -	\$ -	\$ 969	\$ 4,919	\$ 5,239	\$ 12,669	\$ 33,803	\$ 44,060	\$ 43,231	\$ 61,486	\$ 75,650	\$ 77,961
Directors and Officers Insurance	\$ -	\$ 489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,367
Meetings/Travel	\$ -	\$ 6,971	\$ 976	\$ 5,318	\$ 1,206	\$ -	\$ 149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contingencies/Miscellaneous	\$ -	\$ 8,984	\$ 2,596	\$ 3,913	\$ 5,357	\$ 11,585	\$ 6,020	\$ 18,223	\$ 26,103	\$ 28,939	\$ 41,820	\$ 23,173	\$ 66,332	\$ 33,865
Bank Fees	\$ 1,249	\$ 4,735	\$ 579	\$ 658	\$ 263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Write Off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LKM Clearing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub Total</b>	<b>\$ 1,249</b>	<b>\$ 21,179</b>	<b>\$ 4,151</b>	<b>\$ 9,889</b>	<b>\$ 7,795</b>	<b>\$ 16,504</b>	<b>\$ 11,408</b>	<b>\$ 30,892</b>	<b>\$ 59,906</b>	<b>\$ 72,999</b>	<b>\$ 85,051</b>	<b>\$ 84,659</b>	<b>\$ 141,982</b>	<b>\$ 132,193</b>
<b>REGULATORY</b>														
Kansas Insurance Dept (KID) Premium Tax	12,847	18,402	13,177	10,823	13,893	18,215	19,568	18,564	24,377	29,017	30,168	34,004	40,212	46,194
KID Pool Assessment	9,407		5,372	3,470	3,798	1,855	2,693	4,355	3,341	5,983	2,844	3,900		4,300
KID Workers Compensation Assessment	64,034	44,011	25,322	48,345	31,243	14,594	10,372	1,795	7,770	19,748	47,137	91,805	47,193	32,896
KID State Audit														
KDOL Annual Assessment Fee	9,073	15,053	12,410	40,608	34,415	44,004	40,524	30,875	34,311	39,671	58,174	72,246	82,328	84,242
<b>Sub Total</b>	<b>\$ 95,360</b>	<b>\$ 77,466</b>	<b>\$ 56,281</b>	<b>\$ 103,245</b>	<b>\$ 83,349</b>	<b>\$ 78,668</b>	<b>\$ 73,157</b>	<b>\$ 55,589</b>	<b>\$ 69,799</b>	<b>\$ 94,418</b>	<b>\$ 138,323</b>	<b>\$ 201,954</b>	<b>\$ 169,733</b>	<b>\$ 167,632</b>
<b>CONTRACTURAL</b>														
Financial Audit	\$ 4,603	\$ -	\$ 6,639	\$ 32,625	\$ 12,292	\$ 8,288	\$ 10,973	\$ 8,474	\$ 9,600	\$ 9,806	\$ 10,465	\$ 10,264	\$ 33,013	\$ 6,462
Actuarial	\$ -	\$ -	\$ 2,855	\$ 5,000	\$ 25,033	\$ 5,859	\$ 5,703	\$ 7,062	\$ 6,148	\$ 6,272	\$ 7,862	\$ 9,000	\$ 9,991	\$ 12,860
Risk Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 60,000
Risk Control	\$ -	\$ -	\$ 82,500	\$ 99,073	\$ 87,000	\$ 80,000	\$ 80,000	\$ 85,000	\$ 92,500	\$ 105,000	\$ 113,000	\$ 120,000	\$ 130,000	\$ 140,000
Claims Adjusting	\$ 298,447	\$ 312,500	\$ 194,842	\$ 105,470	\$ 100,000	\$ 105,000	\$ 110,000	\$ 110,000	\$ 125,000	\$ 135,000	\$ 140,000	\$ 140,000	\$ 150,000	\$ 165,000
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pool Admin Services	\$ 77,478	\$ 190,400	\$ 145,400	\$ 170,350	\$ 170,396	\$ 159,996	\$ 159,996	\$ 140,000	\$ 160,000	\$ 176,000	\$ 193,000	\$ 200,000	\$ 210,000	\$ 220,000
Payroll Audits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,088	\$ 9,840	\$ 12,042	\$ -	\$ 14,562	\$ 15,684
Rating Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Web Hosting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub Total</b>	<b>\$ 380,528</b>	<b>\$ 502,900</b>	<b>\$ 432,236</b>	<b>\$ 412,518</b>	<b>\$ 394,721</b>	<b>\$ 359,144</b>	<b>\$ 366,672</b>	<b>\$ 350,536</b>	<b>\$ 403,336</b>	<b>\$ 481,918</b>	<b>\$ 516,368</b>	<b>\$ 529,264</b>	<b>\$ 597,566</b>	<b>\$ 620,006</b>
<b>Administration Fund Expense</b>	<b>\$ 477,137</b>	<b>\$ 601,545</b>	<b>\$ 492,669</b>	<b>\$ 525,652</b>	<b>\$ 485,865</b>	<b>\$ 454,316</b>	<b>\$ 451,237</b>	<b>\$ 437,018</b>	<b>\$ 533,041</b>	<b>\$ 649,336</b>	<b>\$ 739,742</b>	<b>\$ 815,877</b>	<b>\$ 909,281</b>	<b>\$ 919,830</b>



**KMIT Admin Expenses**

May 31, 2015

	2008	2009	2010	2011	2012	2013	2014	2015	2015	Total
	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Accrued To Date	Budget	Accrued To Date
<b>GENERAL EXPENSES</b>										
Agent Commissions	\$ 88,532	\$ 94,214	\$ 93,637	\$ 82,860	\$ 96,481	\$ 102,636	\$ 97,189	\$ 29,385	\$ 100,000	\$ 1,044,921
Directors and Officers Insurance	\$ 18,542	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 6,528	\$ 18,000	\$ 143,431
Meetings/Travel	\$ -	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 4,085	\$ 20,000	\$ 73,498
Contingencies/Miscellaneous	\$ 26,155	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 2,728	\$ 5,000	\$ 355,659
Bank Fees	\$ 2,638	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 1,337	\$ 8,000	\$ 45,379
Write Off	\$ -	\$ -	\$ -	\$ (104)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (104)
LKM Clearing	\$ -	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60
Marketing	\$ -	\$ -	\$ -	\$ -	\$ 439	\$ 452	\$ 161	\$ 34	\$ -	\$ 1,086
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ 1,112	\$ 1,830	\$ 3,732	\$ 817	\$ 5,000	\$ 7,490
<b>Sub Total</b>	<b>\$ 135,867</b>	<b>\$ 147,147</b>	<b>\$ 121,475</b>	<b>\$ 107,167</b>	<b>\$ 126,735</b>	<b>\$ 152,627</b>	<b>\$ 155,632</b>	<b>\$ 44,913</b>	<b>\$ 156,000</b>	<b>\$ 1,671,420</b>
<b>REGULATORY</b>										
Kansas Insurance Dept (KID) Premium Tax	54,139	48,525	49,030	40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 12,542	\$ 48,000	\$ 673,467
KID Pool Assessment	3,409	3,476	3,500	3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,701
KID Workers Compensation Assessment	32,770	28,363	57,704	65,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,063
KID State Audit				12,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,652
KDOL Annual Assessment Fee	87,706	65,309	100,248	53,121	\$ 83,040	\$ 115,319	\$ 192,563	\$ 47,514	\$ 115,000	\$ 1,342,753
<b>Sub Total</b>	<b>\$ 178,024</b>	<b>\$ 145,673</b>	<b>\$ 210,482</b>	<b>\$ 175,654</b>	<b>\$ 126,485</b>	<b>\$ 159,668</b>	<b>\$ 243,621</b>	<b>\$ 60,056</b>	<b>\$ 163,000</b>	<b>\$ 2,764,636</b>
<b>CONTRACTURAL</b>										
Financial Audit	\$ 13,127	\$ 18,608	\$ 31,565	\$ 12,023	\$ 11,738	\$ 11,904	\$ 15,803	\$ -	\$ 23,000	\$ 278,272
Actuarial	\$ 13,000	\$ 13,750	\$ 14,000	\$ 14,000	\$ 14,250	\$ 14,250	\$ 15,000	\$ -	\$ 15,000	\$ 201,895
Risk Management	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 170,000	\$ 170,000	\$ 102,000	\$ 170,000	\$ 1,032,000
Risk Control	\$ 140,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 93,000	\$ 155,000	\$ 2,327,073
Claims Adjusting	\$ 165,000	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 123,000	\$ 205,000	\$ 3,589,259
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ -	\$ 10,000	\$ 9,671
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525	\$ 19,000	\$ 525
Pool Admin Services	\$ 220,000	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 37,400	\$ 90,000	\$ 3,697,920
Payroll Audits	\$ 18,370	\$ 17,617	\$ 19,173	\$ 19,000	\$ 16,318	\$ 16,000	\$ 20,143	\$ -	\$ 22,000	\$ 188,836
Rating Services	\$ -	\$ -	\$ -	\$ 22,650	\$ 6,636	\$ 18,702	\$ 10,887	\$ 567	\$ -	\$ 59,442
Web Hosting	\$ -	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 696	\$ -	\$ 9,139
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 35,000	\$ 70,000	\$ 175,000
<b>Sub Total</b>	<b>\$ 639,497</b>	<b>\$ 664,975</b>	<b>\$ 699,738</b>	<b>\$ 698,827</b>	<b>\$ 680,133</b>	<b>\$ 714,119</b>	<b>\$ 731,842</b>	<b>\$ 392,188</b>	<b>\$ 779,000</b>	<b>\$ 11,569,032</b>
<b>Administration Fund Expense</b>	<b>\$ 953,387</b>	<b>\$ 957,795</b>	<b>\$ 1,031,694</b>	<b>\$ 981,649</b>	<b>\$ 933,352</b>	<b>\$ 1,026,414</b>	<b>\$ 1,131,094</b>	<b>\$ 497,157</b>	<b>\$ 1,098,000</b>	<b>\$ 16,005,088</b>

**GROUP - FUNDED POOL - QUARTERLY REPORT**  
**K.S.A 12-2620**

Kansas Municipal Insurance Trust

(Name of Company)

As of 12/31/2014 - Audited  
 1st 2nd 3rd (4th) Quarter (CIRCLE ONE)

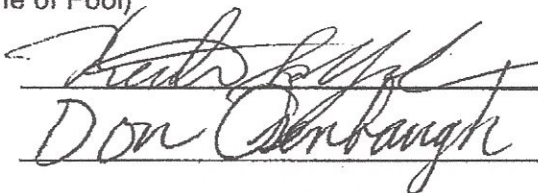
<b>ASSETS</b>	<b>CURRENT FISCAL YEAR TO DATE 12/31/2014 - Audited</b>	<b>PREVIOUS FISCAL YEAR END 12/31/2013 Audited</b>
Administrative fund:		
Cash	\$ 183,238	\$ 41,306
Investments		
Claims fund:		
Cash	1,311,575	2,991,826
Investments	11,800,000	8,911,000
Premium contributions receivable	100,635	85,080
Excess insurance recoverable on claims payments	15,994	119,304
Interest income due and accrued	152,958	22,244
Receivable from affiliates		
Other assets:		
Agent Commissions Receivable	1,938	4,894
Prepaid Excess Insurance		
Prepaid Expenses		
Excess Insurance Premium Receivable	25,550	
Less: Non Admitted Assets	0	0
<b>Total Assets</b>	<b>\$ 13,591,888</b>	<b>\$ 12,175,653</b>

To the best of my knowledge, I hereby certify that the balance sheet and summary of operations contained herein represents a true and complete accounting of

Kansas Municipal Insurance Trust

(Name of Pool)

By:



Chair of Trustees

Administrator

**GROUP-FUNDED POOL-QUARTERLY REPORT**  
**K.S.A 44-582**

<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>	<b><u>CURRENT FISCAL YEAR TO DATE</u></b> 12/31/2014 - Audited	<b><u>PREVIOUS FISCAL YEAR END</u></b> 12/31/2013 Audited
Reserve for unpaid workers' compensation claims	\$ 2,546,138 \$	2,510,288
Reserve for unpaid claim adjustment expenses	249,725	248,656
Reserve for claims incurred but not reported	3,404,258	3,470,401
Unearned premium contribution		
Other expenses due or accrued		
Taxes, licenses and fees due or accrued	499,248	285,836
Borrowed money \$_____ and interest thereon \$_____		
Dividends payable to members		
Deposits on premium contributions	1,014,404	241,041
Excess insurance premium payable		
Payable to affiliates		
Accounts payable	45,000	39,300
Miscellaneous liabilities:		
Return Premium Payable	400,965	429,792
Total Liabilities:	\$ 8,159,738.69 \$	7,225,313
Special reserve funds:		
Total Special Reserve Funds		
<b><u>FUND BALANCE</u></b>		
Total Reserves and Fund Balance (Assets-Liabilities)	5,432,149.02 \$	4,950,340
Total Liabilities, Reserves and Fund Balance	\$ 13,591,888 \$	12,175,653

**GROUP-FUNDED POOL-QUARTERLY REPORT**  
**K.S.A 44-582**

<b><u>SUMMARY OF OPERATIONS</u></b>	<b><u>CURRENT FISCAL YEAR TO DATE</u></b> 12/31/2014 - Audited	<b><u>PREVIOUS FISCAL YEAR END</u></b> 12/31/2013 Audited
Underwriting Income		
Direct Premium Contributions Earned	\$ <u>5,460,508</u> \$	<u>4,853,835</u>
Deductions:		
Excess insurance premium incurred	<u>429,976</u>	<u>395,840</u>
Workers' compensation claims incurred	<u>3,194,693</u>	<u>2,305,548</u>
Claims adjustment expenses incurred	<u>190,071</u>	<u>237,436</u>
Other administrative expenses incurred	<u>1,271,559</u>	<u>979,782</u>
Total underwriting deductions	<u>5,086,300</u>	<u>3,918,605</u>
Net underwriting Gain or (Loss)	\$ <u>374,208</u> \$	<u>935,230</u>
Investment income		
Interest income earned (Net of investment expenses)	<u>107,601</u>	<u>71,861</u>
Other income		
Other income	<u></u>	<u></u>
Net income before dividends to members	<u>481,809</u>	<u>1,007,091</u>
Dividends to members	<u></u>	<u></u>
Net income after dividends to members	<u>481,809</u>	<u>1,007,091</u>
<b>Net Income(Loss)</b>	<b>\$ <u>481,809</u> \$</b>	<b><u>1,007,091</u></b>

**GROUP-FUNDED POOL-QUARTERLY REPORT**  
**K.S.A 44-582**

<b><u>ANALYSIS OF FUND BALANCE</u></b>	<b><u>CURRENT FISCAL YEAR TO DATE</u></b>		<b><u>PREVIOUS FISCAL YEAR END</u></b>	
	12/31/2014 - Audited		12/31/2013 Audited	
Fund balance, previous period	\$	<u>4,950,340</u>	\$	<u>3,927,722</u>
Net income (Loss)		<u>481,809</u>		<u>1,007,091</u>
Change in non-admitted assets		<u>0</u>		<u></u>
Rounding				
<u>Change in Non Admitted Assets</u>				<u>15,528</u>
Change in fund balance for the period		<u>481,809</u>		<u>1,022,619</u>
Fund balance, current period	\$	<u>5,432,149</u>	\$	<u>4,950,340</u>



**Contract Year January 1, 2014 to December 31, 2014**  
**KANSAS PREMIUM AND LOSS EXPERIENCE EXHIBIT**  
1st 2nd 3rd (4th) Quarter (circle one)

NAME OF KANSAS GROUP-FUNDED POOL Kansas Municipal Insurance Trust

LINE OF BUSINESS: Workers Compensation

EXPERIENCE CURRENT AS OF

12/31/2014 - Audited

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Current Injuries	Total Injuries	Contract Period	Direct Premium Earned	Excess Insurance Premium Incurred	Net Premiums Earned	Direct Losses Incurred	Loss Adj. Exp. Incurred	Loss & Loss Exp Incurred	Service Agent Fees Incurred	General Expenses Incurred	Taxes, Licenses & Fees Incurred	Total Expenses Incurred	Claims Ratios as a %	Admin. Ratios as a %	Investment Income Earned
					Col 4-5			Col 6+7				Col 10 + 11 + 12	Col 9 / Col 6	Col 13 / Col 6	
0	310	PCY 20	1,422,582	151,393	1,271,189	716,700	25,541	742,241	298,447	83,330	95,360	477,137	58.4%	37.5%	22,675
0	243	PCY 19	1,885,501	210,142	1,675,359	1,049,152	54,345	1,103,496	312,500	211,579	77,466	601,545	65.9%	35.9%	76,262
0	424	PCY 18	1,843,047	133,376	1,709,671	790,125	46,505	836,631	277,342	159,046	56,281	492,669	48.9%	28.8%	114,912
1	524	PCY 17	1,754,515	117,122	1,637,393	1,805,497	91,393	1,896,890	204,543	217,864	102,541	524,948	115.8%	32.1%	142,705
2	572	PCY 16	1,377,722	79,456	1,298,266	1,320,115	90,598	1,410,713	187,000	211,071	82,901	480,972	108.7%	37.0%	116,189
2	551	PCY 15	1,552,110	80,124	1,471,986	1,561,571	147,702	1,709,274	185,000	190,573	77,653	453,226	116.1%	30.8%	96,882
1	552	PCY 14	1,689,773	86,819	1,602,954	1,457,094	123,681	1,580,775	190,000	188,080	73,593	451,673	98.6%	28.2%	129,613
0	605	PCY 13	1,965,656	127,168	1,838,488	1,097,087	83,206	1,180,293	195,000	186,428	55,589	437,017	64.2%	23.8%	101,694
0	670	PCY 12	2,616,641	189,458	2,427,183	1,211,714	129,112	1,340,826	217,500	243,407	69,799	530,706	55.2%	21.9%	50,668
0	612	PCY 11	3,274,489	366,991	2,907,498	1,474,072	149,296	1,623,367	280,000	274,918	96,684	651,602	55.8%	22.4%	52,492
2	645	PCY 10	3,256,648	221,435	3,035,213	2,286,063	150,678	2,436,741	293,000	308,419	134,300	735,719	80.3%	24.2%	59,068
4	770	PCY 9	3,837,793	374,472	3,463,321	3,651,637	244,679	3,896,316	310,000	303,923	195,148	809,071	112.5%	23.4%	95,674
5	765	PCY 8	4,272,140	384,425	3,887,715	2,638,627	190,410	2,829,037	330,000	409,548	164,537	904,085	72.8%	23.3%	234,986
4	906	PCY 7	4,950,171	420,728	4,529,443	2,762,636	197,527	2,960,162	365,000	384,794	157,905	907,699	65.4%	20.0%	260,619
4	768	PCY 6	5,519,169	372,790	5,146,379	3,241,253	239,244	3,480,497	375,000	400,364	180,033	955,397	67.6%	18.6%	245,802
2	654	PCY 5	5,193,427	341,935	4,851,492	2,055,493	134,832	2,190,325	390,000	422,122	158,861	970,983	45.1%	20.0%	79,601
6	666	PCY 4	5,213,859	351,375	4,862,484	3,624,831	188,894	3,813,725	410,000	411,213	218,444	1,039,657	78.4%	21.4%	54,690
10	635	PCY 3	4,442,326	336,728	4,105,598	2,669,988	142,906	2,812,895	400,000	374,349	211,548	985,897	68.5%	24.0%	72,925
11	598	PCY 2	4,484,533	337,121	4,147,412	1,634,760	131,661	1,766,421	400,000	407,086	174,669	981,755	42.6%	23.7%	71,545
16	696	PCY 1	4,853,835	395,840	4,457,995	1,611,585	112,318	1,723,903	580,600	286,205	112,977	979,782	38.7%	22.0%	71,861
196	730	CCY	5,460,508	429,976	5,030,532	2,451,747	112,877	2,564,624	596,571	291,845	383,143	1,271,559	51.0%	25.3%	107,601

PFY = Prior fiscal Year

CFY = Current Fiscal Year

Column 1 should reflect the number of claims incurred in each respective contract period which were initially reported during the current fiscal year.

Column 2 should reflect the grand total of claims reported pertaining to each respective contract period.

Column 14 should reflect the Total Loss and Loss Expenses Incurred divided by the Net Premiums earned. (Column 9 divided by Column 6)

Column 15 should reflect the Total Expenses Incurred divided by the Net Premiums Earned. (Column 13 divided by Column 6)

Column 16 should reflect the Investment Income Earned during the contract year as reflected on the income statement.



**GROUP - FUNDED POOL - QUARTERLY REPORT**  
**K.S.A 12-2620**

Kansas Municipal Insurance Trust  
 (Name of Company)

As of March 31, 2015  
 (1st) 2nd 3rd 4th Quarter (CIRCLE ONE)

<b>ASSETS</b>	<b>CURRENT FISCAL YEAR TO DATE 3/31/2015</b>	<b>PREVIOUS FISCAL YEAR END 12/31/2014 - Audited</b>
Administrative fund:		
Cash	\$ 902,626	\$ 183,238
Claims fund:		
Cash	977,556	1,311,575
Investments	14,041,000	11,800,000
Premium contributions receivable	45,136	100,635
Excess insurance recoverable on claims payments	8,621	15,994
Interest income due and accrued	129,280	152,958
Receivable from affiliates		
Other assets:		
Agent Commissions Receivable	432	1,938
Prepaid Excess Insurance	359,481	
Prepaid Expenses	98,975	
Excess Insurance Premium Receivable	25,550	25,550
Less: Non Admitted Assets	(458,456)	0
<b>Total Assets</b>	\$ 16,130,201	\$ 13,591,888

To the best of my knowledge, I hereby certify that the balance sheet and summary of operations contained herein represents a true and complete accounting of

Kansas Municipal Insurance Trust  
 (Name of Pool)

By: [Signature] Chair of Trustees

Don Orinbaugh Administrator

**GROUP-FUNDED POOL-QUARTERLY REPORT**  
**K.S.A 44-582**

<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>	<b><u>CURRENT FISCAL YEAR TO DATE</u></b> 3/31/2015	<b><u>PREVIOUS FISCAL YEAR END</u></b> 12/31/2014 - Audited
Reserve for unpaid workers' compensation claims	\$ 2,212,441 \$	2,546,138
Reserve for unpaid claim adjustment expenses	224,719	249,725
Reserve for claims incurred but not reported	3,781,567	3,404,258
Unearned premium contribution	4,448,545	
Other expenses due or accrued		
Taxes, licenses and fees due or accrued	522,491	499,248
Borrowed money \$_____ and interest thereon \$_____		
Dividends payable to members		
Deposits on premium contributions		1,014,404
Excess insurance premium payable		
Payable to affiliates		
Accounts payable	25,577	45,000
Miscellaneous liabilities:		
Return Premium Payable		400,965
Total Liabilities:	\$ 11,215,340 \$	8,159,739
Special reserve funds:		
Total Special Reserve Funds		
<b><u>FUND BALANCE</u></b>		
Total Reserves and Fund Balance (Assets-Liabilities)	4,914,861 \$	5,432,149
Total Liabilities, Reserves and Fund Balance	\$ 16,130,201 \$	13,591,888

**GROUP-FUNDED POOL-QUARTERLY REPORT**  
**K.S.A 44-582**

<b><u>SUMMARY OF OPERATIONS</u></b>	<b><u>CURRENT FISCAL YEAR TO DATE</u> 3/31/2015</b>	<b><u>PREVIOUS FISCAL YEAR END</u> 12/31/2014 - Audited</b>
Underwriting Income		
Direct Premium Contributions Earned	\$ <u>1,372,590</u>	\$ <u>5,460,508</u>
Deductions:		
Excess insurance premium incurred	<u>119,827</u>	<u>429,976</u>
Workers' compensation claims incurred	<u>970,495</u>	<u>3,194,693</u>
Claims adjustment expenses incurred	<u>22,242</u>	<u>190,071</u>
Other administrative expenses incurred	<u>348,964</u>	<u>1,271,559</u>
Total underwriting deductions	<u>1,461,527</u>	<u>5,086,300</u>
Net underwriting Gain or (Loss)	\$ <u>(88,936)</u>	\$ <u>374,208</u>
Investment income		
Interest income earned (Net of investment expenses)	<u>30,105</u>	<u>107,601</u>
Other income		
Other income	<u></u>	<u></u>
Net income before dividends to members	<u>(58,831)</u>	<u>481,809</u>
Dividends to members	<u></u>	<u></u>
Net income after dividends to members	<u>(58,831)</u>	<u>481,809</u>
<b>Net Income(Loss)</b>	\$ <u>(58,831)</u>	\$ <u>481,809</u>

**GROUP-FUNDED POOL-QUARTERLY REPORT**  
**K.S.A 44-582**

<b><u>ANALYSIS OF FUND BALANCE</u></b>	<b><u>CURRENT FISCAL YEAR TO DATE</u></b>		<b><u>PREVIOUS FISCAL YEAR END</u></b>	
	3/31/2015		12/31/2014 - Audited	
Fund balance, previous period	\$	<u>5,432,149</u>	\$	<u>4,950,340</u>
Net income (Loss)		<u>(58,831)</u>		<u>481,809</u>
Change in non-admitted assets		<u>(458,456)</u>		<u>0</u>
<u>Rounding</u>				
<u>Change in Non Admitted Assets</u>				
Change in fund balance for the period		<u>(517,288)</u>		<u>481,809</u>
Fund balance, current period	\$	<u>4,914,861</u>	\$	<u>5,432,149</u>



Contract Year January 1, 2014 to December 31, 2014  
**KANSAS PREMIUM AND LOSS EXPERIENCE EXHIBIT**  
 1st 2nd 3rd 4th Quarter (circle one)

NAME OF KANSAS GROUP-FUNDED POOL Kansas Municipal Insurance Trust

LINE OF BUSINESS: Workers Compensation EXPERIENCE CURRENT AS OF March 31, 2015

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Current Injuries	Total Injuries	Contract Period	Direct Premium Earned	Excess Insurance Premium Incurred	Net Premiums Earned	Direct Losses Incurred	Loss Adj. Exp. Incurred	Loss & Loss Exp Incurred	Service Agent Fees Incurred	General Expenses Incurred	Taxes, Licenses & Fees Incurred	Total Expenses Incurred Col 10 + 11 + 12	Claims Ratios as a % Col 9 / Col 6	Admin. Ratios as a % Col 13 / Col 6	Investment Income Earned
0	310	PCY 21	1,422,582	151,393	1,271,189	716,700	25,541	742,241	298,447	83,330	95,360	477,137	58.4%	37.5%	22,675
0	243	PCY 20	1,885,501	210,142	1,675,359	1,049,152	54,345	1,103,496	312,500	211,579	77,466	601,545	65.9%	35.9%	76,262
0	424	PCY 19	1,843,047	133,376	1,709,671	790,125	46,505	836,631	277,342	159,046	56,281	492,669	48.9%	28.8%	114,912
1	524	PCY 18	1,754,515	117,122	1,637,393	1,817,497	91,393	1,908,890	204,543	217,864	102,541	524,948	116.6%	32.1%	142,705
2	572	PCY 17	1,377,722	79,456	1,298,266	1,304,622	90,598	1,395,219	187,000	211,071	82,901	480,972	107.5%	37.0%	116,189
2	551	PCY 16	1,552,110	80,124	1,471,986	1,560,390	147,702	1,708,092	185,000	190,573	77,653	453,226	116.0%	30.8%	96,882
1	552	PCY 15	1,689,773	86,819	1,602,954	1,457,094	123,681	1,580,775	190,000	188,080	73,593	451,673	98.6%	28.2%	129,613
0	605	PCY 14	1,965,656	127,168	1,838,488	1,097,087	83,206	1,180,293	195,000	186,428	55,589	437,017	64.2%	23.8%	101,694
0	670	PCY 13	2,616,641	189,458	2,427,183	1,211,714	129,112	1,340,826	217,500	243,407	69,799	530,706	55.2%	21.9%	50,668
0	612	PCY 12	3,274,489	366,991	2,907,498	1,474,072	149,296	1,623,367	280,000	274,918	96,684	651,602	55.8%	22.4%	52,492
2	645	PCY 11	3,256,648	221,435	3,035,213	2,286,063	150,678	2,436,741	293,000	308,419	134,300	735,719	80.3%	24.2%	59,068
4	770	PCY 10	3,837,793	374,472	3,463,321	3,676,814	244,828	3,921,643	310,000	303,923	195,148	809,071	113.2%	23.4%	95,674
5	765	PCY 9	4,272,140	384,425	3,887,715	2,638,627	190,410	2,829,037	330,000	409,548	164,537	904,085	72.8%	23.3%	234,986
4	906	PCY 8	4,950,171	420,728	4,529,443	2,762,636	197,527	2,960,162	365,000	384,794	157,905	907,699	65.4%	20.0%	260,619
4	768	PCY 7	5,519,169	372,790	5,146,379	3,291,253	239,431	3,530,684	375,000	400,364	180,033	955,397	68.6%	18.6%	245,802
2	654	PCY 6	5,193,427	341,935	4,851,492	2,055,614	134,832	2,190,446	390,000	422,122	158,861	970,983	45.1%	20.0%	79,601
7	666	PCY 5	5,213,859	351,375	4,862,484	3,572,670	185,068	3,757,738	410,000	411,213	218,444	1,039,657	77.3%	21.4%	54,690
8	635	PCY 4	4,442,326	336,728	4,105,598	2,663,617	145,557	2,809,174	400,000	374,349	211,548	985,897	68.4%	24.0%	72,925
11	598	PCY 3	4,484,533	337,121	4,147,412	1,775,326	139,172	1,914,498	400,000	407,086	174,669	981,755	46.2%	23.7%	71,545
12	696	PCY 2	4,853,835	395,840	4,457,995	1,586,219	107,455	1,693,675	580,600	286,205	112,977	979,782	38.0%	22.0%	71,861
61	739	PCY 1	5,460,508	429,976	5,030,532	2,581,974	115,510	2,697,484	596,571	291,845	383,143	1,271,559	53.6%	25.3%	107,601
95	140	CCY	1,372,590	119,827	1,252,763	330,993	19,800	350,793	234,440	41,224	73,300	348,964	28.0%	27.9%	30,105

PFY = Prior fiscal Year

CFY = Current Fiscal Year

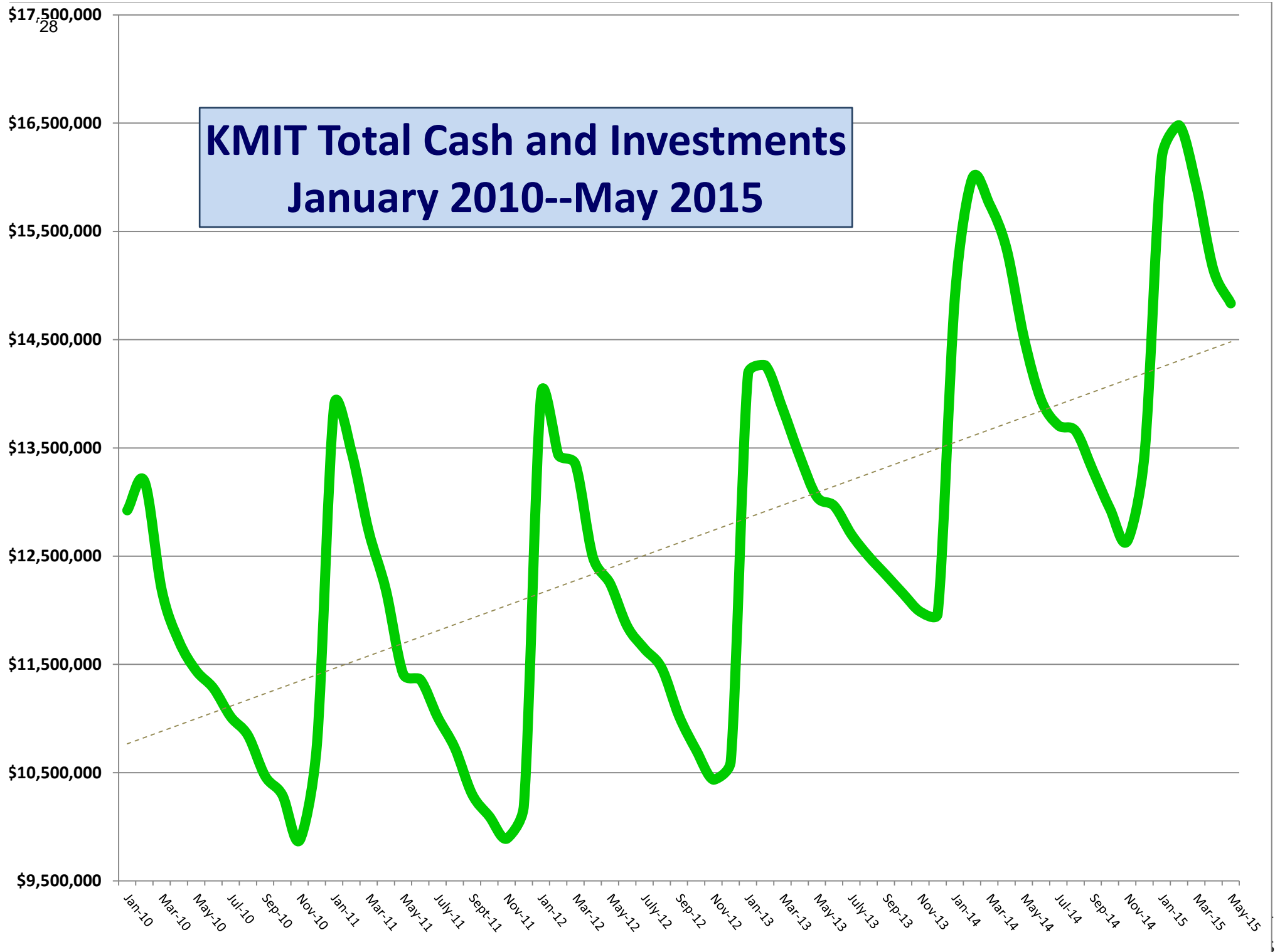
Column 1 should reflect the number of claims incurred in each respective contract period which were initially reported during the current fiscal year.

Column 2 should reflect the grand total of claims reported pertaining to each respective contract period.

Column 14 should reflect the Total Loss and Loss Expenses Incurred divided by the Net Premiums earned. (Column 9 divided by Column 6)

Column 15 should reflect the Total Expenses Incurred divided by the Net Premiums Earned. (Column 13 divided by Column 6)

Column 16 should reflect the Investment Income Earned during the contract year as reflected on the income statement.

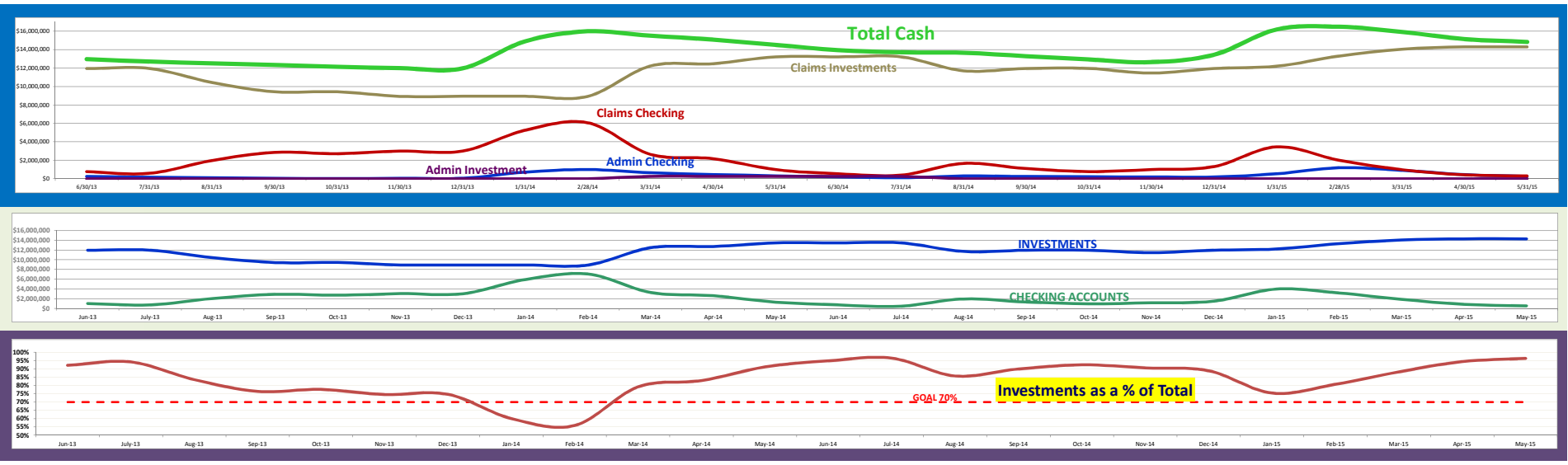




# KMIT Cash Management/Investment Summary

## June 2013--May 2015

		6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	1/31/15	2/28/15	3/31/15	4/30/15	5/31/15		
KMIT Admin Fund (KAF)																										KMIT Admin Fund (KAF)	
Admin Account		247,442	160,540	93,382	43,729	11,762	52,047	41,307	708,594	994,516	642,448	447,381	319,213	194,070	104,799	294,067	242,279	206,707	194,692	183,238	531,389	1,187,182	902,626	438,126	252,742	Admin Account	
Admin Checking		247,442	160,540	93,382	43,729	11,762	52,047	41,307	708,594	994,516	642,448	447,381	319,213	194,070	104,799	294,067	242,279	206,707	194,692	183,238	531,389	1,187,182	902,626	438,126	252,742	Admin Checking	
KMIT Claims Fund (KCF)																										KMIT Claims Fund (KCF)	
Claims Account		375,823	364,230	1,717,905	2,584,008	2,456,695	2,914,234	2,847,832	5,197,983	5,943,655	2,467,405	2,008,412	789,692	585,699	159,848	1,525,149	1,020,291	697,396	883,270	1,116,733	3,422,911	1,892,656	876,616	370,486	85,164	Claims Account	
TPA Claims Check Book (at IMA)		387,517	216,447	250,357	274,162	251,885	87,755	143,994	51,430	121,939	175,879	161,078	195,508	(52,314)	228,201	130,108	74,164	74,390	105,878	194,855	26,993	105,088	101,161	42,536	206,337	TPA Claims Check Book (at IMA)	
Claims Checking		763,339	580,676	1,968,262	2,858,170	2,708,580	3,001,990	2,991,826	5,249,412	6,065,594	2,643,283	2,169,490	985,200	533,385	388,049	1,655,257	1,094,455	771,786	989,148	1,311,588	3,449,905	1,997,744	977,777	413,022	291,500	Claims Checking	
INVESTMENTS																										INVESTMENTS	
Admin Investments		0	0	0	0	0	0	0	0	0	250,000	250,000	250,000	250,000	250,000	0	0	0	0	0	0	0	0	0	0	Admin Investments	
Claims Investments		11,952,707	11,958,052	10,435,540	9,424,164	9,431,587	8,931,994	8,933,244	8,938,615	8,927,185	12,218,606	12,468,606	13,215,606	13,215,606	13,215,606	11,706,606	11,955,606	11,955,606	11,455,606	11,951,607	12,201,606	13,296,000	14,041,000	14,291,000	14,291,000	Claims Investments	
TOTAL CASH		12,963,489	12,699,268	12,497,184	12,326,062	12,151,929	11,986,031	11,966,376	14,896,621	15,987,295	15,504,337	15,085,477	14,520,019	13,943,061	13,708,454	13,655,930	13,292,340	12,934,099	12,639,446	13,446,433	16,182,900	16,480,926	15,921,403	15,142,148	14,835,243	TOTAL CASH	
		6/30/13	7/31/13	8/31/13	9/30/13	10/31/13	11/30/13	12/31/13	1/31/14	2/28/14	3/31/14	4/30/14	5/31/14	6/30/14	7/31/14	8/31/14	9/30/14	10/31/14	11/30/14	12/31/14	1/31/15	2/28/15	3/31/15	4/30/15	5/31/15		



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## KANSAS MUNICIPAL INSURANCE TRUST

### ACTUARIAL ANALYSIS OF FUNDING AND UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2014

Prepared for:

**Mr. Don Osenbaugh**  
Pool Administrator

Prepared by:  
**Milliman, Inc.**

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Principal and Consulting Actuary

**Mindy M. Steichen, FCAS, MAAA**  
Consulting Actuary

March 20, 2015

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**KANSAS MUNICIPAL INSURANCE TRUST****ACTUARIAL ANALYSIS OF  
FUNDING AND UNPAID CLAIM LIABILITIES  
AS OF DECEMBER 31, 2014****TABLE OF CONTENTS**

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## KANSAS MUNICIPAL INSURANCE TRUST

### ACTUARIAL ANALYSIS OF FUNDING AND UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2014

#### INTRODUCTION

---

Milliman, Inc. (Milliman) has been retained by the Kansas Municipal Insurance Trust ("KMIT" or the "Trust") to conduct an actuarial analysis to:

- Estimate the unpaid claim liabilities as of December 31, 2014;
- Provide funding estimates for 2015; and
- Provide the above funding estimates on a discounted basis and at various probability levels.

The purpose of our analysis is to assist the Trust in preparing its financial statements. Our analysis is based on data evaluated as of December 31, 2014 and information provided through the date of this report.

The Trust is an interlocal governmental agency formed for the purpose of establishing and administering a group funded workers' compensation pool pursuant to the provisions of Kansas state law governing labor and industries. The Trust began operations on January 1, 1994 and provides a comprehensive workers' compensation insurance program for participating members of the League of Kansas Municipalities. In addition to insurance coverage, the program provides risk management services with an emphasis on loss control, claims administration and management information services.

KMIT limits its exposure to loss by purchasing both per occurrence and aggregate excess insurance. A summary of KMIT's excess insurance program is provided on Exhibit 1.

Our estimates are provided on an undiscounted and discounted basis with respect to the time value of money. Our estimates are net of insurance recoverables and include defense and cost containment expenses (ALAE), but do not include other claims administration expenses.

There have been no material changes in procedures, methodology or significant assumptions used in deriving our estimates since our last analysis performed as of December 31, 2013.

In this report, we are using the terms “loss” or “unpaid claim liability” to represent the sum of the medical loss, indemnity loss and allocated loss adjustment expense (ALAE) components on each claim, unless otherwise noted.

Peter G. Wick and Mindy M. Steichen are Fellows of the Casualty Actuarial Society and Members of the American Academy of Actuaries (AAA) and meet the Qualification Standards of the AAA to render the actuarial opinion contained herein.

**LIMITED DISTRIBUTION OF RESULTS**

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Milliman's work has been prepared solely for the internal use of KMIT. No portion of Milliman's work may be provided to any other party without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work. Milliman's work may not be filed with the SEC or other securities regulatory bodies. In addition, references to Milliman or its estimates in communication with third parties are not authorized.

Milliman's consent to release its work product to any third party may be conditioned on the third party signing a third party release agreement, subject to the following exceptions:

- (A) KMIT may provide a copy of Milliman's work to its auditor to be used solely for audit purposes. In the event the audit reveals any error or inaccuracy in the data underlying Milliman's work, Milliman requests the auditor or KMIT notify Milliman as soon as possible.
- (B) KMIT may provide a copy of Milliman's work to governmental entities, as required by law.

In the event Milliman consents to release its work product, it must be provided in its entirety. We recommend that any such party have its own actuary or other qualified professional review the work product to ensure that the party understands the assumptions and uncertainties inherent in our estimates. No third party recipient of Milliman's work product should rely upon Milliman's work product.

Any reader of this report agrees that they shall not use Milliman's name, trademarks or service marks, or refer to Milliman directly or indirectly in any third party communication without Milliman's prior written consent for each such use or release, which consent shall be given in Milliman's sole discretion.

## SUMMARY OF RESULTS

Our estimates of KMIT's ultimate loss and ALAE are shown by accident year in the table below, along with estimates from our last analysis. In total, our estimates have decreased by approximately \$528,000 since our last analysis.

KMIT NET ULTIMATE LOSS & ALAE LIMITED TO AGGREGATE RETENTIONS			
Accident Year	Selected @ 12/31/14	Selected @ 12/31/13	Difference
1994	\$742,241	\$742,241	\$0
1995	1,103,496	1,103,496	0
1996	836,631	836,631	0
1997	1,543,031	1,543,031	0
1998	1,328,631	1,328,631	0
1999	1,540,262	1,540,262	0
2000	1,592,966	1,590,103	2,863
2001	1,180,293	1,180,293	0
2002	1,340,826	1,340,826	0
2003	1,623,367	1,656,261	(32,894)
2004	2,494,672	2,491,091	3,581
2005	3,985,889	3,976,732	9,157
2006	2,905,571	2,928,462	(22,891)
2007	3,065,209	2,979,305	85,904
2008	3,636,700	3,671,271	(34,571)
2009	2,348,944	2,385,502	(36,558)
2010	4,081,109	4,014,291	66,818
2011	3,097,095	2,714,658	382,437
2012	2,062,085	2,214,285	(152,200)
2013	2,295,616	3,076,319	(780,703)
2014	3,893,823	3,913,075	(19,252)
<b>Total</b>	<b>\$46,698,457</b>	<b>\$47,226,766</b>	<b>\$(528,309)</b>

Unpaid claim liabilities are derived by subtracting loss and ALAE paid to date from the estimated ultimate loss and ALAE.

The following table displays our estimates of KMIT's net unpaid claim liabilities as of December 31, 2014:

<b>KMIT NET UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2014</b>			
<b>Accident Year</b>	<b>Case Reserves</b>	<b>IBNR*</b>	<b>Total Unpaid</b>
1994	\$0	\$0	\$0
1995	0	0	0
1996	0	0	0
1997	53,612	(58,728)	(5,116)
1998	0	0	0
1999	9,339	(14,125)	(4,786)
2000	19,536	12,191	31,727
2001	0	0	0
2002	0	0	0
2003	0	0	0
2004	42,991	57,931	100,922
2005	56,687	89,573	146,260
2006	79,411	76,534	155,945
2007	191,606	105,047	296,653
2008	185,658	156,203	341,861
2009	46,441	158,619	205,060
2010	216,732	267,384	484,116
2011	429,022	284,200	713,222
2012	132,684	295,664	428,348
2013	230,718	571,713	802,431
2014	1,172,979	1,330,499	2,503,478
<b>Total</b>	<b>\$2,867,416</b>	<b>\$3,332,705</b>	<b>\$6,200,121</b>

\* The 1997 and 1999 year incurred and paid losses exceed the aggregate retention. Ultimately KMIT should recover losses excess of the aggregate retention from Safety National.

The total unpaid claim liability includes a provision for case reserves, expected development of case reserves, incurred but not reported (IBNR) reserves, allocated loss adjustment expense reserves and excess insurance recoveries. We have not estimated a provision for claims administration expenses. The estimates in the above table are net of KMIT's excess insurance protection, and are shown on an undiscounted (full value) basis. We have not included a provision for KMIT's exposure above its aggregate excess insurance.



The estimates presented above can be characterized as actuarial central estimates and represent an expected value over a range of reasonably possible outcomes. They do not reflect all conceivable extreme events where the contribution of such events to an expected value is not reliably estimable. The estimates are not defined by a precise statistical measure (i.e., mean, median, mode, etc.), but are selected from multiple indications produced by a variety of generally accepted actuarial methods.

Our actuarial central estimate of KMIT's ultimate loss for the January 1, 2015 to December 31, 2015 fund year is \$3.88 million on an undiscounted basis and \$3.81 million discounted at a yield rate of 0.69%. The following table displays our estimated funding amounts at various probability levels:

KMIT 2015 FUND YEAR LIMITED TO \$750,000 PER OCCURRENCE AND \$7,031,696 AGGREGATE RETENTION		
Probability Level	Undiscounted	Discounted @ 0.69%
95%	\$7,031,696	\$6,919,189
85%	6,084,416	5,987,065
75%	4,883,034	4,804,906
65%	4,107,949	4,042,222
<b>Actuarial Central Estimate</b>	<b>\$3,875,424</b>	<b>\$3,813,417</b>

## **GENERAL APPROACH**

---

We used four projection techniques to develop estimates of the ultimate losses. The unpaid claim liability was then derived by subtracting losses paid as of December 31, 2014 from the estimated ultimate losses. The following methods were used to project ultimate losses:

- Incurred loss development projection;
- Paid loss development projection;
- Incurred Bornhuetter-Ferguson projection; and
- Paid Bornhuetter-Ferguson projection.

### **Loss Development Methods**

Incurred losses are defined as paid losses plus reported reserves on open claims (case reserves). The incurred loss development method derives an estimate of ultimate losses by multiplying the incurred losses by an incurred loss development factor. The loss development factor reflects expected development from late reported claims (IBNR) and reopened claims, as well as from changes in the aggregate value of case reserves as accident years mature. When necessary, we have supplemented KMIT's historical experience with external data sources in selecting development factors (Exhibit 2). Specifically, we referenced insurance industry experience for workers' compensation business in Kansas and countrywide.

The paid loss development method derives an estimate of ultimate losses by multiplying paid losses by a paid loss development factor. Again, we considered Kansas and countrywide workers' compensation experience in our selection of paid loss development factors (Exhibit 4). The paid loss development factors reflect the expected relationship between ultimate losses and paid losses through December 31, 2014.

Exhibits 3 and 5 display the results of the incurred and paid loss development projections.

### **Bornhuetter-Ferguson Methods**

The Incurred Bornhuetter-Ferguson method derives ultimate losses by adding an estimated IBNR amount to the losses reported to date. The estimated IBNR was based on an initial estimate of the ultimate losses (a priori estimate) and an estimated reporting pattern for incurred losses. The a priori loss estimates for fund years 1994 through 2014 were based on our December 31, 2013 analysis of ultimate losses.

We relied on the development pattern underlying the incurred loss development projection method to select a reporting pattern. Specifically, the estimated percentage unreported is equal to one minus the reciprocal of the cumulative incurred loss development factor. Estimated ultimate losses were then derived by adding the estimated IBNR to the incurred losses as of December 31, 2014.

The Paid B-F method derives ultimate losses by adding an estimated unpaid amount to the paid losses to date. The estimated unpaid loss was calculated by taking one minus the reciprocal of the cumulative paid loss development factor multiplied by the a priori loss estimate.

Exhibits 6 and 7 display the results of the incurred and paid B-F projections.

Based on the projection methods outlined above, we selected the net ultimate loss estimates by accident year, as displayed on Exhibit 8.

***Unpaid Claim Liabilities***

The unpaid claim liability was derived by subtracting the cumulative paid loss and ALAE through December 31, 2014 from the estimated ultimate loss and ALAE. Exhibit 9 displays the calculation of the net unpaid claim liabilities, as well as the net IBNR, which is equal to the total net unpaid claim liabilities less the net case reserves as of December 31, 2014.

The negative IBNR amounts in the 1997 and 1999 fund years are due to the fact that incurred losses exceed the aggregate retention for those years. KMIT expects to fully recover the losses excess of the aggregate retention from its excess insurer. KMIT has made payments and has case reserves in excess of the aggregate retention. IBNR for 1997 and 1999 reflects aggregate recoveries already received of \$295,131 and \$107,134, respectively. Additional recoveries are expected.

## FUNDING ANALYSIS

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Exhibit 10 derives our projection of KMIT's ultimate losses for accident year 2015. Our projections were based on KMIT's historical loss experience as well as aggregate Kansas workers' compensation loss experience (adjusted to reflect KMIT's risk profile). Our selected ultimate losses were used to calculate pure premiums (ultimate loss per \$100 payroll) for accident years 2006 through 2014. These pure premiums were adjusted for:

- Changes in the self-insured retention;
- Changes in benefit levels (Exhibit 11); and
- Trends in average claim costs (1.5% per year).

The selected 2015 pure premium (row 8) was multiplied by the projected 2015 payroll to estimate the ultimate loss, prior to aggregate excess insurance (row 10).

We have provided funding estimates on both an undiscounted and a discounted basis. Undiscounted values are the nominal estimates of claims to be paid in the future and do not reflect the time value of money. The discounted value reflects the amount of assets which, when combined with investment earnings on these assets assumed to accumulate at a specified yield rate, are estimated to be sufficient to pay all claims. We used a 0.69% yield assumption, as provided by KMIT. The selected payout pattern is shown on Exhibit 12, and the resulting present value factor is displayed on Exhibit 13.

It is not uncommon for self-insured entities to fund at levels which include a margin for adverse loss experience. One way to accomplish this is to fund at a probability level greater than the actuarial central estimate. For purposes of developing estimates at various probability levels, the actuarial central estimates presented in this report (both undiscounted and discounted) represent expected value estimates. As such, when the ultimate cost of the claims is known, there is approximately an equal probability that the actual value will be higher or lower than the estimated value. To estimate liabilities at

various probability levels, we relied on an insurance industry based distribution of aggregate workers' compensation losses, adjusted to reflect characteristics of KMIT's loss experience. The resulting unpaid claim liabilities at various probability levels are displayed on Exhibit 14.

We know of no specific requirement that a public entity fund at a given probability level. The funding level is a reflection of the entity's risk tolerance, as well as the availability of funds from other sources in the event the self-insurance fund falls short of the paid amounts. There is always a chance that the balance in the fund will not be sufficient to meet the claims that will be charged against it. While we believe a self-insured entity should recognize the potential risk of assuming its own claim liabilities, there is no simple formula that we know of to decide how much self-insured exposure is prudent. Of course, budget and risk considerations may play a role in the decision.

The range of values displayed in the exhibits (in particular the 95<sup>th</sup> percentile) does not represent the highest or lowest possible values of the discounted loss and ALAE claim liabilities. Potential variation around these values exists, both due to uncertainty with respect to the amount, as well as timing of future payments along with the investment yield.

## **QUALIFICATIONS AND LIMITATIONS**

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The actuarial methodology used in this report assumes that case reserves on reported claims are consistently estimated based on current facts known about the claims as of the date of valuation. No independent review of any specific claim files has been performed by Milliman.

In estimating KMIT's unpaid claim liabilities, it is necessary to project future loss and ALAE payments. It is certain that actual future losses and ALAE will not develop exactly as projected and may vary significantly from our projections. Further, our projections make no provision for future emergence of new classes of losses or types of losses (such as cumulative trauma claims), which are not sufficiently represented in KMIT's historical database or which are not yet quantifiable.

In performing this analysis, we have relied on data and other information provided to us by KMIT. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. In that event, the results of our analysis may not be suitable for the intended purpose.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

The sensitivity of key variables in this analysis was considered. Key variables include the selected loss development tails, trend factors, and pure premiums. The overall results are potentially sensitive to these key variables, and reasonable alternative selections could change the results in either direction.

KMIT's data was supplemented with insurance industry data where deemed necessary, such as loss development factors where credible data was not available. The use of external data is another source of uncertainty in our estimates.

The emergence of individual large losses (or changes in case reserves on existing open claims) could materially change our results. We cannot predict the timing of large losses, but their possibility increases the uncertainty inherent in our estimates.

Milliman is not expressing an opinion as to the appropriateness of discounting KMIT's unpaid claims liabilities for financial reporting. We have not examined KMIT's current investment portfolio nor its current investment philosophy. In estimating KMIT's discounted loss reserves, we used an annual effective interest rate of 0.69%. The interest rate was provided to us by KMIT and is based on its assessment of its investment returns. KMIT selected the interest rate because KMIT has greater familiarity with the potential investment returns on its assets. The selected interest rate does not conflict significantly with what, in our opinion, would be reasonable for the purpose of this assignment.

Future rates of return are not guaranteed and may exceed or fall below the assumed rate. Also, the actual timing of loss payments is subject to variability. Differences between actual and expected rates of return and timing of payments from those underlying our estimates may have a material effect on the amount of the discount. Further, our projections assume the existence of valid assets underlying the unpaid claim liabilities and that these assets are appropriate to meet the cash flow needs of KMIT. We have not reviewed the held assets.

Finally, KMIT insures part of its exposure to limit its liability for losses. Our estimates are presented on a net basis with respect to excess insurance recoverables. We have not made any provisions for uncollectible excess insurance.



We did not review the actual excess and aggregate insurance contracts of KMIT but relied on summaries of the terms of the contracts provided by KMIT. Our results, net of excess insurance, assume that all excess insurance is valid and collectible. We are not able to assess the potential for uncollectible excess insurance without performing a substantial amount of additional work beyond the scope of our assignment. We have not anticipated any contingent liabilities that could arise if the excess insurers do not meet their obligations to KMIT as reflected in the data and other information provided to us.

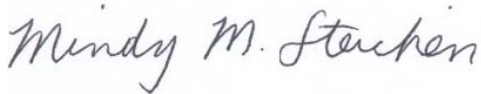
♦ ♦ ♦ ♦ ♦

We appreciate the opportunity to again be of service to the Kansas Municipal Insurance Trust. If you have any questions on our report, please do not hesitate to contact us.

Sincerely,



Peter G. Wick, FCAS, MAAA  
Principal and Consulting Actuary



Mindy M. Steichen, FCAS, MAAA  
Consulting Actuary

PGW/MMS/klr

cc: Deanna Furman  
Debbie James

March 20, 2015

# KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

## Workers' Compensation Summary of Excess Insurance Program

<u>Insurance Period</u>	<u>Per Claim Retention</u>	<u>Aggregate Retention</u>	<u>Excess Insurance Policy Limit</u>
1/01/94-12/31/95 *	\$250,000	\$2,376,391	\$5,000,000
1/01/96-12/31/96	250,000	1,796,589	3,000,000
1/01/97-12/31/97	250,000	1,543,031	3,000,000
1/01/98-12/31/98	250,000	1,472,773	3,000,000
1/01/99-12/31/99	250,000	1,540,262	3,000,000
1/01/00-12/31/00	250,000	1,702,335	3,000,000
1/01/01-12/31/01	250,000	2,045,088	3,000,000
1/01/02-12/31/02	300,000 **	2,720,504	3,000,000
1/01/03-12/31/03	300,000 ***	3,218,926	3,000,000
1/01/04-12/31/04	500,000	4,544,300	3,000,000
1/01/05-12/31/05	500,000	5,602,842	3,000,000
1/01/06-12/31/06	750,000	4,978,483	3,000,000
1/01/07-12/31/07	750,000	4,920,798	3,000,000
1/01/08-12/31/08	750,000	5,448,469	3,000,000
1/01/09-12/31/09	750,000	5,503,943	3,000,000
1/01/10-12/31/10	750,000	5,517,871	3,000,000
1/01/11-12/31/11	750,000	5,397,530	3,000,000
1/01/12-12/31/12	750,000	5,619,072	3,000,000
1/01/13-12/31/13	750,000	6,047,177	3,000,000
1/01/14-12/31/14	750,000	6,986,185	3,000,000
1/01/15-12/31/15	\$750,000	\$7,031,696	\$3,000,000

\* For the 1994 & 1995 years, the aggregate retention of \$2.4M is applicable on a combined basis.

\*\* The Retention for Class Code 7539 is \$350,000 and \$300,000 for all other Class Codes.

\*\*\* The Retention for Class Code 7539 is \$400,000 and \$300,000 for all other Class Codes.

**KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST**  
**Workers' Compensation**  
**Incurred Medical & Indemnity Loss & ALAE Limited to Per Claim Retentions**

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252
1994	549,504	752,689	775,594	743,060	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241
1995	546,387	1,083,821	1,098,272	1,108,380	1,102,723	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,496	1,103,496	
1996	544,209	680,655	739,898	856,552	856,495	836,460	836,493	836,493	836,493	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	
1997	1,315,384	1,548,834	1,787,838	1,749,009	1,747,333	1,775,940	1,807,342	1,807,365	1,808,816	1,808,816	1,808,816	1,801,890	1,826,890	1,826,890	1,826,890	1,833,890	1,896,890	1,896,890			
1998	715,614	999,500	1,091,244	1,084,938	1,120,177	1,183,709	1,218,855	1,310,767	1,328,630	1,328,630	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631			
1999	725,540	1,112,731	1,302,534	1,460,666	1,512,637	1,504,443	1,552,010	1,573,510	1,642,112	1,642,112	1,646,612	1,646,612	1,646,612	1,651,612	1,651,612	1,661,521					
2000	696,850	1,036,064	1,205,669	1,239,967	1,296,491	1,317,123	1,355,755	1,411,001	1,418,001	1,418,001	1,523,001	1,574,576	1,577,021	1,580,271	1,580,775						
2001	815,645	1,128,688	1,199,118	1,191,746	1,192,910	1,193,220	1,198,501	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293							
2002	1,054,829	1,477,212	1,365,075	1,343,505	1,343,505	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826								
2003	1,282,114	1,607,815	1,593,726	1,591,103	1,598,258	1,598,258	1,623,547	1,628,451	1,635,451	1,635,451	1,635,451	1,623,367									
2004	1,293,267	2,063,658	2,133,976	2,318,109	2,344,150	2,340,188	2,305,072	2,301,629	2,324,597	2,429,597	2,436,741										
2005	2,233,412	3,244,786	3,358,164	3,440,441	3,599,488	3,603,227	3,761,251	3,841,672	3,893,333	3,896,316											
2006	1,652,427	2,506,421	2,521,407	2,622,453	2,621,186	2,702,302	2,741,620	2,829,620	2,829,037												
2007	1,674,625	2,331,829	2,439,995	2,589,099	2,764,193	2,795,735	2,870,662	2,960,162													
2008	2,436,655	3,008,881	3,206,923	3,312,358	3,392,219	3,475,316	3,480,497														
2009	1,394,062	2,103,767	2,053,555	2,131,483	2,223,547	2,190,325															
2010	2,362,300	3,183,354	3,678,422	3,624,648	3,813,725																
2011	2,198,429	2,404,188	2,475,834	2,812,895																	
2012	1,359,817	1,686,437	1,766,421																		
2013	1,503,391	1,723,903																			
2014	2,563,324																				
Accident Year	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - 192	192 - 204	204 - 216	216 - 228	228 - 240	240 - 252	252 - Ult
1994	1.370	1.030	0.958	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1995	1.984	1.013	1.009	0.995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1996	1.251	1.087	1.158	1.000	0.977	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1997	1.177	1.154	0.978	0.999	1.016	1.018	1.000	1.001	1.000	1.000	0.996	1.014	1.000	1.000	1.004	1.034	1.000				
1998	1.397	1.092	0.994	1.032	1.057	1.030	1.075	1.014	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1999	1.534	1.171	1.121	1.036	0.995	1.032	1.014	1.044	1.000	1.003	1.000	1.000	1.003	1.000	1.006						
2000	1.487	1.164	1.028	1.046	1.016	1.029	1.041	1.005	1.000	1.074	1.034	1.002	1.002	1.000							
2001	1.384	1.062	0.994	1.001	1.000	1.004	0.985	1.000	1.000	1.000	1.000	1.000	1.000								
2002	1.400	0.924	0.984	1.000	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000									
2003	1.254	0.991	0.998	1.004	1.000	1.016	1.003	1.004	1.000	1.000	0.993										
2004	1.596	1.034	1.086	1.011	0.998	0.985	0.999	1.010	1.045	1.003											
2005	1.453	1.035	1.025	1.046	1.001	1.044	1.021	1.013	1.001												
2006	1.517	1.006	1.040	1.000	1.031	1.015	1.032	1.000													
2007	1.392	1.046	1.061	1.068	1.011	1.027	1.031														
2008	1.235	1.066	1.033	1.024	1.024	1.001															
2009	1.509	0.976	1.038	1.043	0.985																
2010	1.348	1.156	0.985	1.052																	
2011	1.094	1.030	1.136																		
2012	1.240	1.047																			
2013	1.147																				
NCCI Kansas	1.218	1.052	1.023	1.011	1.009	1.011	1.021	1.041	<-- 96 - Ult												
NCCI Countrywide	1.334	1.095	1.049	1.026	1.018	1.011	1.009	1.076	<-- 96 - Ult												
Average	1.388	1.057	1.035	1.021	1.007	1.013	1.014	1.007	1.004	1.007	1.002	1.002	1.001	1.000	1.002	1.007	1.000	1.000	1.000	1.000	
Average x H/L	1.372	1.058	1.032	1.020	1.005	1.013	1.012	1.004	1.000	1.001	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	
Wtd Average	1.354	1.054	1.035	1.027	1.008	1.015	1.017	1.008	1.006	1.008	1.002	1.002	1.001	1.000	1.002	1.011	1.000	1.000	1.000	1.000	
Select for 94-03*	1.354	1.054	1.035	1.027	1.008	1.015	1.017	1.008	1.004	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
94-03 Cumulative	1.611	1.190	1.129	1.091	1.062	1.054	1.038	1.021	1.013	1.009	1.007	1.006	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005	1.005
Select for 04-14**	1.354	1.054	1.035	1.027	1.008	1.015	1.017	1.008	1.004	1.002	1.001	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
04-14 Cumulative	1.637	1.209	1.147	1.108	1.079	1.070	1.054	1.036	1.028	1.024	1.022	1.021	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020

\* Years with SIRs of \$250,000 or \$300,000.

\*\* Years with SIRs of \$500,000 or \$750,000.

# KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

## Workers' Compensation Net Ultimate Medical & Indemnity Loss & ALAE Indications Incurred Loss Development Projection Evaluation as of 12/31/14

		(1)	(2)	(3)	(4) = [(1)-(2)]x(3)+(2)
Accident Year	Months of Development	Incurred Loss & ALAE @ 12/31/14	Incurred Large Loss & ALAE Adjustment	Cumulative Incurred LDF*	Indicated Ultimate Loss & ALAE**
1994	252	\$742,241	\$0	1.005	\$745,952
1995	240	1,103,496	0	1.005	1,109,013
1996	228	836,631	0	1.005	840,814
1997	216	1,896,890	0	1.005	1,906,374
1998	204	1,328,631	0	1.005	1,335,274
1999	192	1,661,521	0	1.005	1,669,829
2000	180	1,580,775	0	1.005	1,588,679
2001	168	1,180,293	0	1.005	1,186,194
2002	156	1,340,826	0	1.005	1,347,530
2003	144	1,623,367	0	1.006	1,633,107
2004	132	2,436,741	0	1.022	2,490,349
2005	120	3,896,316	499,925	1.024	3,977,829
2006	108	2,829,037	0	1.028	2,908,250
2007	96	2,960,162	0	1.036	3,066,728
2008	84	3,480,497	0	1.054	3,668,444
2009	72	2,190,325	0	1.070	2,343,648
2010	60	3,813,725	0	1.079	4,115,009
2011	48	2,812,895	0	1.108	3,116,688
2012	36	1,766,421	0	1.147	2,026,085
2013	24	1,723,903	0	1.209	2,084,199
2014	12	2,563,324	745,000	1.637	3,721,596
Total		\$43,768,017	\$1,244,925		\$46,881,591

\* Based on KMIT loss history supplemented with NCCI Statistical Bulletin information.

\*\* The large claims in 2005 & 2014 were not developed.

## KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation  
Paid Medical & Indemnity Loss & ALAE Limited to Per Claim Retentions

Accident Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252
1994	337,680	572,772	672,657	722,555	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241	742,241
1995	311,299	770,471	1,000,258	1,025,950	1,102,723	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,118	1,103,496	1,103,496	
1996	233,827	557,835	701,367	831,383	856,495	836,460	836,493	836,493	836,493	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	836,631	
1997	698,376	1,236,709	1,600,714	1,689,902	1,749,729	1,761,798	1,774,588	1,787,037	1,785,022	1,790,744	1,795,115	1,799,457	1,812,180	1,817,500	1,822,970	1,830,014	1,835,872	1,843,278			
1998	382,887	762,358	946,649	1,033,877	1,068,430	1,123,046	1,188,439	1,286,699	1,311,945	1,328,630	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631	1,328,631			
1999	497,057	945,543	1,231,294	1,387,701	1,433,141	1,470,482	1,488,630	1,501,435	1,569,579	1,633,846	1,636,617	1,637,470	1,638,895	1,640,575	1,645,221	1,652,182					
2000	405,729	832,626	1,120,010	1,198,918	1,296,491	1,310,649	1,327,913	1,363,971	1,378,649	1,395,111	1,462,558	1,547,462	1,550,510	1,553,759	1,561,239						
2001	460,784	967,977	1,064,877	1,191,746	1,192,444	1,193,220	1,194,038	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293	1,180,293							
2002	659,579	1,130,950	1,324,566	1,340,467	1,340,825	1,340,825	1,340,825	1,340,825	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826								
2003	964,665	1,462,892	1,532,404	1,542,377	1,598,258	1,598,258	1,602,481	1,616,517	1,623,367	1,623,367	1,623,367	1,623,367									
2004	786,944	1,561,934	1,953,110	2,101,031	2,248,698	2,279,692	2,294,399	2,297,324	2,307,329	2,380,745	2,393,750										
2005	1,229,826	2,570,887	2,944,207	3,152,061	3,367,881	3,469,495	3,621,588	3,735,826	3,762,129	3,839,629											
2006	874,076	1,920,917	2,220,653	2,387,480	2,526,291	2,625,597	2,641,385	2,739,343	2,749,626												
2007	787,012	1,984,011	2,279,729	2,351,320	2,526,347	2,619,834	2,663,981	2,768,556													
2008	1,191,790	2,489,314	2,865,128	3,060,081	3,201,123	3,242,919	3,294,839														
2009	730,841	1,582,734	1,831,733	1,946,136	2,099,939	2,143,884															
2010	1,125,821	2,295,412	3,059,724	3,408,765	3,596,993																
2011	923,653	1,662,070	1,908,433	2,383,873																	
2012	794,945	1,405,620	1,633,737																		
2013	678,447	1,493,185																			
2014	1,390,345																				
Accident Year	12 - 24	24 - 36	36 - 48	48 - 60	60 - 72	72 - 84	84 - 96	96 - 108	108 - 120	120 - 132	132 - 144	144 - 156	156 - 168	168 - 180	180 - 192	192 - 204	204 - 216	216 - 228	228 - 240	240 - 252	252 - Ult
1994	1.696	1.174	1.074	1.027	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1995	2.475	1.298	1.026	1.075	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1996	2.386	1.257	1.185	1.030	0.977	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1997	1.771	1.294	1.056	1.035	1.007	1.007	1.007	0.999	1.003	1.002	1.002	1.007	1.003	1.003	1.004	1.003	1.004				
1998	1.991	1.242	1.092	1.033	1.051	1.058	1.083	1.020	1.013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1999	1.902	1.302	1.127	1.033	1.026	1.012	1.009	1.045	1.041	1.002	1.001	1.001	1.001	1.003	1.004						
2000	2.052	1.345	1.070	1.081	1.011	1.013	1.027	1.011	1.012	1.048	1.058	1.002	1.002	1.005							
2001	2.101	1.100	1.119	1.001	1.001	1.001	0.988	1.000	1.000	1.000	1.000	1.000	1.000								
2002	1.715	1.171	1.012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000									
2003	1.516	1.048	1.007	1.036	1.000	1.003	1.009	1.004	1.000	1.000	1.000										
2004	1.985	1.250	1.076	1.070	1.014	1.006	1.001	1.004	1.032	1.005											
2005	2.090	1.145	1.071	1.068	1.030	1.044	1.032	1.007	1.021												
2006	2.198	1.156	1.075	1.058	1.039	1.006	1.037	1.004													
2007	2.521	1.149	1.031	1.074	1.037	1.017	1.039														
2008	2.089	1.151	1.068	1.046	1.013	1.016															
2009	2.166	1.157	1.062	1.079	1.021																
2010	2.039	1.333	1.114	1.055																	
2011	1.799	1.148	1.249																		
2012	1.768	1.162																			
2013	2.201																				
NCCI Kansas	2.125	1.249	1.104	1.047	1.029	1.019	1.016	1.104	<-- 96 - Ult												
NCCI Countrywide	2.150	1.270	1.125	1.069	1.043	1.029	1.021	1.182	<-- 96 - Ult												
Average	2.023	1.204	1.084	1.047	1.014	1.012	1.017	1.007	1.010	1.005	1.006	1.001	1.001	1.002	1.001	1.001	1.001	1.000	1.000	1.000	
Average x H/L	2.024	1.205	1.079	1.048	1.014	1.010	1.013	1.005	1.008	1.001	1.000	1.000	1.001	1.001	1.001	1.000	1.000	1.000	1.000	1.000	
Wtd Average	2.004	1.194	1.083	1.052	1.018	1.015	1.020	1.007	1.013	1.006	1.007	1.001	1.001	1.002	1.002	1.001	1.002	1.000	1.000	1.000	
Select for 94-03*	2.004	1.194	1.083	1.052	1.018	1.015	1.020	1.007	1.005	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
94-03 Cumulative	3.002	1.498	1.255	1.159	1.102	1.083	1.067	1.046	1.039	1.034	1.031	1.029	1.028	1.027	1.026	1.025	1.024	1.023	1.022	1.021	1.020
Select for 04-14**	2.004	1.194	1.083	1.052	1.018	1.015	1.020	1.007	1.005	1.003	1.002	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	1.001	
04-14 Cumulative	3.048	1.521	1.274	1.176	1.118	1.098	1.082	1.061	1.054	1.049	1.046	1.044	1.043	1.042	1.041	1.040	1.039	1.038	1.037	1.036	1.035

\* Years with SIRs of \$250,000 or \$300,000.

\*\* Years with SIRs of \$500,000 or \$750,000.

# KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

## Workers' Compensation Net Ultimate Medical & Indemnity Loss & ALAE Indications Paid Loss Development Projection Evaluation as of 12/31/14

		(1)	(2)	(3)	(4)	(5) = [(1)-(2)]x(4)+(3)
Accident Year	Months of Development	Paid Loss & ALAE @12/31/14	Paid Large Loss & ALAE Adjustment	Incurred Large Loss & ALAE Adjustment	Cumulative Paid LDF*	Indicated Ultimate Loss & ALAE**
1994	252	\$742,241	\$0	\$0	1.020	\$757,086
1995	240	1,103,496	0	0	1.021	1,126,669
1996	228	836,631	0	0	1.022	855,037
1997	216	1,843,278	0	0	1.023	1,885,673
1998	204	1,328,631	0	0	1.024	1,360,518
1999	192	1,652,182	0	0	1.025	1,693,487
2000	180	1,561,239	0	0	1.026	1,601,831
2001	168	1,180,293	0	0	1.027	1,212,161
2002	156	1,340,826	0	0	1.028	1,378,369
2003	144	1,623,367	0	0	1.029	1,670,445
2004	132	2,393,750	0	0	1.046	2,503,863
2005	120	3,839,629	499,925	499,925	1.049	4,003,274
2006	108	2,749,626	0	0	1.054	2,898,106
2007	96	2,768,556	0	0	1.061	2,937,438
2008	84	3,294,839	0	0	1.082	3,565,016
2009	72	2,143,884	0	0	1.098	2,353,985
2010	60	3,596,993	0	0	1.118	4,021,438
2011	48	2,383,873	0	0	1.176	2,803,435
2012	36	1,633,737	0	0	1.274	2,081,381
2013	24	1,493,185	0	0	1.521	2,271,134
2014	12	1,390,345	539,186	745,000	3.048	3,339,333
Total		\$40,900,601	\$1,039,111	\$1,244,925		\$46,319,679

\* Based on KMIT loss history supplemented with NCCI Statistical Bulletin information.

\*\* The large claims in 2005 & 2014 were not developed.

# KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

## Workers' Compensation

### Net Ultimate Medical & Indemnity Loss & ALAE Indications

#### Incurred Bornhuetter - Ferguson Projection Method

Evaluation as of 12/31/14

		(1)	(2)	(3)	(4)	(5)	(6)
					$=[(1)-(2)] \times [1-1/(3)]$		$= (4) + (5)$
Accident Year	Months of Development	A' Priori Ultimate Losses & ALAE*	Large Loss & ALAE Adjustment	Incurred Cumulative LDF	IBNR**	Incurred Loss & ALAE @12/31/14	Indicated Ultimate Loss & ALAE
1994	252	\$742,241	\$0	1.005	\$3,693	\$742,241	\$745,934
1995	240	1,103,496	0	1.005	5,490	1,103,496	1,108,986
1996	228	836,631	0	1.005	4,162	836,631	840,793
1997	216	1,896,890	0	1.005	9,437	1,896,890	1,906,327
1998	204	1,328,631	0	1.005	6,610	1,328,631	1,335,241
1999	192	1,651,612	0	1.005	8,217	1,661,521	1,669,738
2000	180	1,590,103	0	1.005	7,911	1,580,775	1,588,686
2001	168	1,180,293	0	1.005	5,872	1,180,293	1,186,165
2002	156	1,340,826	0	1.005	6,671	1,340,826	1,347,497
2003	144	1,656,261	0	1.006	9,878	1,623,367	1,633,245
2004	132	2,491,091	0	1.022	53,624	2,436,741	2,490,365
2005	120	3,976,732	499,925	1.024	81,488	3,896,316	3,977,804
2006	108	2,928,462	0	1.028	79,764	2,829,037	2,908,801
2007	96	2,979,305	0	1.036	103,528	2,960,162	3,063,690
2008	84	3,671,271	0	1.054	188,092	3,480,497	3,668,589
2009	72	2,385,502	0	1.070	156,061	2,190,325	2,346,386
2010	60	4,014,291	0	1.079	293,910	3,813,725	4,107,635
2011	48	2,714,658	0	1.108	264,606	2,812,895	3,077,501
2012	36	2,214,285	0	1.147	283,784	1,766,421	2,050,205
2013	24	3,076,319	0	1.209	531,804	1,723,903	2,255,707
2014	12	4,034,098	745,000	1.637	1,279,875	2,563,324	3,843,199
Total		\$47,812,998	\$1,244,925		\$3,384,477	\$43,768,017	\$47,152,494

\* The A'Priori Ultimate Losses & ALAE are based on Milliman's 12/31/13 analysis.

\*\* No additional IBNR has been included for the large claims in 2005 & 2014.

# KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

## Workers' Compensation Net Ultimate Medical & Indemnity Loss & ALAE Indications Paid Bornhuetter - Ferguson Projection Method Evaluation as of 12/31/14

		(1)	(2)	(3)	(4)	(5)	(6)
					$=[(1)-(2)] \times [1-1/(3)]$		$= (4) + (5)$
Accident Year	Months of Development	A' Priori Ultimate Losses & ALAE*	Large Loss & ALAE Adjustment	Paid Cumulative LDF	Unpaid**	Paid Loss & ALAE @12/31/14	Indicated Ultimate Loss & ALAE
1994	252	\$742,241	\$0	1.020	\$14,554	\$742,241	\$756,795
1995	240	1,103,496	0	1.021	22,697	1,103,496	1,126,193
1996	228	836,631	0	1.022	18,010	836,631	854,641
1997	216	1,896,890	0	1.023	42,648	1,843,278	1,885,926
1998	204	1,328,631	0	1.024	31,140	1,328,631	1,359,771
1999	192	1,651,612	0	1.025	40,283	1,652,182	1,692,465
2000	180	1,590,103	0	1.026	40,295	1,561,239	1,601,534
2001	168	1,180,293	0	1.027	31,030	1,180,293	1,211,323
2002	156	1,340,826	0	1.028	36,521	1,340,826	1,377,347
2003	144	1,656,261	0	1.029	46,678	1,623,367	1,670,045
2004	132	2,491,091	0	1.046	109,551	2,393,750	2,503,301
2005	120	3,976,732	499,925	1.049	162,406	3,839,629	4,002,035
2006	108	2,928,462	0	1.054	150,035	2,749,626	2,899,661
2007	96	2,979,305	0	1.061	171,289	2,768,556	2,939,845
2008	84	3,671,271	0	1.082	278,229	3,294,839	3,573,068
2009	72	2,385,502	0	1.098	212,914	2,143,884	2,356,798
2010	60	4,014,291	0	1.118	423,691	3,596,993	4,020,684
2011	48	2,714,658	0	1.176	406,275	2,383,873	2,790,148
2012	36	2,214,285	0	1.274	476,228	1,633,737	2,109,965
2013	24	3,076,319	0	1.521	1,053,756	1,493,185	2,546,941
2014	12	4,034,098	539,186	3.048	2,348,287	1,390,345	3,944,446
Total		\$47,812,998	\$1,039,111		\$6,116,517	\$40,900,601	\$47,222,932

\* The A'Priori Ultimate Losses & ALAE are based on Milliman's 12/31/13 analysis.

\*\* No additional unpaid has been included for the large claims in 2005 & 2014. The incurred amount for these claims has been included.



# KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

## Workers' Compensation Selection of Medical & Indemnity Net Ultimate Loss & ALAE Evaluation as of 12/31/14

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) =Min [(6), (7)]
Accident Year	Incurred Loss & ALAE @ 12/31/14	Ultimate Loss and ALAE Based on:				Selected Ultimate Loss & ALAE*	Aggregate Retention**	Selected Ultimate Loss & ALAE Limited to Aggregate
		Incurred Development Method	Paid Development Method	Incurred Born-Ferg Method	Paid Born-Ferg Method			
1994	\$742,241	\$745,952	\$757,086	\$745,934	\$756,795	\$742,241	N/A	\$742,241
1995	1,103,496	1,109,013	1,126,669	1,108,986	1,126,193	1,103,496	N/A	1,103,496
1996	836,631	840,814	855,037	840,793	854,641	836,631	\$1,796,589	836,631
1997	1,896,890	1,906,374	1,885,673	1,906,327	1,885,926	1,896,890	1,543,031	1,543,031
1998	1,328,631	1,335,274	1,360,518	1,335,241	1,359,771	1,328,631	1,472,773	1,328,631
1999	1,661,521	1,669,829	1,693,487	1,669,738	1,692,465	1,661,521	1,540,262	1,540,262
2000	1,580,775	1,588,679	1,601,831	1,588,686	1,601,534	1,592,966	1,702,335	1,592,966
2001	1,180,293	1,186,194	1,212,161	1,186,165	1,211,323	1,180,293	2,045,088	1,180,293
2002	1,340,826	1,347,530	1,378,369	1,347,497	1,377,347	1,340,826	2,720,504	1,340,826
2003	1,623,367	1,633,107	1,670,445	1,633,245	1,670,045	1,623,367	3,218,926	1,623,367
2004	2,436,741	2,490,349	2,503,863	2,490,365	2,503,301	2,494,672	4,544,300	2,494,672
2005	3,896,316	3,977,829	4,003,274	3,977,804	4,002,035	3,985,889	5,602,842	3,985,889
2006	2,829,037	2,908,250	2,898,106	2,908,801	2,899,661	2,905,571	4,978,483	2,905,571
2007	2,960,162	3,066,728	2,937,438	3,063,690	2,939,845	3,065,209	4,920,798	3,065,209
2008	3,480,497	3,668,444	3,565,016	3,668,589	3,573,068	3,636,700	5,448,469	3,636,700
2009	2,190,325	2,343,648	2,353,985	2,346,386	2,356,798	2,348,944	5,503,943	2,348,944
2010	3,813,725	4,115,009	4,021,438	4,107,635	4,020,684	4,081,109	5,517,871	4,081,109
2011	2,812,895	3,116,688	2,803,435	3,077,501	2,790,148	3,097,095	5,397,530	3,097,095
2012	1,766,421	2,026,085	2,081,381	2,050,205	2,109,965	2,062,085	5,619,072	2,062,085
2013	1,723,903	2,084,199	2,271,134	2,255,707	2,546,941	2,295,616	6,047,177	2,295,616
2014	2,563,324	3,721,596	3,339,333	3,843,199	3,944,446	3,893,823	6,986,185	3,893,823
Total	\$43,768,017	\$46,881,591	\$46,319,679	\$47,152,494	\$47,222,932	\$47,173,575		\$46,698,457

\* Gross of Aggregate Excess Coverage; Net of Specific Excess Coverage.

\*\* The Aggregate Retention for 1994 and 1995 is \$2,376,391 on a combined basis.

# KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

## Workers' Compensation

### Calculation of Medical & Indemnity Net Unpaid Loss & ALAE

Evaluation as of 12/31/14

	(1)	(2)	(3)	(4) = (2) - (3)	(5) = (1) - (2)	(6) = (4) + (5)
Accident Year	Net Ultimate Loss & ALAE*	Net Incurred Loss & ALAE*	Net Paid Loss & ALAE*	Net Case Reserves	Net IBNR**	Total Net Unpaid Loss & ALAE
1994	\$742,241	\$742,241	\$742,241	\$0	\$0	\$0
1995	1,103,496	1,103,496	1,103,496	0	0	0
1996	836,631	836,631	836,631	0	0	0
1997	1,543,031	1,601,759	1,548,147	53,612	(58,728)	(5,116)
1998	1,328,631	1,328,631	1,328,631	0	0	0
1999	1,540,262	1,554,387	1,545,048	9,339	(14,125)	(4,786)
2000	1,592,966	1,580,775	1,561,239	19,536	12,191	31,727
2001	1,180,293	1,180,293	1,180,293	0	0	0
2002	1,340,826	1,340,826	1,340,826	0	0	0
2003	1,623,367	1,623,367	1,623,367	0	0	0
2004	2,494,672	2,436,741	2,393,750	42,991	57,931	100,922
2005	3,985,889	3,896,316	3,839,629	56,687	89,573	146,260
2006	2,905,571	2,829,037	2,749,626	79,411	76,534	155,945
2007	3,065,209	2,960,162	2,768,556	191,606	105,047	296,653
2008	3,636,700	3,480,497	3,294,839	185,658	156,203	341,861
2009	2,348,944	2,190,325	2,143,884	46,441	158,619	205,060
2010	4,081,109	3,813,725	3,596,993	216,732	267,384	484,116
2011	3,097,095	2,812,895	2,383,873	429,022	284,200	713,222
2012	2,062,085	1,766,421	1,633,737	132,684	295,664	428,348
2013	2,295,616	1,723,903	1,493,185	230,718	571,713	802,431
2014	3,893,823	2,563,324	1,390,345	1,172,979	1,330,499	2,503,478
Total	\$46,698,457	\$43,365,752	\$40,498,336	\$2,867,416	\$3,332,705	\$6,200,121

\* Net of Aggregate Excess Coverage; Net of Specific Excess Coverage.

\*\* For the 1997 and 1999 years, incurred and paid losses exceed the aggregate retention.

Ultimately KMIT should recover losses excess of the aggregate retention from Safety National.

# KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

## Workers' Compensation Projected 2015 Ultimate Loss & ALAE

	(1)	(2)	(3)	(4)	(5)	(6)	(7) (3)x(4)x(5)x(6)
Accident Year	Ultimate Loss & ALAE Gross of Aggregate	Payroll (\$00's)	Pure Premium	Increased Limits Factor to \$750,000*	Benefit Level Adjustment Factor	Trend Factor**	Trended Pure Premium at \$750,000 Retention
2006	\$2,905,571	\$1,399,227	\$2.08	1.000	1.055	1.14	\$2.50
2007	3,065,209	1,485,167	2.06	1.000	1.047	1.13	2.44
2008	3,636,700	1,588,854	2.29	1.000	1.023	1.11	2.60
2009	2,348,944	1,594,082	1.47	1.000	1.018	1.09	1.63
2010	4,081,109	1,606,836	2.54	1.000	1.027	1.08	2.82
2011	3,097,095	1,534,033	2.02	1.000	1.021	1.06	2.19
2012	2,062,085	1,596,327	1.29	1.000	1.016	1.05	1.38
2013	2,295,616	1,717,948	1.34	1.000	1.010	1.03	1.39
2014	3,893,823	1,984,712	1.96	1.000	1.000	1.02	2.00
Total	\$27,386,152	\$14,507,186	\$1.89			Weighted Average	\$2.09
						Avg M3L5	1.86
						Avg L5	1.96
						NCCI Kansas	1.94
(8)	2015 Selected Net Pure Premium						\$2.00
(9)	2015 Projected Payroll (\$00's)						\$1,997,641
(10) = (8) x (9)	Estimated KMIT 2015 Ultimate Losses and ALAE (Prior to Aggregate Excess Insurance)						\$3,995,282
(11)	Aggregate Retention Factor for 2015						0.97
(12) = (10) x (11)	Estimated KMIT 2015 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,875,424
(13)	Discount Factor at 0.69%						0.984
(14) = (12) x (13)	Present Value of Estimated KMIT 2015 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,813,417

\* Based on Kansas NCCI Filing.

\*\* Trended at 1.5% per year.

**KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST**

**Workers' Compensation  
Calculation of the On-Level Benefit Level Factors  
For the Pure Premium Method**

Date	Incremental Benefit Level Change*	Cumulative Benefit Level Change	Accident Year	Average Benefit Level	Anticipated Benefit Level Factor to 2015
07/01/93	0.889	0.889	2006	1.005	1.055
07/01/93	1.009	0.897	2007	1.013	1.047
11/01/93	0.981	0.880	2008	1.036	1.023
07/01/94	1.004	0.883	2009	1.042	1.018
07/01/95	1.004	0.887	2010	1.033	1.027
05/01/96	1.024	0.908	2011	1.039	1.021
07/01/96	1.007	0.915	2012	1.043	1.016
07/01/97	1.007	0.921	Estimated 2013	1.050	1.010
09/01/97	0.985	0.907	Estimated 2014	1.060	1.000
07/01/98	1.008	0.915	Estimated 2015	1.060	1.000
07/01/99	1.008	0.922			
10/01/99	1.012	0.933			
07/01/00	1.010	0.942			
07/01/00	1.008	0.950			
07/01/01	1.007	0.956			
12/01/01	1.023	0.978			
07/01/02	1.006	0.984			
07/01/03	1.004	0.988			
12/01/03	0.993	0.981			
07/01/04	1.004	0.985			
07/01/05	1.005	0.990			
12/01/05	1.012	1.002			
07/01/06	1.005	1.007			
07/01/07	1.009	1.016			
12/01/07	1.018	1.034			
07/01/08	1.004	1.039			
07/01/09	1.006	1.045			
01/01/10	0.985	1.029			
07/01/10	1.007	1.036			
01/01/11	1.006	1.042			
05/15/11	0.994	1.036			
01/01/12	1.007	1.043			
01/01/13	1.006	1.050			
01/01/14	1.010	1.060			

\* Source: 2014 NCCI Annual Statistical Bulletin.

# KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

## Workers' Compensation

### Selection of Payment Pattern Based on Selected Paid LDFs

(1)	(2)	(3)	(4)	(5)	(6)
			= 1 / (2)	= 1 / (3)	
Month of Development	1994-2003 Selected Cumulative Paid LDF*	2004-2014 Selected Cumulative Paid LDF*	1994-2003 Indicated Payment Pattern	2004-2014 Indicated Payment Pattern	Selected Payment Pattern
252	1.020	1.035	98.0%	96.6%	100.0%
240	1.021	1.036	97.9%	96.5%	100.0%
228	1.022	1.037	97.8%	96.4%	100.0%
216	1.023	1.038	97.8%	96.3%	100.0%
204	1.024	1.039	97.7%	96.2%	100.0%
192	1.025	1.040	97.6%	96.2%	100.0%
180	1.026	1.041	97.5%	96.1%	99.5%
168	1.027	1.042	97.4%	96.0%	99.0%
156	1.028	1.043	97.3%	95.9%	98.0%
144	1.029	1.044	97.2%	95.8%	97.0%
132	1.031	1.046	97.0%	95.6%	96.0%
120	1.034	1.049	96.7%	95.3%	95.0%
108	1.039	1.054	96.2%	94.9%	94.0%
96	1.046	1.061	95.6%	94.3%	93.0%
84	1.067	1.082	93.7%	92.4%	92.0%
72	1.083	1.098	92.3%	91.1%	91.0%
60	1.102	1.118	90.7%	89.4%	90.0%
48	1.159	1.176	86.3%	85.0%	85.0%
36	1.255	1.274	79.7%	78.5%	80.0%
24	1.498	1.521	66.8%	65.7%	65.0%
12	3.002	3.048	33.3%	32.8%	35.0%

\* Loss Development Factors are selected on Exhibit 4.

# KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

## Workers' Compensation Calculation of Discount Factor for 2015

(1)	(2)	(3)	(4)
Month of Development	Selected Cumulative Payment Pattern*	Incremental Payment Pattern*	Discounted Incremental Payment Pattern**
12	35.0%	35.0%	34.9%
24	65.0%	30.0%	29.7%
36	80.0%	15.0%	14.7%
48	85.0%	5.0%	4.9%
60	90.0%	5.0%	4.9%
72	91.0%	1.0%	1.0%
84	92.0%	1.0%	1.0%
96	93.0%	1.0%	1.0%
108	94.0%	1.0%	0.9%
120	95.0%	1.0%	0.9%
132	96.0%	1.0%	0.9%
144	97.0%	1.0%	0.9%
156	98.0%	1.0%	0.9%
168	99.0%	1.0%	0.9%
180	99.5%	0.5%	0.5%
192	100.0%	0.5%	0.5%
204	100.0%	0.0%	0.0%
216	100.0%	0.0%	0.0%
228	100.0%	0.0%	0.0%
240	100.0%	0.0%	0.0%
252	100.0%	0.0%	0.0%
Total		100.0%	98.4%

\* Columns (2) and (3) represent the projected payment pattern for a fund year at its inception.

\*\* Based on a 0.69% assumed yield as provided by KMIT.

# **KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST**

## **Workers' Compensation**

### **Projected 2015 Ultimate Loss & ALAE at Various Probability Levels**

**Discounted at 0.69%**

Probability Level	<u>Gross of Aggregate Retention</u>		<u>Limited to Aggregate Retention</u>	
	<u>Undiscounted</u>	<u>Discounted at 0.69%</u>	<u>Undiscounted</u>	<u>Discounted at 0.69%</u>
95%	9,269,054	9,120,749	7,031,696	6,919,189
85%	6,272,593	6,172,232	6,084,416	5,987,065
75%	5,034,055	4,953,510	4,883,034	4,804,906
65%	4,234,999	4,167,239	4,107,949	4,042,222
Actuarial Central Estimate	3,995,282	3,931,357	3,875,424	3,813,417

**KANSAS MUNICIPAL INSURANCE TRUST**

FINANCIAL STATEMENTS-STATUTORY BASIS  
WITH  
SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2014 AND 2013  
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS



# KANSAS MUNICIPAL INSURANCE TRUST

## FINANCIAL STATEMENTS DECEMBER 31, 2014 AND 2013

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## Independent Auditors' Report

To the Board of Trustees  
Kansas Municipal Insurance Trust

We have audited the accompanying statutory financial statements of Kansas Municipal Insurance Trust, which comprise the statutory-basis balance sheets as of December 31, 2014 and 2013 and the related statutory-basis statements of revenue, expenses, and changes in fund balance, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions prescribed or permitted by the Kansas Insurance Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1, these financial statements were prepared by Kansas Municipal Insurance Trust on the basis of the financial reporting provisions prescribed or permitted by the Kansas Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Kansas Insurance Department. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Kansas Municipal Insurance Trust as of December 31, 2014 and 2013, or the results of its operations or its cash flows for the years then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred in the first paragraph present fairly, in all material respects, the admitted assets, liabilities, and fund balance of Kansas Municipal Insurance Trust as of December 31, 2014 and 2013 and the results of its operations and its cash flows for the years then ended, in accordance with the financial reporting provisions prescribed or permitted by the Kansas Insurance Department as described in Note 1.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of administrative expenses, statements of revenues, expenses and changes in fund balance and statements of revenue, expenses and changes in fund balance cumulative activity by contract period are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Summers, Spencer & Company, P.A.  
Topeka, Kansas

May 27, 2015

## KANSAS MUNICIPAL INSURANCE TRUST

## BALANCE SHEETS – STATUTORY BASIS

December 31,	2014	2013
ASSETS		
Cash and cash equivalents	\$ 1,494,813	\$ 3,033,131
Investments	11,907,993	8,911,957
Interest income accrued	44,965	21,287
Premiums receivable	100,636	85,080
Agent commissions receivable	1,958	4,894
Excess insurance premium receivable	25,550	20,417
Specific receivable	15,994	98,887
<i>Total assets</i>	13,591,909	12,175,653
Less: non admitted assets	-	-
<i>Total admitted assets</i>	<u>\$ 13,591,909</u>	<u>\$ 12,175,653</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Reserve for unpaid workers' compensation claims	\$ 6,200,123	\$ 6,229,344
Other expenses due or accrued	45,000	39,300
Taxes, licenses and fees due or accrued	499,248	285,838
Return premiums payable	400,965	429,792
Deposits on premium	1,014,404	241,041
<i>Total liabilities</i>	8,159,740	7,225,315
Fund balance		
Fund balance	5,432,169	4,950,338
<i>Total liabilities and fund balance</i>	<u>\$ 13,591,909</u>	<u>\$ 12,175,653</u>

## KANSAS MUNICIPAL INSURANCE TRUST

## STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCE – STATUTORY BASIS

For the years ended December 31,	2014	2013
Underwriting income		
Direct premiums earned	\$ 5,460,509	\$ 4,853,835
Less: excess insurance premium	<u>429,976</u>	<u>395,840</u>
Net underwriting income	<u>5,030,533</u>	<u>4,457,995</u>
Deductions		
Workers' compensation claims incurred	3,200,695	2,305,548
Claims adjustment expenses incurred	184,071	237,435
Other administrative expenses incurred	<u>1,271,537</u>	<u>979,785</u>
Total underwriting deductions	<u>4,656,303</u>	<u>3,522,768</u>
Net underwriting gain	374,230	935,227
Investment income / Other income		
Interest earned	<u>107,601</u>	<u>71,861</u>
Net income	481,831	1,007,088
Fund balance, beginning of year	4,950,338	3,927,722
Change in non - admitted assets	<u>-</u>	<u>15,528</u>
Fund balance, end of year	<u>\$ 5,432,169</u>	<u>\$ 4,950,338</u>

**KANSAS MUNICIPAL INSURANCE TRUST**  
**STATEMENTS OF CASH FLOWS – STATUTORY BASIS**

For the years ended December 31,	2014	2013
Cash flows from operating activities		
Net income	\$ 481,831	\$ 1,007,088
Adjustments to reconcile net income to net cash used in operating activities:		
Amortization of premiums on investments	31,309	32,597
(Increase) decrease in assets:		
Interest income accrued	(23,678)	3,975
Premium receivable	(15,556)	18,612
Agent commission receivable	2,936	1,180
Excess insurance premium receivable	(5,133)	(6,231)
Specific receivable	82,893	(91,800)
Prepaid expenses	-	15,528
Increase (decrease) in liabilities:		
Reserve for unpaid workers' compensation claims	(29,221)	227,663
Other expenses due or accrued	5,700	(2,545)
Taxes, licenses and fees due or accrued	213,410	(10,887)
Return premium payable	(28,827)	115,067
Deposits on premiums	773,363	(217,436)
<i>Net cash provided by operating activities</i>	1,489,027	1,092,811
Cash flows from investing activities		
Purchase and maturities of investments:		
Purchase of U.S. Government and agency securities	(6,267,345)	(3,738,494)
Sale and maturity of U.S. Government and agency securities	3,240,000	3,935,000
<i>Net cash provided by (used in) investing activities</i>	(3,027,345)	196,506
<i>Net increase (decrease) in cash and cash equivalents</i>	(1,538,318)	1,289,317
Cash and cash equivalents, beginning of year	3,033,131	1,743,814
Cash and cash equivalents, end of year	\$ 1,494,813	\$ 3,033,131
Supplemental disclosure		
Cash paid during the year for:		
Income tax	\$ 0	\$ 0
Interest	\$ 0	\$ 0

*The accompanying notes are an integral part of the financial statements.*

## KANSAS MUNICIPAL INSURANCE TRUST

### NOTES TO FINANCIAL STATEMENTS

#### **Note 1 – Description of business and ownership**

##### **Organization and nature of operations**

Kansas Municipal Insurance Trust (“Trust”) is an interlocal governmental agency formed for the purpose of establishing and administering a group funded workers compensation pool (“Pool”) pursuant to the provisions of Kansas state law governing labor and industries. The Trust began operations on January 1, 1994 and provides a comprehensive workers’ compensation insurance program for members of the League of Kansas Municipalities. In addition to insurance coverage, the program provides risk management services with emphasis on loss control, claims administration, and management information services.

Each member of the Pool has jointly and severally agreed to assume, pay, and discharge all applicable liabilities under the Kansas Workers’ Compensation Act, 581, et. seq., and all lawful orders of the Commissioner of Insurance; and each member has agreed to pay any premiums, taxes, and assessments as may be required by the Board of Trustees.

#### **Note 2 – Summary of accounting policies**

##### **Basis of accounting**

The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Kansas Insurance Department and are not in conformity with generally accepted accounting principles followed by other business enterprises. The reporting requirements of regulatory authorities are designed primarily to demonstrate ability to meet claims of policyholders. Pursuant to such statutory practices:

- (1) Investments are comprised of U.S. Government securities, corporate bonds, stocks and deposits with banks and are carried in accordance with the accounting practices as prescribed by Kansas Statutes.
- (2) Premium income is recognized as earnings on a pro-rata basis over the periods covered by the policies. The related acquisition costs, such as commissions, premium taxes and other items, are charged to current operations as incurred.
- (3) Computer software, office furniture and fixtures, and accounts receivable over ninety (90) days past due, or otherwise not considered collectible, if any, are charged-off against the fund balance.
- (4) Subrogation recoverable is not recognized.
- (5) Non-admitted assets such as prepaid expenses and other assets not specifically identified as an Admitted asset within the NAIC’s Accounting Practices and Procedures Manual are excluded from The accompanying balance sheets and are charged directly to members’ equity for statutory purposes.

No determination has been made of the effect of such differences on the accompanying financial statements.

##### **Reserves for unpaid workers compensation claims**

The reserve for workers’ compensation claims is determined using case basis evaluations and statistical analyses, and represents estimates of the ultimate net cost of all losses and claims incurred through the end of the contract year.

## KANSAS MUNICIPAL INSURANCE TRUST

### NOTES TO FINANCIAL STATEMENTS

#### Excess insurance

The Trust obtained insurance coverage for workers' compensation claims in excess of \$750,000 per occurrence for the period from January 1, 2014 to January 1, 2015 and \$750,000 per occurrence for the period from January 1, 2013 to January 1, 2014. The actual amount recoverable from the excess insurer depends on the ultimate claims settlements.

#### Concentration Risk

The Trust's direct premiums earned consist solely of amounts from members of the Pool. These members are all located within the State of Kansas. The Trust does not require collateral.

Excess insurance losses for applicable years are contractually transferred to an excess carrier. The Trust does not require collateral from its excess carrier.

#### Cash and cash equivalents

The Trust considers all highly liquid investments to be cash equivalents, including deposit accounts and all certificates of deposit.

The Company has cash in excess of the \$250,000 FDIC insured limit at Commerce Bank. The Company has entered into a repurchase agreement with the Bank to cover these excess funds, which is secured by U.S. Treasury Notes held by the bank. Cash accounts at Commerce Bank exceeded the Federal limit by \$1,049,958 at December 31, 2014 and no such agreement was in place to cover these excess funds.

#### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates that are subject to change in the near term relate to the estimates for reserves for unpaid workers' compensation claims.

#### Note 3 – Cash allocation

Cash is allocated between administrative and claims funds as follows:

	<u>2014</u>	<u>2013</u>
Cash-administrative	\$ 183,238	\$ 41,306
Cash-claims	<u>1,311,575</u>	<u>2,991,825</u>
Total cash and cash equivalents	<u>\$ 1,494,813</u>	<u>\$ 3,033,131</u>



## KANSAS MUNICIPAL INSURANCE TRUST

## NOTES TO FINANCIAL STATEMENTS

**Note 4 – Investments**

Investments consist of debt securities. It is the intent of the Trust to hold investments to maturity. Debt securities are carried at amortized cost which approximates fair value. The Trust follows a policy of amortizing to an early call date, if any, rather than to the maturity date.

At December 31, 2014 and 2013, fair value, gross unrealized losses and amortized cost of investments were as follows:

2014					
	Original Cost	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investments					
Money Market Securities	\$ 5,213,000	\$ 5,213,000	\$ -	\$ (22,763)	\$ 5,190,237
US Agency	5,190,094	5,175,000	-	(35,034)	5,139,966
Corporate bonds	1,551,302	1,519,993	-	(19,087)	1,500,906
Total	<u>\$ 11,954,396</u>	<u>\$ 11,907,993</u>	<u>\$ -</u>	<u>\$ (76,884)</u>	<u>\$ 11,831,109</u>
2013					
	Original Cost	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investments					
Money Market Securities	\$ 1,736,000	\$ 1,736,000	\$ 115	\$ (1,321)	\$ 1,734,794
US Agency	7,195,351	7,175,957	6,818	(90,975)	7,091,800
Total	<u>\$ 8,931,351</u>	<u>\$ 8,911,957</u>	<u>\$ 6,933</u>	<u>\$ (92,296)</u>	<u>\$ 8,826,594</u>

The following is a summary of maturities of these securities as of December 31, 2014.

<u>Amounts maturing in:</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Due within one year	\$ 3,478,000	\$ 3,469,136
Due from one to five years	8,429,993	8,361,973
Due from five to ten years	-	-
	<u>\$ 11,907,993</u>	<u>\$ 11,831,109</u>

**Note 5 – Fair value measurements**

FASB ASC 820 establishes a framework for measuring fair value, that framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, it consists of three levels:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that used significant assumptions not observable in the market.

## KANSAS MUNICIPAL INSURANCE TRUST

## NOTES TO FINANCIAL STATEMENTS

The following tables set forth, within the fair value hierarchy, the Trust assets measured at fair value on a recurring basis as of December 31, 2014 and 2013:

2014			
Fair value Measurements at Reporting Date Using:			
Description	Quoted Price in Active Markets for Identical Assets ( Level 1 )	Significant Other Observable Inputs ( Level 2 )	Significant Other Unobservable Inputs ( Level 3 )
Money Market Securities	\$ -	\$ 5,190,237	\$ -
US Agency	5,139,966	-	-
Corporate bonds	-	1,500,906	-
Total	\$ 5,139,966	\$ 6,691,143	\$ -

2013			
Fair value Measurements at Reporting Date Using:			
Description	Quoted Price in Active Markets for Identical Assets ( Level 1 )	Significant Other Observable Inputs ( Level 2 )	Significant Other Unobservable Inputs ( Level 3 )
Money Market Securities	\$ -	\$ 1,734,794	\$ -
US Agency	7,091,800	-	-
Total	\$ 7,091,800	\$ 1,734,794	\$ -

**Note 6 – Reserve for unpaid workers’ compensation claims**

The reserve for unpaid workers’ compensation claims represents an estimate of the ultimate settlement of losses incurred through December 31. Management engaged an outside actuary to determine the sufficiency of the reserve for losses estimate at December 31, 2014 and 2013. The reserve is estimated based on management’s evaluation of the actuarial study and its own evaluation of reported claims and an estimate for claims incurred but not reported. The accuracy of these estimates cannot be determined prior to the ultimate settlement of each claim. Accordingly, the ultimate cost of settling these claims may vary significantly from the liabilities recorded.

The components of the loss reserve at December 31, 2014 and 2013 are as follows:

	2014	2013
Reported claims	\$ 2,546,138	\$ 2,510,287
Claim adjustment expenses	249,725	248,656
Reserve for incurred but not reported claims	<u>3,404,260</u>	<u>3,470,401</u>
	<u>\$ 6,200,123</u>	<u>\$ 6,229,344</u>

## KANSAS MUNICIPAL INSURANCE TRUST

## NOTES TO FINANCIAL STATEMENTS

Activity in the liability for unpaid claims and claim adjustment expenses is summarized as follows.

	<u>2014</u>	<u>2013</u>
Balance at January 1, gross reserves	\$ 6,502,836	\$ 6,433,473
Less reinsurance recoverables	<u>273,492</u>	<u>431,792</u>
Net balance at beginning of period	<u>6,229,344</u>	<u>6,001,681</u>
Incurred related to:		
Current year	3,893,823	3,076,319
Prior years	<u>(509,057)</u>	<u>(533,336)</u>
Total incurred	<u>3,384,766</u>	<u>2,542,983</u>
Paid related to:		
Current year	1,390,345	678,220
Prior years	<u>2,023,642</u>	<u>1,637,100</u>
Total paid	<u>3,413,987</u>	<u>2,315,520</u>
Net balance at December 31	6,200,123	6,229,344
Plus reinsurance recoverables	<u>186,693</u>	<u>273,492</u>
Balance at December 31, gross reserves	<u>\$ 6,386,816</u>	<u>\$ 6,502,836</u>

**Note 7 – Taxes, licenses and fees, due and accrued**

The Division of Workers' Compensation fee and the Second Injury Fund assessment are based on certain percentages of losses. The percentages are established by the Director of Workers' Compensation and the Kansas Insurance Department, respectively. The percentages applicable to the year ended December 31, 2014 have not been released, so the fees and assessments included in the financial statements have been estimated using the prior year percentages. Since fees and assessments are based on losses, the ultimate amounts payable will depend on the ultimate claim settlements, as well as on the final percentages established. Accordingly, the actual amounts payable may vary significantly from the estimated amounts included in the financial statements.

**Note 8 – Deposits on premiums**

Deposits on premium of \$1,014,404 and \$241,041 represent premiums for the 2015 and 2014 contract years collected prior to December 31, 2014 and 2013, respectively.

**KANSAS MUNICIPAL INSURANCE TRUST****NOTES TO FINANCIAL STATEMENTS****Note 9 – Related party transactions**

The Trust is sponsored by the League of Kansas Municipalities and employed the League of Kansas Municipalities for endorsement purposes during 2014 and 2013. During the years ended December 31, 2014 and 2013, the Trust incurred expenses of \$70,000 each year for these services.

All fees are based on contract provisions or agreement of the Board of Trustees.

**Note 10 – Commitments and Contingencies**

The Trust, in common with other group funded workers compensation pools, is continually engaged in defending insurance claim proceedings as a normal part of the Trust's business.

**Note 11 – Subsequent events**

Management has evaluated subsequent events through May 27, 2015, the date on which the financial statements were available to be issued, and determined that there have been no subsequent events that would require recognition in, or disclosure in the notes to, the financial statements.

## SUPPLEMENTAL INFORMATION

**KANSAS MUNICIPAL INSURANCE TRUST**  
**SCHEDULE OF ADMINISTRATIVE EXPENSES**

<u>For the years ended December 31,</u>	<u>2014</u>	<u>2013</u>
Insurance Department fees and taxes	\$ 400,099	\$ 112,979
Risk and claim management fees	505,000	505,000
League of Kansas Municipalities fees	70,000	70,000
Administrator fees	81,900	75,600
Independent agent commissions	97,169	102,695
NCCI fees	10,887	18,702
Professional services	51,360	42,748
Other expenses	<u>55,122</u>	<u>52,061</u>
	<u><u>\$ 1,271,537</u></u>	<u><u>\$ 979,785</u></u>

**KANSAS MUNICIPAL INSURANCE TRUST**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**STATUTORY BASIS-YEAR ENDED DECEMBER 31, 2014**  
**ACTIVITY BY CONTRACT PERIOD**

For the years ended December 31,	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Underwriting income:											
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: excess insurance premium	-	-	-	-	-	-	-	-	-	-	-
Net underwriting income	-	-	-	-	-	-	-	-	-	-	-
Deductions:											
Workers' compensation claims incurred	-	-	-	-	-	-	5,815	-	-	(31,694)	1,081
Claims adjustment expenses incurred	-	-	-	-	-	-	(2,952)	-	-	(1,200)	2,500
Other administrative expenses incurred	-	-	-	272	45	(35)	988	-	-	(932)	4,039
Total underwriting deductions	-	-	-	272	45	(35)	3,851	-	-	(33,826)	7,620
Net underwriting gain (loss)	-	-	-	(272)	(45)	35	(3,851)	-	-	33,826	(7,620)
Investment income / Other income											
Interest earned (net)	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	-	-	-	(272)	(45)	35	(3,851)	-	-	33,826	(7,620)
Fund balance, beginning of period	74,487	46,579	495,282	(288,288)	(395,091)	(425,579)	(307,756)	322,871	606,319	653,459	(132,470)
Fund balance, end of period	\$ 74,487	\$ 46,579	\$ 495,282	\$ (288,560)	\$ (395,136)	\$ (425,544)	\$ (311,607)	\$ 322,871	\$ 606,319	\$ 687,285	\$ (140,090)

**KANSAS MUNICIPAL INSURANCE TRUST**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**STATUTORY BASIS-YEAR ENDED DECEMBER 31, 2014**  
**ACTIVITY BY CONTRACT PERIOD**

For the years ended December 31,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Underwriting income:											
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,460,509	\$ 5,460,509
Less: excess insurance premium	-	-	-	-	-	-	-	-	-	429,976	429,976
Net underwriting income	-	-	-	-	-	-	-	-	-	5,030,533	5,030,533
Deductions:											
Workers' compensation claims incurred	12,663	(29,084)	56,404	(54,332)	(41,652)	71,587	371,919	(183,927)	(759,031)	3,780,946	3,200,695
Claims adjustment expenses incurred	(3,506)	6,193	29,500	19,761	5,094	(4,769)	10,518	31,727	(21,672)	112,877	184,071
Other administrative expenses incurred	5,100	4,573	9,921	5,964	6,816	23,556	39,537	20,877	25,097	1,125,719	1,271,537
Total underwriting deductions	14,257	(18,318)	95,825	(28,607)	(29,742)	90,374	421,974	(131,323)	(755,606)	5,019,542	4,656,303
Net underwriting gain (loss)	(14,257)	18,318	(95,825)	28,607	29,742	(90,374)	(421,974)	131,323	755,606	10,991	374,230
Investment income / Other income											
Interest earned (net)	-	-	-	-	-	-	-	-	-	107,601	107,601
Net income (loss)	(14,257)	18,318	(95,825)	28,607	29,742	(90,374)	(421,974)	131,323	755,606	118,592	481,831
Fund balance, beginning of period	(1,228,186)	289,567	905,985	736,496	1,594,997	(102,895)	553,388	1,095,134	456,040	-	4,950,338
Fund balance, end of period	<u>\$ (1,242,443)</u>	<u>\$ 307,885</u>	<u>\$ 810,160</u>	<u>\$ 765,103</u>	<u>\$ 1,624,739</u>	<u>\$ (193,269)</u>	<u>\$ 131,414</u>	<u>\$ 1,226,457</u>	<u>\$ 1,211,646</u>	<u>\$ 118,592</u>	5,432,169
Non admitted assets											-
Current fund balance after non admitted assets											<u>\$ 5,432,169</u>



**KANSAS MUNICIPAL INSURANCE TRUST**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**STATUTORY BASIS-CUMULATIVE ACTIVITY BY CONTRACT PERIOD**

For the years ended December 31,	Year Ended 12/31/1994	Year Ended 12/31/1995	Year Ended 12/31/1996	Year Ended 12/31/1997	Year Ended 12/31/1998	Year Ended 12/31/1999	Year Ended 12/31/2000	Year Ended 12/31/2001	Year Ended 12/31/2002	Year Ended 12/31/2003	Year Ended 12/31/2004
Underwriting income:											
Direct premiums earned	\$ 1,457,582	\$ 1,850,501	\$ 1,843,047	\$ 1,754,515	\$ 1,377,722	\$ 1,552,113	\$ 1,689,773	\$ 1,965,656	\$ 2,616,642	\$ 3,274,488	\$ 3,256,648
Excess insurance premium	151,393	210,142	133,376	117,122	79,456	80,124	86,819	127,168	189,458	366,991	221,435
Net underwriting income	1,306,189	1,640,359	1,709,671	1,637,393	1,298,266	1,471,989	1,602,954	1,838,488	2,427,184	2,907,497	3,035,213
Deductions:											
Workers' compensation claims incurred	716,699	1,049,151	790,126	1,451,640	1,244,536	1,393,559	1,469,285	1,097,086	1,211,717	1,474,073	2,343,994
Claims adjustment expenses incurred	25,541	54,345	46,505	91,393	84,096	146,703	123,681	83,208	129,109	149,296	150,678
Other administrative expenses incurred	477,137	598,509	492,670	525,625	480,960	454,153	451,208	437,017	533,042	649,335	739,699
Total underwriting deductions	1,219,377	1,702,005	1,329,301	2,068,658	1,809,592	1,994,415	2,044,174	1,617,311	1,873,868	2,272,704	3,234,371
Net underwriting gain (loss)	86,812	(61,646)	380,370	(431,265)	(511,326)	(522,426)	(441,220)	221,177	553,316	634,793	(199,158)
Investment income / Other income											
Interest earned (net)	22,675	73,225	114,912	142,705	116,190	96,882	129,613	101,694	50,668	52,492	59,068
Other income	-	-	-	-	-	-	-	-	2,335	-	-
Net income (loss)	109,487	11,579	495,282	(288,560)	(395,136)	(425,544)	(311,607)	322,871	606,319	687,285	(140,090)
Fund balance, beginning of period	-	-	-	-	-	-	-	-	-	-	-
Transfer of fund balance	(35,000)	35,000	-	-	-	-	-	-	-	-	-
Fund balance end of period	\$ 74,487	\$ 46,579	\$ 495,282	\$ (288,560)	\$ (395,136)	\$ (425,544)	\$ (311,607)	\$ 322,871	\$ 606,319	\$ 687,285	\$ (140,090)

**KANSAS MUNICIPAL INSURANCE TRUST**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**STATUTORY BASIS-CUMULATIVE ACTIVITY BY CONTRACT PERIOD**

For the years ended December 31,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Underwriting income:											
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,460,509	\$ 5,460,509
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Net underwriting income	-	-	-	-	-	-	-	-	-	5,030,533	5,030,533
Deductions:											
Workers' compensation claims incurred	12,663	(29,084)	56,404	(54,332)	(41,652)	71,587	371,919	(183,927)	(759,031)	3,780,946	3,200,695
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Non admitted assets											-
Current fund balance after non admitted assets											<u>\$ 5,432,169</u>

## CLAIM SUMMARY-SETTLEMENT REQUEST

**Employer:** City of Independence  
**Claim No.:** 2013045536  
**Employee Age:** 62  
**AWW:** \$729.21  
**Attorneys:** Employee Y-Orvel Mason  
**Adjuster:** Gene Miller

**Date of Injury:** 2/6/2013  
**Job Description:** Electrician  
**Updated:** 6/12/2015  
**TTD Rate:** \$486.38  
**Employer Y-** Bill Townsley

	Medical	Indemnity	Expense	Total
<b>Reserves</b>	<b>\$35,000.00</b>	<b>\$22,500.00</b>	<b>\$10,000.00</b>	<b>\$67,500.00</b>
<b>Amount Paid</b>	<b>\$28,122.26</b>	<b>\$0.00</b>	<b>\$5,503.41</b>	<b>\$33,625.67</b>
<b>Outstanding</b>	<b>\$6,877.74</b>	<b>\$22,500.00</b>	<b>\$4,496.59</b>	<b>\$33,874.33</b>

### Accident Description/Nature of Injury:

- Claimant was working in a bucket assisting in cutting down a tree. A cable attached to the tree fell and he grabbed it, jerking his right shoulder.

### Investigation/Compensability

- Coworkers witnessed the accident and the injury was accepted as compensable.

### Medical Management

- MRI revealed full thickness rotator cuff tear and dislocation of biceps tendon. He was referred to Dr. Strickland who performed an arthroscopic surgery on 4/18/13. After Dr. Strickland's release, claimant's counsel arranged for Dr. Flutter to become the authorized treating physician and he continued with conservative care before releasing.

### Periods of Disability

- He did not meet the 7-day waiting period for TT benefits.

### Permanent Partial Impairment/Permanent Disability

- Dr. Strickland assigned 6% shoulder (\$6,536.16)
- Dr. Flutter assigned 6% elbow, 12% wrist, 10% forearm, and 15% shoulder (\$42,952.24).

### Subrogation/Other Issues

- No source for subrogation or contribution.

### Plan of Action:

- Request settlement authority to \$22,000.
- $225 - 0 = 225 \times 20.5\% = 46 \times \$486.16 = \$22,363.$
- The issue on this case is the additional body parts in claimant's rating from Dr. Flutter. The judge did not order a court ordered IME and will rule only on evidence presented. Settlement authority requested would be for full and final settlement of all issues.

## CLAIM SUMMARY-SETTLEMENT REQUEST

**Employer:** City of Blue Mound  
**Claim No.:** 2014069377  
**Employee Age:** 55  
**AWW:** \$740.35  
**Attorneys:** Employee -N  
**Adjuster:** Miller

**Date of Injury:** 9/15/14  
**Job Description:** Water Supt  
**Updated:** 6/4/2014  
**TTD Rate:** \$493.56  
**Employer** -N

	Medical	Indemnity	Expense	Total
<b>Reserves</b>	<b>\$47,500.00</b>	<b>\$28,900.87</b>	<b>\$5,000.00</b>	<b>\$81,400.87</b>
<b>Amount Paid</b>	<b>\$44,529.37</b>	<b>\$8,516.84</b>	<b>\$3,014.40</b>	<b>\$56,060.61</b>
<b>Outstanding</b>	<b>\$2,970.63</b>	<b>\$20,384.03</b>	<b>\$1,985.60</b>	<b>\$25,340.26</b>

### Accident Description/Nature of Injury:

- Claimant was opening the cover over a lift station when he felt pain in his low back.

### Investigation/Compensability

- The accident occurred near the end of his work shift and so was not reported till the next day. Accident/injury were not questioned and accepted as compensable.

### Medical Management

- Conservative treatment failed to relieve his symptoms and he was referred to back specialist Dr. Ciccarelli. MRI done 10/9/14 revealed broad-based disc protrusion at L4-5 coupled with facet ligamentatium and large focal paracentral disc extrusion contacting and compressing the right S1 nerve root. Surgery performed 12/10/14.

### Periods of Disability

- 9/30/14 to 1/11/15

### Permanent Partial Impairment/Permanent Disability

- Dr. Ciccarelli assigned 10% to back.

### Subrogation/Other Issues

- No source for subrogation or contribution.

### Plan of Action:

- Request settlement authority to \$20,384.03
- $415 - 17.3 + 15 = 412.3 \times 10\% = 41.3 \times \$493.56 = \$20,384.03$
- Dr. Ciccarelli's report places him at MMI and no mention of additional or future medical treatment. The amount requested will be used to negotiate a complete settlement of all issues. I will also obtain Division approval prior to closing file.

### **CLAIM SUMMARY-RESERVE INCREASE**

**Employer:** City of Valley Center  
**Claim No.:** 2014048340  
**Employee Age:** 57  
**AWW:** \$453.02  
**Attorneys:** Employee -Y Robert Lee  
**Adjuster:** Gene Miller

**Date of Injury:** 6/16/2014  
**Job Description:** Janitor  
**Updated:** 6/16/2015  
**TTD Rate:** \$302.01  
**Employer -Y** Bill Townsley

	Medical	Indemnity	Expense	Total
<b>Prev. Reserves</b>	<b>\$3,500.00</b>	<b>\$3,500.00</b>	<b>\$3,500.00</b>	<b>\$10,500.00</b>
<b>New Reserves</b>	<b>\$13,000.00</b>	<b>\$12,500.00</b>	<b>\$7,500.00</b>	<b>\$33,000.00</b>
<b>Amount Paid</b>	<b>\$9,716.14</b>	<b>\$0.00</b>	<b>\$4,525.42</b>	<b>\$14,241.56</b>
<b>Outstanding</b>	<b>\$3,283.86</b>	<b>\$12,500.00</b>	<b>\$2,974.58</b>	<b>\$18,758.44</b>

#### **Accident Description/Nature of Injury:**

- Claimant was carrying a bag of trash down stairs when she lost her balance and injured her knees.

#### **Investigation/Compensability**

- The accident was promptly reported and not questioned. Compensability was initially denied as 'act of daily living'. She obtained an attorney who presented his case to Administrative Law Judge and injury ruled to be compensable.

#### **Medical Management**

- MRI of left knee revealed degenerative changes and probable tear lateral meniscus as well as ligament strain. MRI of right knee revealed tear of lateral meniscus and anterior cruciate ligament. Dr. Estivo performed arthroscopic repair on right knee 3/31/2015. Dr. Estivo indicated if symptoms continued on left knee then an arthroscopic surgery would be warranted.

#### **Periods of Disability**

- She returned to modified duty 4/6/15, just meeting the 7-day waiting period.

#### **Indemnity**

- TTD: No TTD benefits paid.
- PPD: Reserves reflect 15% to right knee and 2% left knee.

#### **Subrogation/Other Issues**

- MRI revealed she has arthritic condition to both knees which pre-existed her work injury.

#### **Plan of Action:**

- She is back to work following her right knee surgery. There has not been a demand for left knee surgery.
- When Dr. Estivo declares her at MMI (maximum medical improvement) a disability rating will be requested, settlement negotiated and claim closed.

## **KMIT Board of Trustees—Meeting Dates/Sites for 2015\***

**March 6...Ellsworth**

**May 1...Moundridge**

**June 26...Pittsburg**

**August 28...Hays (Stockton)**

**October 11 (Sunday)...Topeka (during LKM Conf)**

**December 11...Wichita (IMA)**

**\*as of 13Jan15**

## MEMORANDUM OF UNDERSTANDING

8th This Memorandum of Understanding (Memorandum) is made and entered into as of the June day of June, 2012, by and between League of Kansas Municipalities (LKM), and the Kansas Municipal Insurance Trust (KMIT).

WHEREAS, LKM and KMIT have adopted a Resolution of Intent to reorganize their business relationship; and,

WHEREAS, both LKM and KMIT desire to set forth their respective responsibilities going forward under the new business arrangement;

NOW THEREFORE the parties do hereby agree as follows:

1. **Term.** This Memorandum will become effective 12:01 AM, January 1, 2013 and terminate 12:01 AM, January 1, 2018. Upon expiration of the term of this Memorandum, no further services will be provided by either party unless or until this memorandum is extended in writing upon such terms conditions as the parties agree.
2. **Assignment.** This Memorandum may not be assigned by either party. Nothing in the Memorandum is intended to nor shall confer upon any person or legal entity other than LKM or KMIT any rights or remedies under or by reason of this Memorandum.
3. **Anti-Discrimination Clause.** LKM and KMIT agree: (a) to comply with the Kansas Act Against Discrimination (K.S.A. 44-1001 *et seq.*) and the Kansas Age Discrimination in Employment Act, (K.S.A. 44-1111 *et seq.*) and the applicable provisions of the Americans With Disabilities Act (42 U.S.C. 12101 *et seq.*) [ADA] and to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission of access to or treatment or employment in, its programs or activities; (b) to include in all solicitations or advertisements for employees, the phrase "equal opportunity employer"; (c) to comply with the reporting requirements set out in K.S.A. 44-1031 and K.S.A. 44-1116; (d) to include those provisions in every subcontract or purchase order so that they are binding upon such subcontractor or vendor; (e) that a failure to comply with the reporting requirements of (c) above or if either party is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract; (f) if the contracting agency determines that either party has violated applicable provisions of ADA, that violation shall constitute a breach of contract; (g) if (e) or (f) occurs, the contract may be cancelled, terminated or suspended in whole or in part by either party.
4. **Entire Agreement.** This Memorandum represents the entire understanding and agreement of the parties hereto with respect to the subject matter hereof, supersedes all prior negotiations between such parties, and cannot be amended, supplemented, or modified except by an agreement in writing signed by the party or parties against whom enforcement is sought and making specific reference to in this Memorandum. In the event any one or more of the provisions contained in this Memorandum or any application thereof shall be invalid, illegal, or unenforceable in any respect, the validity, legality, or enforceability of the remaining provisions of the Agreement and any other application thereof shall not in any way be affected or impaired thereby.
5. **Jurisdiction.** This Memorandum shall be governed by and construed in accordance with the laws of the State of Kansas applicable to contracts made in that state.



**6. KMIT Duties.**

- a. KMIT will pay LKM a total of \$70,000 per year for five years, payable in quarterly installments of \$17,500 due January 1, April 1, July 1, and October 1. LKM will invoice KMIT in advance of the due date.
- b. Membership in LKM will remain a prerequisite for membership in KMIT, and this requirement will remain in the KMIT bylaws.

**7. LKM Duties.**

- a. KMIT may use the current LKM logo on KMIT stationery, brochures, business cards, the KMIT website, and other KMIT materials for the purpose of demonstrating LKM's endorsement of KMIT.
- b. LKM will provide KMIT a full-page advertisement in the Kansas Government Journal each month, the placement location of the advertisement and the content subject to LKM's editorial control. Such advertisement shall include the LKM logo and reference to LKM's endorsement. Provided, however, LKM will guarantee KMIT either the inside front cover or the inside back cover at least four times per year.
- c. LKM will include a listing for KMIT in the Annual Conference Vendor/Sponsor guide.
- d. LKM will print the KMIT logo on KMIT member cities' registrant badges at the annual conference.
- e. LKM will transfer the ownership of the computer now used by Deanna Furman to KMIT.
- f. LKM will transfer the ownership of the LCD projector and the cellular phone currently used by Don Osenbaugh to Don Osenbaugh. If presented the proper form to consent to the portability of the phone number currently assigned to Don Osenbaugh, 316-259-3847, LKM will sign such consent.
- g. All KMIT files and information will remain the property of KMIT.
- h. KMIT will continue to own the domain name [www.KMIT.net](http://www.KMIT.net).
- i. Don Osenbaugh and Deanna Furman will continue to have access to the filing cabinets and office space housing KMIT materials during 8:00 a.m. to 5:00 p.m. business hours through March 31, 2013, for the purpose of removing such files and materials. LKM office keys, however, will be surrendered by Deanna Furman and Don Osenbaugh prior to January 1, 2013.
- j. LKM will forward any correspondence received at 300 SW 8<sup>th</sup> Ave., Topeka, KS, addressed to KMIT, to an address provided by KMIT for an indefinite time.
- k. LKM will set both Don Osenbaugh's and Deanna Furman's LKM email addresses to be forwarded to email addresses provided to LKM through March 31, 2013.
- l. Suitable space for KMIT's annual meeting at LKM's annual conference will be provided without charge by LKM. KMIT will be responsible for all other expenses of the meeting, including but not limited to, food, beverages and any audio-visual equipment and services.
- m. KMIT will be provided a complimentary Municipal Business Associate Extended Package. As a benefit of such membership, KMIT will receive the following:
  - 1. One subscription to the *Kansas Government Journal*.
  - 2. One copy of the *Directory of Kansas Public Officials*.
  - 3. LKM's League News.
  - 4. An online listing in the Business Links section of the LKM website.
  - 5. A listing in the Municipal Products & Services Guide.
  - 6. Two complimentary full registrations for the annual LKM Conference.



7. An Annual Conference Exhibit Booth. KMIT shall notify LKM by August 1 of each year if it intends to utilize the opportunity for a booth.

n. In addition to the above-referenced benefits, KMIT will receive two more subscriptions to the *Kansas Government Journal* and three more copies of the *Directory of Kansas Public Officials*.

o. LKM shall remain a member of the KMIT pool for workers compensation insurance during the term of this Memorandum of Understanding.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed by their duly authorized representatives as of the date first above written.

“KMIT”

Kansas Municipal Insurance Trust

By: Larry Paine 4/30/12

Larry Paine, President  
Kansas Municipal Insurance Trust

“LKM”

League of Kansas Municipalities

By: Don Moler 6/18/12

Don Moler  
Executive Director

## **Osenbaugh Personal Services Agreement**

### **AMENDMENT, August 22, 2014**

The Personal Services Agreement between KMIT and Don Osenbaugh (original, effective date of 12-21-12, attached) was amended by unanimous action of the KMIT Board of Trustees, on August 22, 2014 (see attached minutes).

Per that amending action, the contract amounts of the original agreement become as follows:

September 1, 2014 through December 31, 2014: \$7,280/mo

January 1, 2015 through December 31, 2015: \$7,480/mo

January 1, 2016 through December 31, 2016: \$7,680/mo

January 1, 2017 through December 31, 2017: \$7,880/mo

## Personal Services Agreement

This Personal Services Agreement (Agreement) is entered into this 21<sup>st</sup> day of December, 2012, by and between Kansas Municipal Trust (hereinafter called "KMIT" (Corporation), and Donald Osenbaugh, or any prospective corporation or partnership of which Mr. Osenbaugh is a principal or partner, an independent contractor (Contractor), in consideration of the mutual promises made herein, as follows:

### RECITALS

#### Term of Agreement

This Agreement will become effective on the 1st day of January, 2013, and will continue in effect until: December 31, 2017.

#### Scope of Services to be Rendered by Contractor

Contractor agrees, concerning participation by Kansas Municipalities in KMIT insurance programs, to act as the Pool Administrator and to facilitate: Marketing, retention of participants, general administration (renewals, record-keeping, contracting, etc.), oversight of operations, coordination of services with TPA (IMA), financial management, (banking, coordinating with auditors, payroll auditors, actuaries, etc.), regulatory compliance, production of training seminars and materials, publishing of newsletters, and maintaining an organization website, raising awareness of KMIT and KMIT programs by the representation of KMIT through attendance at professional conferences, by participation in industry organizations (ex. KSIA), and speaking at industry seminars.

#### Compensation

In consideration for the services to be performed by Contractor, KMIT agrees to pay Contractor monthly, adjusted annually as indicated, for services performed according to the following schedule:

January 1, 2013	\$6,300.00/monthly
January 1, 2014	\$6,500.00/monthly
January 1, 2015	\$6,700.00/monthly
January 1, 2016	\$6,900.00/monthly
January 1, 2017	\$7,100.00/monthly

#### Tools and Instruments

Contractor will supply office space, insurance, tools, equipment, and all supplies required to perform the services under this Agreement.

### Non-Exclusive Relationship

Contractor may, unless there is a conflict of interest, offer his services regarding similar services to other businesses, organizations, or to the public generally. It is the expectation of the parties that KMIT will not be the Contractor's sole client or customer.

### Employees

Contractor may, at his discretion, hire employees to assist him in the completion of services under this contract. Contractor agrees that all legal requirements, including but not limited to, insurance, bonding, adherence to government regulations, and taxation issues shall be the sole responsibility of the Contractor.

### Insurance

Contractor agrees to maintain a policy of insurance in the minimum amount of One Million Dollars (\$1,000,000) to cover any negligent acts committed by Contractor or Contractor's employees or agents during the performance of any duties under this Agreement. Contractor further agrees to hold Corporation free and harmless from any and all claims arising from any such negligent act or omission.

### Reimbursements

Contractor will be reimbursed for all personal expenses associated with the operations of the pool, including, but not necessarily limited to: business mileage at the IRS rate; lodging and meals; marketing expenses; miscellaneous office supplies; Expenses associated with the pool administrator's attendance at various "in-state" professional conferences and seminars pertaining to "city" and pool affairs such as KSGFOA, CCMFOA, KACM, etc. and expenses related to professional boards and committees at which the pool administrator directly represents KMIT like PRIMA, KSIA, etc. will also be reimbursed. In all cases, the current KMIT President shall approve all reimbursements submittals.

Contractor will not be reimbursed for office space, cell phone purchase or usage, or for any office equipment used in conjunction with the operation of the pool. Attendance at national conferences is also not considered a reimbursable expense, unless Contractor is specifically requested by the Board of Trustees to attend such a conference as a representative of KMIT.

All reimbursed expenses shall be added to the 1099 IRS statement provided to Contractor at the end of each year.

This agreement presumes that the current KMIT President has the authority to approve reimbursable expenses which may come up which are not specifically contemplated in this agreement, but which, in the judgment of the President, fall within the intent of those allowable area listed above.

### Obligations of Corporation

Corporation agrees to meet the terms of all reasonable requests of Contractor necessary to the performance of Contractor's duties under this Agreement.

### Assignment

Neither this Agreement nor any duties or obligations under this Agreement may be assigned by Corporation or Contractor without the prior written consent of Contractor and Corporation.



Termination of Agreement.

Notwithstanding any other provisions of this Agreement, either party hereto may terminate this Agreement at any time by giving 6 months written notice to the other party.

## GENERAL PROVISIONS

Notices

Any notices to be given hereunder by either party to the other may be effected either by personal delivery or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing in the introductory paragraph of this Agreement, but each party may change that address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of the date of actual receipt; mailed notices shall be deemed communicated as of three (3) days after the date of mailing.


Entire Agreement

This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the performance of services by Contractor for Corporation, and contains all of the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any parties, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing signed by the party to be charged.

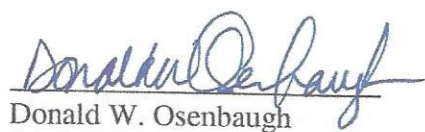
Partial Invalidity

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

Governing Law This Agreement shall be governed by and construed in accordance with the laws of the State of Kansas.

  
Larry Paine, KMIT President  
118 E. Grand  
Hillsboro, KS 67063

Date: 12/21/2012



Donald W. Osenbaugh  
1631 E. James St.  
Derby, KS 67037

Date:

12/21/2012

# KANSAS MUNICIPAL INSURANCE TRUST

## Board of Trustees Minutes from August 22, 2014

*Approved in Wichita on October 12, 2014*

**Meeting Convened:** Friday, August 22, 2014 in Marysville City Hall, Marysville, KS. The meeting was called to order by KMIT Treasurer Keith Schlaegel at 9:14 AM (CDT). Marysville Mayor Bill Phillipi gave a nice welcome to the group.

**Members Present:** *Board Members Present:* Treasurer Keith Schlaegel (Stockton), Immediate Past President Larry Paine (Hillsboro), Debbie Price (Marysville), Tim Hardy (Elkhart), Michelle Stegman (Garden City), Tim Vandall (Ellsworth), Fred Gress (Parsons), Megan Fry (Pittsburg), and Randy Frazer (Moundridge). *Staff:* Paul Davis (IMA), Jaci Davis (IMA), Renee Rhodes (IMA), Gene Miller (IMA), Jess Cornejo (IMA), Deanna Furman (IMA), and Don Osenbaugh (KMIT Pool Administrator). *Guests:* None.

**Members Absences From Meeting:** President Herb Llewellyn (El Dorado). One Trustee position is vacant.

**Minutes, June 27, 2014 (Roeland Park):** Motion to approve as written by Paine; second by Frazer. Approved unanimously.

### Financial Reports:

- a. June 30, 2014 Financials
- b. July 31, 2014 Financials
- c. Second Quarter 2014 KID Report
- d. July 31, 2014 Cash Summary

Motion to approve all of the above reports made by Paine, seconded by Gress. Approved unanimously.

**Reserve Advisory and Settlement Authority:** Miller gave a brief update on the recent major injury events in Russell and Lucas.

Upon a motion by Paine and a second by Hardy, the Board unanimously *re-approved* three Roeland Park (6/27/14) claims ( 8/22 agenda items 1, 2 and 5), which were not fully documented earlier.

Miller then reported on the following claims—

1. Claim #2012044260. Settlement request approved unanimously upon a motion by Hardy and second by Stegman. Full and final authority of up to \$20,000.
2. Claim #2013046062. Settlement request approved unanimously upon a motion by Vandall and second by Hardy. Full and final authority of up to \$20,000.
3. Claim #2013046286. Settlement request approved unanimously upon a motion by Paine and second by Price. Full and final authority of up to \$18,183.
4. Claim #2013047392. Settlement request approved unanimously upon a motion by Paine and second by Gress. Full and final authority of up to \$33,415.18.
5. Claim #2013045740. Settlement previously approved by Pool Administrator. Authority up to \$10,000.



6. Claim #2013045671. Settlement previously approved by Pool Administrator. Authority up to \$9,576.
7. Claim #2013046295. Settlement previously approved by Pool Administrator. Authority up to \$7,382.06.
8. Claim #2011042336. Settlement request approved unanimously upon a motion by Hardy and second by Vandall. Authority up to \$12,500.

**Loss Control Activities:** Rhodes reported on loss control activities.

**'LCM' (Rate) Review/2015 Rate Determination:** After the annual review of the variables and data related to the financial condition of KMIT, the Board voted unanimously to leave the Loss Cost Multiplier where it is for 2015. The KMT rate for 2015 will be 1.40. The motion was made by Hardy and seconded by Gress.

**CORnerstone (IMA) Contract Renewal, for 2015:** P. Davis presented the contract proposal of CORnerstone. The Board unanimously agreed to the changes requested, including: (1) the limits on decision-making on settlement. The adjuster's authority limit was increased to \$10,000, and the Pool Administrator's limit was raised to \$20,000. The Board will decide on all settlements over \$20,000; (2) The annual fee for services was increased by 5%, to \$530,000. Motion by Gress; second by Price.

**Nomination Committee Report:** On behalf of the committee, Schlaegel presented the list of nominees to fill the eight Trustee positions open for replacement/renewal. The four nominees who would be new to the Board include: Ty Lasher (Bel Aire City Manager, who served on the board for one term a few years ago, when he was with the City of Cheney), Kerry Rozman (Clay Center City Clerk), Nathan McCommon (Tonganoxie City Administrator), and David Dillner (Abilene City Manager). The four 'returning' nominees are Schlaegel, Frazer, Hardy and Fry.

**2015 Board Meeting Sites/Dates:** Osenbaugh discussed a draft list of meeting places and dates for 2015. He also announced that the December 2014 meeting is being moved to Wichita (WSU Student Union), following the recent decision by Llewellyn to retire from the Board.

**Staff Reports:** Osenbaugh gave a brief report covering current staff activities and the upcoming annual meeting.

**Closed Session:** Schlaegel requested a closed session, with only the Board in attendance. Stegman made that motion, seconded by Paine, and unanimously approved. That session began at 11:27 and ended at 11:37. At 11:38, the Board entered another closed session, with Osenbaugh present. Motion by Stegman; second by Paine. Osenbaugh exited at about 11:45. That closed session ended at 11:48.

Paine made a motion to increase Osenbaugh's contract by 12%, effective September 1. Second by Hardy. Unanimously approved.

**Adjournment:** Motion made by Gress to adjourn; seconded by Vandall. Approved unanimously. The meeting was adjourned at 11:50.



# Gilliland & Hayes LLC

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Attorneys at Law

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HUTCHINSON  
MANHATTAN  
OVERLAND PARK  
WICHITA

April 21, 2015

Kansas Municipal Insurance Trust  
Don Osenbaugh  
60121 SW 29<sup>th</sup> Street, PMB 355  
Topeka, KS 66614

RE: Workers Compensation Fund Assessment

Dear Mr. Osenbaugh,

Enclosed, please find our billing statement regarding the above mentioned matter. The total billing statement is \$3,680.88 and of this amount, the Kansas Municipal Insurance Trust's portion due is \$324.40.

Please place the \$324.40 due in line for payment at your earliest convenience. If you have any questions regarding the statement please feel free to contact me at the above referenced number.

OK  
DWO  
4/30/15  
"Sweep" lawsuit

Regards,

GILLILAND & HAYES, LLC

Cathy Siemens

Cathy Siemens  
Bookkeeper

Encl.

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HUTCHINSON  
MANHATTAN  
OVERLAND PARK  
WICHITA

## Workers Compensation Fund Assessment Billing

April 8, 2015

Inv. No. 412659

Acct. No. KBIWCF-11048

### Statement of Services

FEIN#46-2232978

RE: General  
Workers Comp. Fund Assessment Issue

### Services Rendered

10/31/14	Review letter, schedule and instructions for oral argument received from the Kansas Supreme Court. N/C	SLH	0.30	0.00
12/05/14	Research - update case law and check for standing cases decided since our last briefing was filed in preparation for oral argument next week.	SLH	1.50	195.00
12/09/14	Prep work for tomorrow's Oral Argument.	MRO	1.00	190.00
12/10/14	Appeared in Kansas Supreme Court for Oral Argument.	MRO	3.00	570.00
12/22/14	E-mail to clients regarding 12/10 Argument.	MRO	0.30	57.00
01/05/15	Received and reviewed Order for additional briefing.	MRO	0.10	19.00
01/06/15	Research cities on Kansas Cases addressing "political question" doctrine.	MRO	0.40	76.00
01/07/15	Research additional case law and statutory authority in order to prepare supplemental brief requested by the Supreme Court. N/C	SLH	5.80	0.00
01/08/15	Research (continued) and begin drafting supplemental Supreme Court brief addressing the court's questions. N/C	SLH	6.20	0.00
01/12/15	Draft supplemental Supreme Court brief as required by the Supreme Court's order.	SLH	3.80	494.00
01/13/15	Draft supplemental Supreme Court brief as required by the Supreme Court's order.	SLH	2.50	325.00
01/14/15	Research additional case law regarding fees versus taxes and statutes pertaining to establishment of the fee funds.	SLH	1.20	156.00
01/14/15	Telephone conference with Mike O'Neal to discuss strategies, additional arguments and first draft of the Supreme Court additional brief. N/C	SLH	0.50	0.00
01/14/15	Review rough draft of brief on standing and political question.	MRO	0.40	76.00
01/14/15	Research work comp fund statutes on public monies questions; phone conference with Shannon.	MRO	0.60	114.00
01/14/15	Research Realtor and Bank fee fund statutes on public monies question; e-mailed KLRD re: KSIP question. Drafted memo.	MRO	0.70	133.00

Continued . . .



**Handouts from the  
Board Meeting  
June 26, 2015  
Pittsburg, Kansas**

2015

## SUMMARY OF RESULTS

Our estimates of KMIT's ultimate loss and ALAE are shown by accident year in the table below, along with estimates from our last analysis. In total, our estimates have decreased by approximately \$528,000 since our last analysis.

KMIT NET ULTIMATE LOSS & ALAE LIMITED TO AGGREGATE RETENTIONS			
Accident Year	Selected @ 12/31/14	Selected @ 12/31/13	Difference
1994	\$742,241	\$742,241	\$0
1995	1,103,496	1,103,496	0
1996	836,631	836,631	0
1997	1,543,031	1,543,031	0
1998	1,328,631	1,328,631	0
1999	1,540,262	1,540,262	0
2000	1,592,966	1,590,103	2,863
2001	1,180,293	1,180,293	0
2002	1,340,826	1,340,826	0
2003	1,623,367	1,656,261	(32,894)
2004	2,494,672	2,491,091	3,581
2005	3,985,889	3,976,732	9,157
2006	2,905,571	2,928,462	(22,891)
2007	3,065,209	2,979,305	85,904
2008	3,636,700	3,671,271	(34,571)
2009	2,348,944	2,385,502	(36,558)
2010	4,081,109	4,014,291	66,818
2011	3,097,095	2,714,658	382,437
2012	2,062,085	2,214,285	(152,200)
2013	2,295,616	3,076,319	(780,703)
2014	3,893,823	3,913,075	(19,252)
<b>Total</b>	<b>\$46,698,457</b>	<b>\$47,226,766</b>	<b>\$(528,309)</b>

Unpaid claim liabilities are derived by subtracting loss and ALAE paid to date from the estimated ultimate loss and ALAE.

**SUMMARY OF RESULTS**

2014

Our estimates of KMIT's ultimate loss and ALAE are shown by accident year in the table below, along with estimates from our last analysis. In total, our estimates have decreased by approximately \$1.1 million since our last analysis.

KMIT NET ULTIMATE LOSS & ALAE LIMITED TO AGGREGATE RETENTIONS			
Accident Year	Selected @ 12/31/13	Selected @ 12/31/12	Difference
1994	\$742,241	\$742,241	\$0
1995	1,103,496	1,103,118	378
1996	836,631	836,631	0
1997	1,543,031	1,543,031	0
1998	1,328,631	1,328,631	0
1999	1,540,262	1,540,262	0
2000	1,590,103	1,586,825	3,278
2001	1,180,293	1,180,293	0
2002	1,340,826	1,340,826	0
2003	1,656,261	1,657,445	(1,184)
2004	2,491,091	2,391,880	99,211
2005	3,976,732	3,935,404	41,328
2006	2,928,462	2,851,551	76,911
2007	2,979,305	2,925,565	53,740
2008	3,671,271	3,598,190	73,081
2009	2,385,502	2,306,690	78,812
2010	4,014,291	3,999,039	15,252
2011	2,714,658	2,869,484	(154,826)
2012	2,214,285	3,033,602	(819,317)
2013	3,076,319	3,604,808	(528,489)
<b>Total</b>	<b>\$43,313,691</b>	<b>\$44,375,516</b>	<b>\$(1,061,825)</b>

Unpaid claim liabilities are derived by subtracting loss and ALAE paid to date from the estimated ultimate loss and ALAE.

- 5 -  
2015

The following table displays our estimates of KMIT's net unpaid claim liabilities as of December 31, 2014:

KMIT NET UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2014			
Accident Year	Case Reserves	IBNR*	Total Unpaid
1994	\$0	\$0	\$0
1995	0	0	0
1996	0	0	0
1997	53,612	(58,728)	(5,116)
1998	0	0	0
1999	9,339	(14,125)	(4,786)
2000	19,536	12,191	31,727
2001	0	0	0
2002	0	0	0
2003	0	0	0
2004	42,991	57,931	100,922
2005	Λ 56,687	89,573	146,260
2006	79,411	76,534	155,945
2007	191,606	105,047	296,653
2008	185,658	156,203	341,861
2009	46,441	158,619	205,060
2010	216,732	267,384	484,116
2011	✓ 429,022	✓ 284,200	713,222
2012	✓ 132,684	✓ 295,664	428,348
2013	✓ 230,718	✓ 571,713	802,431
2014	1,172,979	1,330,499	2,503,478
<b>Total</b>	<b>\$2,867,416</b> Λ	<b>\$3,332,705</b>	<b>\$6,200,121</b> ✓

\* The 1997 and 1999 year incurred and paid losses exceed the aggregate retention. Ultimately KMIT should recover losses excess of the aggregate retention from Safety National.

The total unpaid claim liability includes a provision for case reserves, expected development of case reserves, incurred but not reported (IBNR) reserves, allocated loss adjustment expense reserves and excess insurance recoveries. We have not estimated a provision for claims administration expenses. The estimates in the above table are net of KMIT's excess insurance protection, and are shown on an undiscounted (full value) basis. We have not included a provision for KMIT's exposure above its aggregate excess insurance.

KMIT Risk Control  
2015 Year to Date

**Comparison by Year**

Year	Severity	Frequency
2005	\$4,109,967.00	769
2006	\$2,829,034.00	765
2007	\$2,985,166.00	906
2008	\$3,536,089.00	766
2009	\$2,170,347.00	655
2010	\$3,784,326.00	666
2011	\$2,805,876.00	633
2012	\$1,912,149.00	594
2013	\$1,816,774.00	696
2014	\$2,919,816.00	740
2015	\$623,990.00	292

**2015 by Month**

Month	Severity	Frequency
January	\$166,220.00	52
February	\$77,255.00	48
March	\$100,908.00	50
April	\$164,700.00	53
May	\$79,657.00	56
June	\$35,250.00	33
July		
August		
September		
October		
November		
December		
<b>2015 Total</b>	<b>\$623,990.00</b>	<b>292</b>

**2015 by Dept.**

Department	Severity	Frequency
Fire	\$207,205.00	33
Police	\$155,946.00	80
Water	\$86,238.00	34
Street	\$41,534.00	24
Electric	\$29,055.00	12
Maintenance	\$24,655.00	16
Park	\$17,505.00	20
Animal Control	\$17,100.00	5
Miscellaneous	\$13,675.00	19
Sanitation	\$8,316.00	12
Administration	\$4,667.00	11
Parks	\$3,902.00	12
Cemetery	\$2,695.00	3
Public Works	\$2,600.00	2
Solomon Valley Family		
Medicine	\$1,450.00	1
Misc.	\$1,300.00	1
Municipality	\$1,300.00	2
Recycle/Garbage	\$1,300.00	1
Recycling	\$1,300.00	1
Miscellaneous	\$1,300.00	1
Emergency	\$812.00	1
Zoo	\$135.00	1

**2015 Total                      \$623,990.00                      292**

**2015 by Accident Type**

Accident Type	Severity	Frequency
Fall or Slip Injury	\$141,032.00	61
Strain or Injury By	\$101,803.00	65
Miscellaneous Causes	\$86,808.00	12
Caught in or Between	\$67,202.00	13
Motor Vehicle	\$59,054.00	8
Struck or Injured By	\$49,924.00	28
Animal/Insect	\$31,848.00	17
Electric Shock or Burn	\$21,300.00	2
Cut/Puncture/Scrape By	\$15,964.00	35
Occupational Hazards	\$14,300.00	12
Blank	\$10,404.00	10
Foreign Body in Eye	\$9,100.00	8
Step/Strike Against	\$6,101.00	8
Struck or Injured	\$2,622.00	3
Cut/Puncture/Scrape	\$2,600.00	2
Heat/Cold/Burn/Scald	\$2,600.00	6
Occupational Hazards:		
Rep. Motion	\$1,328.00	2

**2015 Total                      \$623,990.00                      292**



**From:** Davis, Paul  
**Sent:** Thursday, April 30, 2015 2:28 PM  
**To:** cosmgr@ruraltel.net  
**Subject:** Don Osenbaugh Payment Adjustment

Keith,

After the December meeting, I mentioned to you that the adjustment made to Don's contract last year may not have met the intent of the Board. During the August 22, 2014 meeting, the Board voted to adjust Don's payment from \$6,500 per month to \$7,280 per month. My understanding is the Board's intent was to adjust Don's payment to allow for an unanticipated tax differential of 12 points as actual taxes were approximately 40% instead of an anticipated 28%.

The following is the calculation used to make the adjustment per the Board action to increase Don's contract by 12%, effective September 1, 2014:

$\$6,500 * 1.12 = \$7,280$

The original contract had the following payment schedule:

January 1, 2013	\$6,300/monthly
January 1, 2014	\$6,500/monthly
January 1, 2015	\$6,700/monthly
January 1, 2016	\$6,900/monthly
January 1, 2017	\$7,100/monthly



The contract schedule was adjusted after the Board action at the August 22, 2014 meeting:

September 1, 2014 \$7,280/monthly

January 1, 2015 \$7,480/monthly

January 1, 2016 \$7,680/monthly

January 1, 2017 \$7,880/monthly

However, I believe the following calculation should have been used to achieve \$4,680 payment after taxes:

Monthly Payment

Initial estimated payment after taxes at 28%:  $\$6,500 * 0.72 = \$4,680$

Required payment to achieve \$4,680 after taxes at 40%:  $\$4,680 / .60 = \$7,800$

Annual Adjustment

Initial estimated adjustment after taxes at 28%:  $\$200 * 0.72 = \$144$

Required adjustment to achieve \$144 after taxes at 40%:  $\$144 / .60 = \$240$

As you can see from this calculation, Don's 2014 payments should have been adjusted to \$7,800 instead of \$7,280 and the adjustment should have been increased to \$240 from \$200.

To meet the Board's intent to account for the additional 12 points of taxation, it appears Don's contract payment schedule should have been adjusted to the following:

September 1, 2014 \$7,800/monthly

January 1, 2015 \$8,040/monthly

January 1, 2016 \$8,280/monthly

January 1, 2017 \$8,520/monthly

As I mentioned in December, Don has not requested that I bring this to your attention but I have advised Don that I would be discussing this issue with you. Don did express his appreciation for the consideration and action taken by the Board at the August 22, 2014 meeting.

Let me know if you have any questions or need additional information.