



Board of Trustees

Board Meeting

June 23, 2017

Pittsburg, Kansas

Firehouse #1

911 W. 4th

9:00 AM

BOARD OF TRUSTEES MEETING KANSAS MUNICIPAL INSURANCE TRUST

9:00 AM, Friday, June 23, 2017

Fire Station #1*, Pittsburg, KS

1. Welcome, Introductions and Call To Order (President Debbie Price)
2. Trustee Absences from Meeting (Price)
3. Minutes, April 28, 2017—Marysville (Price)
4. Financial Reports (Kifer)
 - a. April 30, 2017 Financials
 - b. May 31, 2017 Financials
 - c. Fourth Quarter (12/31) 2016 KID Report--Audited
 - d. First Quarter (3/31) 2017 KID Report
 - e. May 31, 2017 Cash/Investments Summary
5. 2017 Actuary Report (Cornejo)
6. 2015/2016 Financial Audit--Presentation (Stuart Bach--Summers, Spencer & Company)
7. Reserve Advisory & Settlement Authority (Miller)
8. Loss Control Activities (Rhodes)
9. Appointment of 2017 Nominating Committee (Price)
10. Pool Administrator Contract--Discussion (Osenbaugh)
11. Other Business
12. Adjourn (approximately noon)

*911 W. Fourth

KANSAS MUNICIPAL INSURANCE TRUST

Board of Trustees Minutes from April 28, 2017

Unapproved

Meeting Convened: Friday, April 28, 2017, at City Hall, in Marysville, KS. The meeting was called to order by KMIT President Debbie Price at 9:00 AM. Marysville Mayor Carla Grund welcomed the group to Marysville.

Members Present: *Board Members Present:* President Price (Marysville), Vice President Randy Frazer (Moundridge), Treasurer David Dillner (Abilene), Immediate Past President Tim Hardy (Elkhart), Kerry Rozman (Clay Center), Ty Lasher (Bel Aire), Janie Cox (Haysville), Carey Steier (Pittsburg), and Keith Schlaegel (Stockton). *Staff:* Gene Miller (TRISTAR), Paul Davis (CORnerstone), Jess Cornejo (CORnerstone), Deanna Furman (CORnerstone), Barbie Kifer (CORnerstone), Chris Retter (IMA), and Don Osenbaugh (KMIT Pool Administrator). *Guests:* Jason Schultz (TRISTAR) and Keith Roberson (TRISTAR).

Members Absent From Meeting: Michael Reagle (Garden City) and Michael Webb (Edwardsville).

Minutes: February 24, 2017, Moundridge: Motion to approve by Dillner; seconded by Schlaegel. Approved unanimously.

Financial Reports:

- a. February 28, 2017 Financials
- b. March 31, 2017 Financials
- c. 'Audited' Fourth Quarter (12/31) 2016 KID Report
- d. First Quarter (3/31) 2017 KID Report
- e. March 31, 2017 Cash and Investment Summary

Items c and d above were tabled to the next meeting. A motion to approve the remainder of the above reports made by Dillner; second by Rozman. Approved unanimously.

TRISTAR Presentation: Jason Schultz, TRISTAR VP-Regional Manager (Denver), gave a presentation and answered questions.

Reserve Advisory and Settlement Authority:

Miller reported on the following claims:

1. Claim #2013047001 (Spring Hill). Requested settlement authority of up to \$75,000 approved unanimously, following a motion by Hardy and a second by Dillner.
2. Claim #2015070579 (Parsons). Requested settlement authority up to \$31,616.85 approved unanimously, following a motion by Frazer and a second by Dillner.
3. Claim #2014048340 (Valley Center). Requested settlement authority up to \$65,000 approved unanimously, following a motion by Lasher and a second by Dillner.
4. Claim #2017075893 (Bonner Springs). Reserve Increase Advisory only.
5. Claim #2017075693 (Atchison). Reserve Increase Advisory only.

Loss Control Activities: Rhodes presented the loss control review. This status report is given at each Board meeting.

By-Laws Amending Process: Starting from a draft that the By Laws Committee had worked up since the last meeting, the entire Board had a lengthy discussion toward adopting a *By-Laws Final Draft*, which now will be presented for General Membership approval at the annual meeting in September (the 4/28 draft is attached, as an addendum to these minutes). The Final Draft was approved unanimously, following a motion by Dillner and a second by Frazer.

Marketing and New Cities: Osenbaugh presented an overview of the recent 2017 'marketing season', and formally apprised the Board that cities added on April 1 include: Harper, Haven, Arma and Madison.

Other Business: Osenbaugh reviewed the remainder of the documents in the off-agenda section of the packet.

Adjournment: Motion to adjourn by Dillner; second by Rozman. Unanimous. Adjourned at 11:56 PM.

A handwritten signature in blue ink that reads "Don Osenbaugh". The signature is fluid and cursive, with the first name "Don" and last name "Osenbaugh" clearly legible.

Don Osenbaugh, Pool Administrator, acting as Trustee-Designated Secretary

KMIT Balance Sheet

April 30, 2017

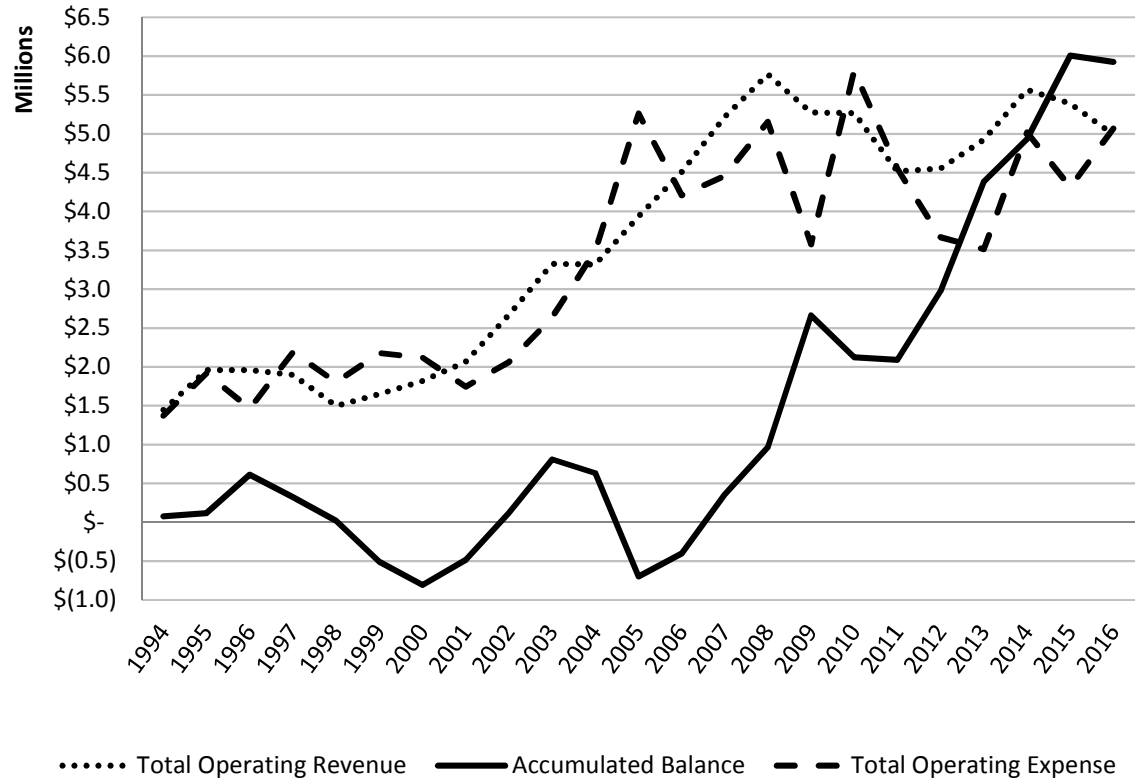
ASSETS

Checking Accounts	\$	540,541
Investments	\$	16,841,233
Accrued Interest	\$	149,027
Accounts Receivable	\$	51,000
Excess Premium Receivable	\$	23,739
Specific Recoverable	\$	326,611
Aggregate Recoverable	\$	8,559
Prepaid Expenses	\$	404,696
Total Assets	\$	18,345,406

LIABILITIES & EQUITY

Accounts Payable	\$	11,228
Excess Premium Payable	\$	-
Reserve for Losses	\$	3,044,592
IBNR Reserve	\$	5,000,704
Deposits on Premium	\$	3,921,342
Accrued Taxes and Assessments	\$	400,422
Total Liabilities	\$	12,378,287
Total Equity	\$	5,967,119
Total Liabilities and Equity	\$	18,345,406

KMIT Financial Overview



KMIT Profit and Loss

April 30, 2017

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	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	Accrued To Date
REVENUE FUND															
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	\$ 4,272,140	\$ 4,950,171	\$ 5,519,169
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	\$ 234,986	\$ 263,024	\$ 245,802
Miscellaneous Income	\$ -	\$ -	\$ -	\$ -	\$ 4,445	\$ 75	\$ -	\$ -	\$ 2,335	\$ -	\$ -	\$ -	\$ -	\$ 2,405	\$ -
Total Operating Revenue	\$ 1,445,257	\$ 1,958,726	\$ 1,957,959	\$ 1,897,220	\$ 1,498,357	\$ 1,649,067	\$ 1,819,386	\$ 2,067,350	\$ 2,669,644	\$ 3,326,981	\$ 3,315,716	\$ 3,934,067	\$ 4,507,126	\$ 5,215,600	\$ 5,764,971
		\$ 390,462													
ADMINISTRATION FUND EXPENSE	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 492,293	\$ 456,753	\$ 450,287	\$ 437,018	\$ 533,041	\$ 649,336	\$ 739,738	\$ 816,092	\$ 907,237	\$ 918,331	\$ 955,502
CLAIMS FUND EXPENSE															
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,985,043	\$ 1,741,950	\$ 1,443,627	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,282,288	\$ 3,843,771	\$ 2,591,325	\$ 2,750,462	\$ 3,311,185
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 84,802	\$ 143,604	\$ 123,458	\$ 83,206	\$ 129,112	\$ 149,296	\$ 149,958	\$ 237,498	\$ 180,005	\$ 192,564	\$ 240,359
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 81,510	\$ 55,103	\$ 10,967	\$ -	\$ -	\$ -	\$ 47,724	\$ 128,496	\$ 68,302	\$ 167,511	\$ 202,438
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,796	\$ 4,098	\$ 2,256	\$ -	\$ -	\$ -	\$ 881	\$ 12,799	\$ 11,345	\$ 11,064	\$ 10,243
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,084	\$ -	\$ -	\$ -	\$ 51,322	\$ 38,030	\$ 66,660	\$ 51,763	\$ 63,179
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	\$ 384,425	\$ 420,728	\$ 372,790
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ (185,812)	\$ 47,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ (268,748)	\$ (740,988)	\$ (232,343)	\$ -	\$ -	\$ -	\$ (400,137)	\$ -	\$ (188,126)	\$ -	\$ (53,999)	\$ -
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,559)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ (352,627)	\$ -	\$ (112,699)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Claims Fund Expense	\$ 893,634	\$ 1,313,638	\$ 970,007	\$ 1,660,153	\$ 1,309,807	\$ 1,718,665	\$ 1,669,211	\$ 1,307,461	\$ 1,530,284	\$ 1,990,358	\$ 2,753,608	\$ 4,446,940	\$ 3,302,062	\$ 3,540,093	\$ 4,200,195
Total Operating Expense	\$ 1,370,771	\$ 1,915,183	\$ 1,462,676	\$ 2,187,817	\$ 1,802,100	\$ 2,175,418	\$ 2,119,498	\$ 1,744,478	\$ 2,063,325	\$ 2,639,694	\$ 3,493,346	\$ 5,263,032	\$ 4,209,299	\$ 4,458,424	\$ 5,155,697
BALANCES															
KMIT Statutory Fund Balance	\$ 74,486	\$ 43,543	\$ 495,283	\$ (290,597)	\$ (303,743)	\$ (526,351)	\$ (300,111)	\$ 322,872	\$ 606,319	\$ 687,287	\$ (177,630)	\$ (1,328,965)	\$ 297,827	\$ 757,176	\$ 609,274
Accumulated Balance	\$ 74,486	\$ 118,029	\$ 613,312	\$ 322,715	\$ 18,972	\$ (507,378)	\$ (807,490)	\$ (484,618)	\$ 121,701	\$ 808,987	\$ 631,357	\$ (697,607)	\$ (399,780)	\$ 357,396	\$ 966,670

KMIT Profit and Loss

April 30, 2017

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	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	Budget	Accrued To Date
REVENUE FUND											
Direct Premium Earned	\$ 5,193,427	\$ 5,213,859	\$ 4,442,326	\$ 4,484,533	\$ 4,853,835	\$ 5,460,344	\$ 5,261,044	\$ 4,829,526	\$ 1,772,444	\$ 5,052,000	\$ 82,729,295
Interest Income	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 160,374	\$ 65,034	\$ 130,000	\$ 2,611,028
Miscellaneous Income	\$ -	\$ -	\$ 1,441	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 10,701
Total Operating Revenue	\$ 5,275,028	\$ 5,266,578	\$ 4,516,692	\$ 4,554,637	\$ 4,925,696	\$ 5,567,945	\$ 5,389,644	\$ 4,989,900	\$ 1,837,478	\$ 5,182,000	\$ 85,351,024
ADMINISTRATION FUND EXPENSE	\$ 952,265	\$ 1,037,775	\$ 972,875	\$ 936,648	\$ 997,765	\$ 1,078,004	\$ 1,068,320	\$ 1,158,123	\$ 405,584	\$ 1,244,000	\$ 18,062,001
CLAIMS FUND EXPENSE											
Claims Paid Expense	\$ 2,029,921	\$ 3,826,441	\$ 2,658,783	\$ 1,926,429	\$ 1,635,251	\$ 3,019,194	\$ 1,563,387	\$ 1,228,905	\$ 72,817	\$ -	\$ 46,723,368
Claims Paid Adjusting Expense	\$ 130,849	\$ 185,448	\$ 146,339	\$ 168,247	\$ 122,214	\$ 119,110	\$ 107,345	\$ 69,603	\$ 1,861	\$ -	\$ 2,982,070
Claims Reserve Expense	\$ 19,006	\$ 269,714	\$ 202,340	\$ 61,822	\$ 122,611	\$ 448,774	\$ 241,602	\$ 357,602	\$ 328,952	\$ -	\$ 2,814,476
Claims Reserves Adjusting Expense	\$ 5,810	\$ 12,088	\$ 5,621	\$ 9,425	\$ 10,665	\$ 37,317	\$ 32,064	\$ 37,355	\$ 21,289	\$ -	\$ 230,116
IBNR Reserve Expense	\$ 98,471	\$ 125,947	\$ 225,451	\$ 239,549	\$ 231,456	\$ 385,643	\$ 846,116	\$ 1,767,119	\$ 807,914	\$ -	\$ 5,000,704
Excess Work Comp Insurance	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 451,042	\$ 158,787	\$ 480,000	\$ 6,577,829
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (188,186)	\$ -	\$ -		\$ -	\$ (326,611)
Specific Recovery Expense	\$ -	\$ (43)	\$ -	\$ (9,965)	\$ -	\$ (311,814)	\$ -	\$ -		\$ -	\$ (2,206,162)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ (8,559)
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ (465,326)
Claims Fund Expense	\$ 2,625,992	\$ 4,770,970	\$ 3,575,500	\$ 2,733,102	\$ 2,517,325	\$ 3,942,788	\$ 3,246,866	\$ 3,911,627	\$ 1,391,619	\$ 480,000	\$ 61,321,904
Total Operating Expense	\$ 3,578,257	\$ 5,808,745	\$ 4,548,375	\$ 3,669,750	\$ 3,515,090	\$ 5,020,792	\$ 4,315,186	\$ 5,069,750	\$ 1,797,203	\$ 1,724,000	\$ 79,383,905
BALANCES											
KMIT Statutory Fund Balance	\$ 1,696,771	\$ (542,167)	\$ (31,683)	\$ 884,887	\$ 1,410,605	\$ 547,153	\$ 1,074,458	\$ (79,850)	\$ 40,275	\$ 3,458,000	\$ 5,967,119
Accumulated Balance	\$ 2,663,441	\$ 2,121,274	\$ 2,089,591	\$ 2,974,478	\$ 4,385,083	\$ 4,932,236	\$ 6,006,694	\$ 5,926,844	\$ 5,967,119		

KMIT Admin Expenses

April 30, 2017

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	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	Accrued To Date
GENERAL EXPENSES															
Agent Commissions	\$ -	\$ -	\$ -	\$ -	\$ 969	\$ 4,919	\$ 5,239	\$ 12,669	\$ 33,803	\$ 44,060	\$ 43,231	\$ 61,486	\$ 75,650	\$ 77,961	\$ 88,532
Directors and Officers Insurance	\$ -	\$ 489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,367	\$ 18,542
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	\$ 26,155
Bank Fees	\$ 1,249	\$ 4,735	\$ 579	\$ 658	\$ 263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,638
Write Off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LKM Clearing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Total	\$ 1,249	\$ 21,179	\$ 4,151	\$ 9,889	\$ 7,795	\$ 16,504	\$ 11,408	\$ 30,892	\$ 59,906	\$ 72,999	\$ 85,051	\$ 84,659	\$ 141,982	\$ 132,193	\$ 135,867
REGULATORY															
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	\$ 54,139
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	\$ 3,409
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	\$ 32,770
KID State Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KDOL Annual Assessment Fee	\$ 9,073	\$ 15,053	\$ 12,410	\$ 42,620	\$ 40,843	\$ 46,441	\$ 39,574	\$ 30,875	\$ 34,311	\$ 39,671	\$ 58,170	\$ 72,460	\$ 80,284	\$ 82,743	\$ 89,821
Sub Total	\$ 95,360	\$ 77,466	\$ 56,281	\$ 105,257	\$ 89,777	\$ 81,105	\$ 72,206	\$ 55,589	\$ 69,799	\$ 94,418	\$ 138,319	\$ 202,169	\$ 167,689	\$ 166,132	\$ 180,138
CONTRACTURAL															
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	\$ 13,127
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	\$ 13,000
Risk Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 60,000	\$ 70,000
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	\$ 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	\$ 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	\$ 220,000
Payroll Audits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,088	\$ 9,840	\$ 12,042	\$ -	\$ 14,562	\$ 15,684	\$ 18,370
Rating Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Web Hosting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Total	\$ 380,528	\$ 502,900	\$ 432,236	\$ 412,518	\$ 394,721	\$ 359,144	\$ 366,672	\$ 350,536	\$ 403,336	\$ 481,918	\$ 516,368	\$ 529,264	\$ 597,566	\$ 620,006	\$ 639,497
Administration Fund Expense	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 492,293	\$ 456,753	\$ 450,287	\$ 437,018	\$ 533,041	\$ 649,336	\$ 739,738	\$ 816,092	\$ 907,237	\$ 918,331	\$ 955,502

KMIT Admin Expenses

April 30, 2017

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	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	Budget	Accrued To Date
GENERAL EXPENSES											
Agent Commissions	\$ 94,214	\$ 93,637	\$ 82,860	\$ 96,481	\$ 102,636	\$ 97,189	\$ 97,505	\$ 91,405	\$ 19,902	\$ 95,000	\$ 1,224,348
Directors and Officers Insurance	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 15,970	\$ 5,313	\$ 17,000	\$ 173,853
Meetings/Travel	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 22,638	\$ 2,979	\$ 20,000	\$ 114,927
Contingencies/Miscellaneous	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 3,884	\$ 2,594	\$ 2,074	\$ 6,000	\$ 361,483
Bank Fees	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 5,998	\$ 6,333	\$ 2,627	\$ 8,000	\$ 59,000
Write Off	\$ -	\$ -	\$ (104)	\$ -	\$ -	\$ -	\$ -	\$ 464	\$ -	\$ -	\$ 360
LKM Clearing	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60
Marketing	\$ -	\$ -	\$ -	\$ 439	\$ 452	\$ 161	\$ 34	\$ 502	\$ -	\$ 2,000	\$ 1,588
Office Supplies	\$ -	\$ -	\$ -	\$ 1,112	\$ 1,830	\$ 3,732	\$ 4,485	\$ 6,176	\$ 2,900	\$ 9,000	\$ 20,233
Sub Total	\$ 147,147	\$ 121,475	\$ 107,167	\$ 126,735	\$ 152,627	\$ 155,632	\$ 147,469	\$ 146,082	\$ 35,795	\$ 157,000	\$ 1,955,853
REGULATORY											
Kansas Insurance Dept (KID) Premium Tax	\$ 48,525	\$ 49,030	\$ 40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 47,827	\$ 46,830	\$ 12,397	\$ 50,000	\$ 767,978
KID Pool Assessment	\$ 3,476	\$ 3,500	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,701
KID Workers Compensation Assessment	\$ 28,363	\$ 57,704	\$ 65,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,063
KID State Audit	\$ -	\$ -	\$ 12,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,652
KDOL Annual Assessment Fee	\$ 59,778	\$ 106,329	\$ 44,348	\$ 86,336	\$ 86,670	\$ 139,473	\$ 100,563	\$ 131,440	\$ 6,568	\$ 200,000	\$ 1,455,853
Sub Total	\$ 140,142	\$ 216,563	\$ 166,881	\$ 129,781	\$ 131,019	\$ 190,530	\$ 148,389	\$ 178,270	\$ 18,965	\$ 250,000	\$ 2,972,247
CONTRACTURAL											
Financial Audit	\$ 18,608	\$ 31,565	\$ 12,023	\$ 11,738	\$ 11,904	\$ 15,803	\$ 13,803	\$ 12,000	\$ -	\$ 27,000	\$ 304,075
Actuarial	\$ 13,750	\$ 14,000	\$ 14,000	\$ 14,250	\$ 14,250	\$ 15,000	\$ 14,500	\$ 15,000	\$ -	\$ 15,000	\$ 231,395
Risk Management	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 190,000	\$ 102,500	\$ 210,000	\$ 1,392,500
Risk Control	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 155,000	\$ 77,500	\$ 155,000	\$ 2,621,573
Claims Adjusting	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 205,000	\$ 105,000	\$ 210,000	\$ 3,981,259
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 27,647	\$ 5,850	\$ 15,000	\$ 57,819
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 10,513	\$ 6,338	\$ 12,000	\$ 24,275
Pool Admin Services	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 99,360	\$ 17,040	\$ 102,000	\$ 3,875,480
Payroll Audits	\$ 17,617	\$ 19,173	\$ 19,000	\$ 16,318	\$ 16,000	\$ 20,143	\$ 19,923	\$ 19,954	\$ -	\$ 21,000	\$ 228,712
Rating Services	\$ -	\$ -	\$ 22,650	\$ 6,636	\$ 18,702	\$ 10,887	\$ 754	\$ 27,105	\$ 120	\$ -	\$ 86,854
Web Hosting	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 2,846	\$ 2,193	\$ 1,476	\$ -	\$ 14,959
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 35,000	\$ 70,000	\$ 315,000
Sub Total	\$ 664,975	\$ 699,738	\$ 698,827	\$ 680,133	\$ 714,119	\$ 731,842	\$ 772,461	\$ 833,772	\$ 350,824	\$ 837,000	\$ 13,133,901
Administration Fund Expense	\$ 952,265	\$ 1,037,775	\$ 972,875	\$ 936,648	\$ 997,765	\$ 1,078,004	\$ 1,068,320	\$ 1,158,123	\$ 405,584	\$ 1,244,000	\$ 18,062,001

KMIT Balance Sheet

May 31, 2017

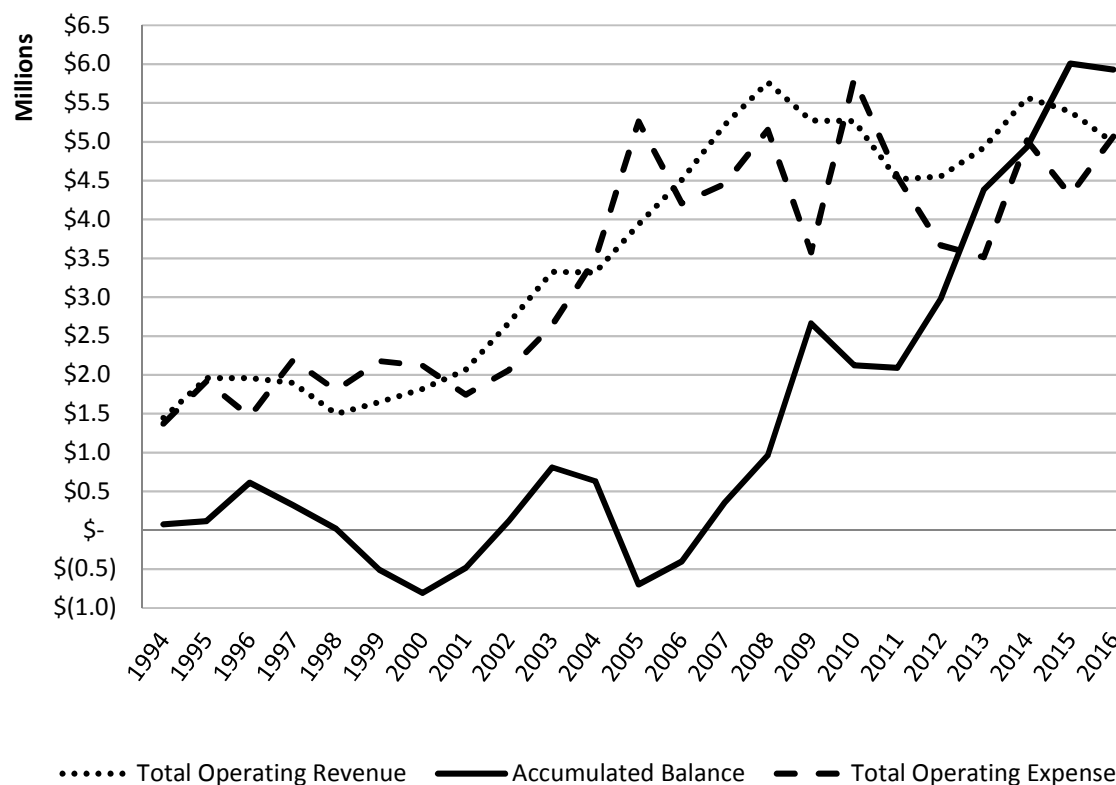
ASSETS

Checking Accounts	\$ 541,350
Investments	\$ 16,071,744
Accrued Interest	\$ 148,721
Accounts Receivable	\$ 114,109
Excess Premium Receivable	\$ 23,739
Specific Recoverable	\$ 326,387
Aggregate Recoverable	\$ 8,559
Prepaid Expenses	\$ 355,017
Total Assets	\$ 17,589,625

LIABILITIES & EQUITY

Accounts Payable	\$ 11,228
Excess Premium Payable	\$ -
Reserve for Losses	\$ 3,105,301
IBNR Reserve	\$ 4,932,056
Deposits on Premium	\$ 3,143,823
Accrued Taxes and Assessments	\$ 400,422
Total Liabilities	\$ 11,592,829
Total Equity	\$ 5,996,795
Total Liabilities and Equity	\$ 17,589,625

KMIT Financial Overview



KMIT Profit and Loss

May 31, 2017

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	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	Accrued To Date
REVENUE FUND															
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	\$ 4,272,140	\$ 4,950,171	\$ 5,519,169
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	\$ 234,986	\$ 263,024	\$ 245,802
Miscellaneous Income	\$ -	\$ -	\$ -	\$ -	\$ 4,445	\$ 75	\$ -	\$ -	\$ 2,335	\$ -	\$ -	\$ -	\$ -	\$ 2,405	\$ -
Total Operating Revenue	\$ 1,445,257	\$ 1,958,726	\$ 1,957,959	\$ 1,897,220	\$ 1,498,357	\$ 1,649,067	\$ 1,819,386	\$ 2,067,350	\$ 2,669,644	\$ 3,326,981	\$ 3,315,716	\$ 3,934,067	\$ 4,507,126	\$ 5,215,600	\$ 5,764,971
		\$ 390,462													
ADMINISTRATION FUND EXPENSE	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 492,293	\$ 456,753	\$ 450,287	\$ 437,018	\$ 533,041	\$ 649,336	\$ 739,738	\$ 816,092	\$ 907,237	\$ 918,331	\$ 955,502
CLAIMS FUND EXPENSE															
Claims Paid Expense	\$ 716,700	\$ 1,049,152	\$ 790,125	\$ 2,073,604	\$ 1,989,028	\$ 1,742,407	\$ 1,443,627	\$ 1,097,087	\$ 1,211,714	\$ 1,874,209	\$ 2,283,746	\$ 3,847,187	\$ 2,591,706	\$ 2,754,600	\$ 3,313,052
Claims Paid Adjusting Expense	\$ 25,541	\$ 54,345	\$ 46,505	\$ 90,802	\$ 84,802	\$ 143,604	\$ 123,458	\$ 83,206	\$ 129,112	\$ 149,296	\$ 149,978	\$ 238,206	\$ 180,005	\$ 193,089	\$ 237,659
Claims Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ 77,526	\$ 54,646	\$ 10,967	\$ -	\$ -	\$ -	\$ 46,266	\$ 150,080	\$ 67,921	\$ 163,373	\$ 200,571
Claims Reserves Adjusting Expense	\$ -	\$ -	\$ -	\$ -	\$ 5,796	\$ 4,098	\$ 2,256	\$ -	\$ -	\$ -	\$ 861	\$ 12,091	\$ 11,345	\$ 10,539	\$ 12,943
IBNR Reserve Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,084	\$ -	\$ -	\$ -	\$ 51,322	\$ 13,030	\$ 66,660	\$ 51,763	\$ 63,179
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	\$ 384,425	\$ 420,728	\$ 372,790
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ (185,812)	\$ 47,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Specific Recovery Expense	\$ -	\$ -	\$ -	\$ (268,748)	\$ (740,988)	\$ (232,568)	\$ -	\$ -	\$ -	\$ (400,137)	\$ -	\$ (188,126)	\$ -	\$ (53,999)	\$ -
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,559)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ (352,627)	\$ -	\$ (112,699)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Claims Fund Expense	\$ 893,634	\$ 1,313,638	\$ 970,007	\$ 1,660,153	\$ 1,309,807	\$ 1,718,665	\$ 1,669,211	\$ 1,307,461	\$ 1,530,284	\$ 1,990,358	\$ 2,753,608	\$ 4,446,940	\$ 3,302,062	\$ 3,540,093	\$ 4,200,195
Total Operating Expense	\$ 1,370,771	\$ 1,915,183	\$ 1,462,676	\$ 2,187,817	\$ 1,802,100	\$ 2,175,418	\$ 2,119,498	\$ 1,744,478	\$ 2,063,325	\$ 2,639,694	\$ 3,493,346	\$ 5,263,032	\$ 4,209,299	\$ 4,458,424	\$ 5,155,697
BALANCES															
KMIT Statutory Fund Balance	\$ 74,486	\$ 43,543	\$ 495,283	\$ (290,597)	\$ (303,743)	\$ (526,351)	\$ (300,111)	\$ 322,872	\$ 606,319	\$ 687,287	\$ (177,630)	\$ (1,328,965)	\$ 297,827	\$ 757,176	\$ 609,274
Accumulated Balance	\$ 74,486	\$ 118,029	\$ 613,312	\$ 322,715	\$ 18,972	\$ (507,378)	\$ (807,490)	\$ (484,618)	\$ 121,701	\$ 808,987	\$ 631,357	\$ (697,607)	\$ (399,780)	\$ 357,396	\$ 966,670

KMIT Profit and Loss

May 31, 2017

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	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	Budget	Accrued To Date
REVENUE FUND											
Direct Premium Earned	\$ 5,193,427	\$ 5,213,859	\$ 4,442,326	\$ 4,484,533	\$ 4,853,835	\$ 5,460,344	\$ 5,261,044	\$ 4,829,526	\$ 2,221,561	\$ 5,052,000	\$ 83,178,412
Interest Income	\$ 81,601	\$ 52,768	\$ 72,925	\$ 70,104	\$ 71,861	\$ 107,601	\$ 128,600	\$ 160,374	\$ 84,667	\$ 130,000	\$ 2,630,661
Miscellaneous Income	\$ -	\$ -	\$ 1,441	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 10,701
Total Operating Revenue	\$ 5,275,028	\$ 5,266,578	\$ 4,516,692	\$ 4,554,637	\$ 4,925,696	\$ 5,567,945	\$ 5,389,644	\$ 4,989,900	\$ 2,306,229	\$ 5,182,000	\$ 85,819,775
ADMINISTRATION FUND EXPENSE	\$ 952,265	\$ 1,037,775	\$ 972,875	\$ 936,648	\$ 997,765	\$ 1,078,004	\$ 1,068,320	\$ 1,156,877	\$ 478,849	\$ 1,244,000	\$ 18,134,019
CLAIMS FUND EXPENSE											
Claims Paid Expense	\$ 2,030,261	\$ 3,830,289	\$ 2,664,645	\$ 1,926,429	\$ 1,636,422	\$ 3,105,055	\$ 1,597,764	\$ 1,305,706	\$ 157,208	\$ -	\$ 47,031,722
Claims Paid Adjusting Expense	\$ 130,849	\$ 185,456	\$ 146,339	\$ 168,247	\$ 122,533	\$ 119,951	\$ 112,409	\$ 71,097	\$ 3,375	\$ -	\$ 2,989,864
Claims Reserve Expense	\$ 18,667	\$ 265,866	\$ 196,478	\$ 61,822	\$ 121,504	\$ 363,075	\$ 207,087	\$ 302,973	\$ 550,069	\$ -	\$ 2,858,892
Claims Reserves Adjusting Expense	\$ 5,810	\$ 12,080	\$ 5,621	\$ 9,425	\$ 10,346	\$ 36,476	\$ 31,406	\$ 36,856	\$ 38,460	\$ -	\$ 246,409
IBNR Reserve Expense	\$ 98,471	\$ 125,947	\$ 225,451	\$ 239,549	\$ 231,391	\$ 385,480	\$ 841,848	\$ 1,743,953	\$ 791,928	\$ -	\$ 4,932,056
Excess Work Comp Insurance	\$ 341,935	\$ 351,375	\$ 336,966	\$ 337,595	\$ 395,128	\$ 432,750	\$ 456,352	\$ 451,042	\$ 217,634	\$ 480,000	\$ 6,636,675
Specific Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (188,186)	\$ -	\$ -		\$ -	\$ (326,387)
Specific Recovery Expense	\$ -	\$ (43)	\$ -	\$ (9,965)	\$ -	\$ (311,814)	\$ -	\$ -		\$ -	\$ (2,206,387)
Aggregate Recoverable Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ (8,559)
Aggregate Recovery Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ (465,326)
Claims Fund Expense	\$ 2,625,992	\$ 4,770,970	\$ 3,575,500	\$ 2,733,102	\$ 2,517,325	\$ 3,942,788	\$ 3,246,866	\$ 3,911,627	\$ 1,758,675	\$ 480,000	\$ 61,688,960
Total Operating Expense	\$ 3,578,257	\$ 5,808,745	\$ 4,548,375	\$ 3,669,750	\$ 3,515,090	\$ 5,020,792	\$ 4,315,186	\$ 5,068,504	\$ 2,237,524	\$ 1,724,000	\$ 79,822,979
BALANCES											
KMIT Statutory Fund Balance	\$ 1,696,771	\$ (542,167)	\$ (31,683)	\$ 884,887	\$ 1,410,605	\$ 547,153	\$ 1,074,458	\$ (78,603)	\$ 68,705	\$ 3,458,000	\$ 5,996,795
Accumulated Balance	\$ 2,663,441	\$ 2,121,274	\$ 2,089,591	\$ 2,974,478	\$ 4,385,083	\$ 4,932,236	\$ 6,006,694	\$ 5,928,091	\$ 5,996,795		

KMIT Admin Expenses

May 31, 2017

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	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	Accrued To Date
GENERAL EXPENSES															
Agent Commissions	\$ -	\$ -	\$ -	\$ -	\$ 969	\$ 4,919	\$ 5,239	\$ 12,669	\$ 33,803	\$ 44,060	\$ 43,231	\$ 61,486	\$ 75,650	\$ 77,961	\$ 88,532
Directors and Officers Insurance	\$ -	\$ 489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,367	\$ 18,542
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	\$ 26,155
Bank Fees	\$ 1,249	\$ 4,735	\$ 579	\$ 658	\$ 263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,638
Write Off	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LKM Clearing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Total	\$ 1,249	\$ 21,179	\$ 4,151	\$ 9,889	\$ 7,795	\$ 16,504	\$ 11,408	\$ 30,892	\$ 59,906	\$ 72,999	\$ 85,051	\$ 84,659	\$ 141,982	\$ 132,193	\$ 135,867
REGULATORY															
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	\$ 54,139
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	\$ 3,409
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	\$ 32,770
KID State Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
KDOL Annual Assessment Fee	\$ 9,073	\$ 15,053	\$ 12,410	\$ 42,620	\$ 40,843	\$ 46,441	\$ 39,574	\$ 30,875	\$ 34,311	\$ 39,671	\$ 58,170	\$ 72,460	\$ 80,284	\$ 82,743	\$ 89,821
Sub Total	\$ 95,360	\$ 77,466	\$ 56,281	\$ 105,257	\$ 89,777	\$ 81,105	\$ 72,206	\$ 55,589	\$ 69,799	\$ 94,418	\$ 138,319	\$ 202,169	\$ 167,689	\$ 166,132	\$ 180,138
CONTRACTURAL															
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	\$ 13,127
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	\$ 13,000
Risk Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000	\$ 40,000	\$ 50,000	\$ 50,000	\$ 60,000	\$ 70,000
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	\$ 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	\$ 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	\$ 220,000
Payroll Audits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,088	\$ 9,840	\$ 12,042	\$ -	\$ 14,562	\$ 15,684	\$ 18,370
Rating Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Web Hosting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub Total	\$ 380,528	\$ 502,900	\$ 432,236	\$ 412,518	\$ 394,721	\$ 359,144	\$ 366,672	\$ 350,536	\$ 403,336	\$ 481,918	\$ 516,368	\$ 529,264	\$ 597,566	\$ 620,006	\$ 639,497
Administration Fund Expense	\$ 477,137	\$ 601,545	\$ 492,669	\$ 527,664	\$ 492,293	\$ 456,753	\$ 450,287	\$ 437,018	\$ 533,041	\$ 649,336	\$ 739,738	\$ 816,092	\$ 907,237	\$ 918,331	\$ 955,502

KMIT Admin Expenses

May 31, 2017

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	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	Budget	Accrued To Date
GENERAL EXPENSES											
Agent Commissions	\$ 94,214	\$ 93,637	\$ 82,860	\$ 96,481	\$ 102,636	\$ 97,189	\$ 97,505	\$ 90,158	\$ 30,188	\$ 95,000	\$ 1,233,388
Directors and Officers Insurance	\$ 15,857	\$ 15,942	\$ 16,038	\$ 16,488	\$ 17,224	\$ 15,956	\$ 15,667	\$ 15,970	\$ 6,641	\$ 17,000	\$ 175,181
Meetings/Travel	\$ -	\$ -	\$ 829	\$ 4,881	\$ 19,334	\$ 29,749	\$ 19,897	\$ 22,638	\$ 3,264	\$ 20,000	\$ 115,212
Contingencies/Miscellaneous	\$ 34,318	\$ 2,657	\$ 1,708	\$ 3,175	\$ 3,623	\$ 4,385	\$ 3,884	\$ 2,594	\$ 2,324	\$ 6,000	\$ 361,733
Bank Fees	\$ 2,758	\$ 9,239	\$ 5,776	\$ 4,159	\$ 7,528	\$ 4,460	\$ 5,998	\$ 6,333	\$ 3,277	\$ 8,000	\$ 59,650
Write Off	\$ -	\$ -	\$ (104)	\$ -	\$ -	\$ -	\$ -	\$ 464	\$ -	\$ -	\$ 360
LKM Clearing	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60
Marketing	\$ -	\$ -	\$ -	\$ 439	\$ 452	\$ 161	\$ 34	\$ 502	\$ -	\$ 2,000	\$ 1,588
Office Supplies	\$ -	\$ -	\$ -	\$ 1,112	\$ 1,830	\$ 3,732	\$ 4,485	\$ 6,176	\$ 3,366	\$ 9,000	\$ 20,699
Sub Total	\$ 147,147	\$ 121,475	\$ 107,167	\$ 126,735	\$ 152,627	\$ 155,632	\$ 147,469	\$ 144,835	\$ 49,060	\$ 157,000	\$ 1,967,871
REGULATORY											
Kansas Insurance Dept (KID) Premium Tax	\$ 48,525	\$ 49,030	\$ 40,919	\$ 43,445	\$ 44,349	\$ 51,057	\$ 47,827	\$ 46,830	\$ 12,397	\$ 50,000	\$ 767,978
KID Pool Assessment	\$ 3,476	\$ 3,500	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,701
KID Workers Compensation Assessment	\$ 28,363	\$ 57,704	\$ 65,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,063
KID State Audit	\$ -	\$ -	\$ 12,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,652
KDOL Annual Assessment Fee	\$ 59,778	\$ 106,329	\$ 44,348	\$ 86,336	\$ 86,670	\$ 139,473	\$ 100,563	\$ 131,440	\$ 6,568	\$ 200,000	\$ 1,455,853
Sub Total	\$ 140,142	\$ 216,563	\$ 166,881	\$ 129,781	\$ 131,019	\$ 190,530	\$ 148,389	\$ 178,270	\$ 18,965	\$ 250,000	\$ 2,972,247
CONTRACTURAL											
Financial Audit	\$ 18,608	\$ 31,565	\$ 12,023	\$ 11,738	\$ 11,904	\$ 15,803	\$ 13,803	\$ 12,000	\$ -	\$ 27,000	\$ 304,075
Actuarial	\$ 13,750	\$ 14,000	\$ 14,000	\$ 14,250	\$ 14,250	\$ 15,000	\$ 14,500	\$ 15,000	\$ -	\$ 15,000	\$ 231,395
Risk Management	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 190,000	\$ 123,000	\$ 210,000	\$ 1,413,000
Risk Control	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 150,000	\$ 150,000	\$ 155,000	\$ 155,000	\$ 93,000	\$ 155,000	\$ 2,637,073
Claims Adjusting	\$ 175,000	\$ 195,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 185,000	\$ 205,000	\$ 205,000	\$ 126,000	\$ 210,000	\$ 4,002,259
Risk Analysis	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,671	\$ 14,651	\$ 27,647	\$ 5,850	\$ 15,000	\$ 57,819
POET	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425	\$ 10,513	\$ 9,338	\$ 12,000	\$ 27,275
Pool Admin Services	\$ 225,000	\$ 225,000	\$ 230,000	\$ 230,004	\$ 75,600	\$ 81,900	\$ 98,560	\$ 99,360	\$ 17,040	\$ 102,000	\$ 3,875,480
Payroll Audits	\$ 17,617	\$ 19,173	\$ 19,000	\$ 16,318	\$ 16,000	\$ 20,143	\$ 19,923	\$ 19,954	\$ -	\$ 21,000	\$ 228,712
Rating Services	\$ -	\$ -	\$ 22,650	\$ 6,636	\$ 18,702	\$ 10,887	\$ 754	\$ 27,105	\$ 120	\$ -	\$ 86,854
Web Hosting	\$ -	\$ -	\$ 1,155	\$ 1,187	\$ 2,663	\$ 3,439	\$ 2,846	\$ 2,193	\$ 1,476	\$ -	\$ 14,959
Endorsement Fee	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 35,000	\$ 70,000	\$ 315,000
Sub Total	\$ 664,975	\$ 699,738	\$ 698,827	\$ 680,133	\$ 714,119	\$ 731,842	\$ 772,461	\$ 833,772	\$ 410,824	\$ 837,000	\$ 13,193,901
Administration Fund Expense	\$ 952,265	\$ 1,037,775	\$ 972,875	\$ 936,648	\$ 997,765	\$ 1,078,004	\$ 1,068,320	\$ 1,156,877	\$ 478,849	\$ 1,244,000	\$ 18,134,019

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

Kansas Municipal Insurance Trust

(Name of Company)

As of 12/31/2016 Audited
 1st 2nd 3rd 4th Quarter (CIRCLE ONE)

		CURRENT FISCAL YEAR TO DATE 12/31/2016 Audited	PREVIOUS FISCAL YEAR END 12/31/2015 - Audited
ASSETS			
Administrative fund:			
Cash	\$	124,282	\$ 756,379
Claims fund:			
Cash		434,889	1,158,233
Investments		14,119,109	11,767,000
Premium contributions receivable		70,954	109,926
Excess insurance recoverable on claims payments		15,576	34,311
Interest income due and accrued		141,608	110,379
Receivable from affiliates			
Other assets:			
Agent Commissions Receivable		1,247	4,123
Prepaid Excess Insurance		0	
Prepaid Expenses		0	
Excess Insurance Premium Receivable		23,920	22,030
Less: Non Admitted Assets		0	0
Total Assets	\$	14,931,585	\$ 13,962,381

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>CURRENT FISCAL YEAR TO DATE</u> 12/31/2016 Audited	<u>PREVIOUS FISCAL YEAR END</u> 12/31/2015 - Audited
Reserve for unpaid workers' compensation claims	\$ 2,219,537.91	\$ 2,192,769
Reserve for unpaid claim adjustment expenses	243,712.11	222,647
Reserve for claims incurred but not reported	4,628,689.19	4,163,737
Unearned premium contribution	1,037,223.00	
Other expenses due or accrued		
Taxes, licenses and fees due or accrued	381,732.77	519,500
Borrowed money \$_____ and interest thereon \$_____		
Dividends payable to members		
Deposits on premium contributions	399,191.00	775,849
Excess insurance premium payable		
Payable to affiliates		
Accounts payable	46,500.00	46,000
Miscellaneous liabilities:		
Return Premium Payable		365,547
Total Liabilities:	\$ 8,956,585.98	\$ 8,286,049
Special reserve funds:		
Total Special Reserve Funds		
<u>FUND BALANCE</u>		
Total Reserves and Fund Balance (Assets-Liabilities)	5,974,999.12	\$ 5,676,332
Total Liabilities, Reserves and Fund Balance	\$ 14,931,585.10	\$ 13,962,381

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

<u>SUMMARY OF OPERATIONS</u>	<u>CURRENT FISCAL YEAR TO DATE</u> 12/31/2016 Audited	<u>PREVIOUS FISCAL YEAR END</u> 12/31/2015 - Audited
Underwriting Income		
Direct Premium Contributions Earned	\$ 4,829,526	\$ 5,260,880
Deductions:		
Excess insurance premium incurred	451,042	459,126
Workers' compensation claims incurred	3,009,276	3,419,718
Claims adjustment expenses incurred	227,389	156,405
Other administrative expenses incurred	1,003,526	1,110,070
Total underwriting deductions	4,691,233	5,145,319
Net underwriting Gain or (Loss)	\$ 138,293	\$ 115,561
Investment income		
Interest income earned (Net of investment expenses)	160,374	128,600
Other income		
Other income		
Net income before dividends to members	298,667	244,161
Dividends to members		
Net income after dividends to members	298,667	244,161
Net Income(Loss)	\$ 298,667	\$ 244,161

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

<u>ANALYSIS OF FUND BALANCE</u>		<u>CURRENT FISCAL YEAR TO DATE</u> 12/31/2016 Audited	<u>PREVIOUS FISCAL YEAR END</u> 12/31/2015 - Audited
Fund balance, previous period	\$	<u>5,676,332</u>	\$ <u>5,432,171</u>
Net income (Loss)		<u>298,667</u>	<u>244,161</u>
Change in non-admitted assets		<u>0</u>	<u>0</u>
Rounding			
<u>Change in Non Admitted Assets</u>			
Change in fund balance for the period		<u>298,667</u>	<u>244,161</u>
Fund balance, current period	\$	<u>5,974,999</u>	\$ <u>5,676,332</u>

Contract Year January 1, 2016 to December 31, 2016
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 12/31/2016 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 Col 4-5	Direct Losses Incurred	Loss Adj. Exp. Incurred	Loss & Loss Exp Incurred Col 6+7	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 22	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 21	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%	73,225
0	424	PCY 20	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 19	1,754,515	117,122	1,637,393	1,804,856	90,802	1,895,658	204,543	217,864	102,541	524,948	115.8%	32.1%	142,705
2	572	PCY 18	1,377,722	79,456	1,298,266	1,344,408	90,598	1,435,005	187,000	211,071	82,901	480,972	110.5%	37.0%	116,190
4	551	PCY 17	1,552,110	80,124	1,471,986	1,550,491	147,702	1,698,193	185,000	190,573	77,653	453,226	115.4%	30.8%	96,882
2	552	PCY 16	1,689,773	86,819	1,602,954	1,457,094	123,714	1,580,808	190,000	188,080	73,593	451,673	98.6%	28.2%	129,613
0	605	PCY 15	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
1	670	PCY 14	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
1	612	PCY 13	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
3	645	PCY 12	3,256,648	221,435	3,035,213	2,335,513	152,178	2,487,691	293,000	308,419	134,300	735,719	82.0%	24.2%	59,068
13	770	PCY 11	3,837,793	374,472	3,463,321	3,751,814	244,828	3,996,643	310,000	303,923	195,148	809,071	115.4%	23.4%	96,274
17	765	PCY 10	4,272,140	384,425	3,887,715	2,639,173	190,908	2,830,081	330,000	409,548	164,537	904,085	72.8%	23.3%	234,986
7	906	PCY 9	4,950,171	420,728	4,529,443	2,835,518	203,628	3,039,146	365,000	384,794	157,905	907,699	67.1%	20.0%	263,024
13	768	PCY 8	5,519,169	372,790	5,146,379	3,448,694	242,661	3,691,355	375,000	400,364	180,033	955,397	71.7%	18.6%	245,802
10	654	PCY 7	5,193,427	341,935	4,851,492	2,044,849	131,394	2,176,243	390,000	422,122	158,861	970,983	44.9%	20.0%	81,601
16	666	PCY 6	5,213,859	351,375	4,862,484	3,933,073	196,429	4,129,502	410,000	411,213	218,444	1,039,657	84.9%	21.4%	52,768
7	635	PCY 5	4,442,326	336,966	4,105,361	2,861,075	151,960	3,013,036	400,000	374,349	211,548	985,897	73.4%	24.0%	72,925
6	598	PCY 4	4,484,533	337,595	4,146,938	1,985,151	177,672	2,162,823	400,000	407,086	174,669	981,755	52.2%	23.7%	70,104
5	696	PCY 3	4,853,835	395,128	4,458,707	1,697,437	132,879	1,830,317	580,600	286,205	112,977	979,782	41.1%	22.0%	71,861
13	742	PCY 2	5,460,344	432,750	5,027,594	3,051,185	153,076	3,204,261	596,571	291,845	383,143	1,271,559	63.7%	25.3%	107,601
13	724	PCY 1	5,261,044	456,352	4,804,692	1,769,982	140,009	1,909,992	628,560	291,393	190,117	1,110,070	39.8%	23.1%	128,600
137	749	CCY	4,829,526	451,042	4,378,484	1,672,906	112,756	1,785,662	649,360	329,247	24,920	1,003,526	40.8%	22.9%	160,374

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, 2017

1st 2nd 3rd 4th Quarter (CIRCLE ONE)

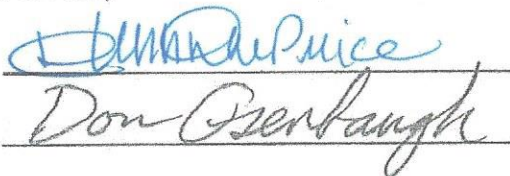
ASSETS	CURRENT FISCAL YEAR TO DATE 3/31/2017	PREVIOUS FISCAL YEAR END 12/31/2016 REV
Administrative fund:		
Cash	\$ (5,517)	\$ 124,282
Claims fund:		
Cash	386,841	434,889
Investments	17,170,969	14,119,109
Premium contributions receivable	69,362	70,954
Excess insurance recoverable on claims payments	12,256	15,576
Interest income due and accrued	141,028	141,608
Receivable from affiliates		
Other assets:		
Agent Commissions Receivable	0	1,247
Prepaid Excess Insurance	357,090	0
Prepaid Expenses	96,163	0
Excess Insurance Premium Receivable	181	181
Less: Non Admitted Assets	(453,253)	0
Total Assets	\$ 17,775,121	\$ 14,907,846

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:


Don Osenbaugh

Chair of Trustees

Administrator

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>CURRENT FISCAL YEAR TO DATE</u> 3/31/2017	<u>PREVIOUS FISCAL YEAR END</u> 12/31/2016 REV
Reserve for unpaid workers' compensation claims	\$ 2,315,617	\$ 2,219,538
Reserve for unpaid claim adjustment expenses	226,378	243,712
Reserve for claims incurred but not reported	4,974,413	4,628,689
Unearned premium contribution	0	1,037,223
Other expenses due or accrued		
Taxes, licenses and fees due or accrued	400,422	381,733
Borrowed money \$_____ and interest thereon \$_____		
Dividends payable to members		
Deposits on premium contributions	4,370,460	399,191
Excess insurance premium payable		
Payable to affiliates		
Accounts payable	26,228	46,500
Miscellaneous liabilities:		
Return Premium Payable		
Total Liabilities:	\$ 12,313,517	\$ 8,956,586
Special reserve funds:		
Total Special Reserve Funds		
<u>FUND BALANCE</u>		
Total Reserves and Fund Balance (Assets-Liabilities)	5,461,604	5,951,260
Total Liabilities, Reserves and Fund Balance	\$ 17,775,121	\$ 14,907,846

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

<u>SUMMARY OF OPERATIONS</u>	<u>CURRENT FISCAL YEAR TO DATE</u> 3/31/2017	<u>PREVIOUS FISCAL YEAR END</u> 12/31/2016 REV
Underwriting Income		
Direct Premium Contributions Earned	\$ <u>1,323,326</u> \$	<u>4,829,526</u>
Deductions:		
Excess insurance premium incurred	<u>119,090</u>	<u>474,781</u>
Workers' compensation claims incurred	<u>896,154</u>	<u>3,009,276</u>
Claims adjustment expenses incurred	<u>28,470</u>	<u>227,389</u>
Other administrative expenses incurred	<u>362,981</u>	<u>1,003,526</u>
Total underwriting deductions	<u>1,406,695</u>	<u>4,714,972</u>
Net underwriting Gain or (Loss)	\$ <u>(83,368)</u> \$	<u>114,554</u>
Investment income		
Interest income earned (Net of investment expenses)	<u>46,965</u>	<u>160,374</u>
Other income		
Other income	<u></u>	<u></u>
Net income before dividends to members	<u>(36,403)</u>	<u>274,928</u>
Dividends to members	<u></u>	<u></u>
Net income after dividends to members	<u>(36,403)</u>	<u>274,928</u>
Net Income(Loss)	\$ <u>(36,403)</u> \$	<u>274,928</u>

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

<u>ANALYSIS OF FUND BALANCE</u>		<u>CURRENT FISCAL YEAR TO DATE</u> 3/31/2017	<u>PREVIOUS FISCAL YEAR END</u> 12/31/2016 REV
Fund balance, previous period	\$	<u>5,951,260.12</u>	<u>\$ 5,676,332</u>
Net income (Loss)		<u>(36,403.17)</u>	<u>274,928</u>
Change in non-admitted assets		<u>(453,252.96)</u>	<u>0</u>
<u>Rounding</u>			
<u>Change in Non Admitted Assets</u>			
Change in fund balance for the period		<u>(489,656.13)</u>	<u>274,928</u>
Fund balance, current period	\$	<u>5,461,603.99</u>	<u>\$ 5,951,260</u>

Contract Year January 1, 2017 to December 31, 2017
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, 2017

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 Col 4-5	Direct Losses Incurred	Loss Adj. Exp. Incurred	Loss & Loss Exp Incurred Col 6+7	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 23	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 22	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%	73,225
0	424	PCY 21	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 20	1,754,515	117,122	1,637,393	1,804,856	90,802	1,895,658	204,543	217,864	102,541	524,948	115.8%	32.1%	142,705
2	572	PCY 19	1,377,722	79,456	1,298,266	1,330,897	90,598	1,421,495	187,000	211,071	82,901	480,972	109.5%	37.0%	116,190
4	551	PCY 18	1,552,110	80,124	1,471,986	1,564,710	147,702	1,712,412	185,000	190,573	77,653	453,226	116.3%	30.8%	96,882
2	552	PCY 17	1,689,773	86,819	1,602,954	1,454,594	125,714	1,580,308	190,000	188,080	73,593	451,673	98.6%	28.2%	129,613
0	605	PCY 16	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
1	670	PCY 15	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
1	612	PCY 14	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 13	3,256,648	221,435	3,035,213	2,330,012	150,839	2,480,851	293,000	308,419	134,300	735,719	81.7%	24.2%	59,068
12	770	PCY 12	3,837,793	374,472	3,463,321	3,777,814	245,797	4,023,611	310,000	303,923	195,148	809,071	116.2%	23.4%	96,274
17	765	PCY 11	4,272,140	384,425	3,887,715	2,659,667	200,382	2,860,049	330,000	409,548	164,537	904,085	73.6%	23.3%	234,986
7	906	PCY 10	4,950,171	420,728	4,529,443	2,863,974	203,628	3,067,602	365,000	384,794	157,905	907,699	67.7%	20.0%	263,024
13	768	PCY 9	5,519,169	372,790	5,146,379	3,503,779	250,741	3,754,520	375,000	400,364	180,033	955,397	73.0%	18.6%	245,802
10	654	PCY 8	5,193,427	341,935	4,851,492	2,029,622	131,158	2,160,780	390,000	422,122	158,861	970,983	44.5%	20.0%	81,601
16	666	PCY 7	5,213,859	351,375	4,862,484	4,046,112	197,469	4,243,581	410,000	411,213	218,444	1,039,657	87.3%	21.4%	52,768
7	635	PCY 6	4,442,326	336,966	4,105,361	2,861,123	151,960	3,013,083	400,000	374,349	211,548	985,897	73.4%	24.0%	72,925
6	598	PCY 5	4,484,533	337,595	4,146,938	1,978,286	177,672	2,155,958	400,000	407,086	174,669	981,755	52.0%	23.7%	70,104
5	696	PCY 4	4,853,835	395,128	4,458,707	1,700,862	132,879	1,833,741	580,600	286,205	112,977	979,782	41.1%	22.0%	71,861
12	742	PCY 3	5,460,344	432,750	5,027,594	3,161,460	156,423	3,317,882	596,571	291,845	383,143	1,271,559	66.0%	25.3%	107,601
12	724	PCY 2	5,261,044	456,352	4,804,692	1,790,768	139,979	1,930,747	628,560	291,393	190,117	1,110,070	40.2%	23.1%	128,800
48	774	PCY 1	4,829,526	474,781	4,354,745	1,575,246	99,323	1,674,569	649,360	329,247	24,920	1,003,526	38.5%	23.0%	160,374
103	155	CCY	1,323,326	119,090	1,204,236	300,577	18,599	319,176	188,040	109,067	65,874	362,981	26.5%	30.1%	46,965

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)

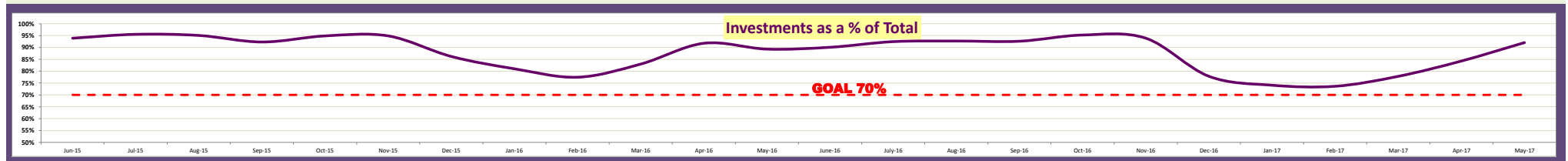
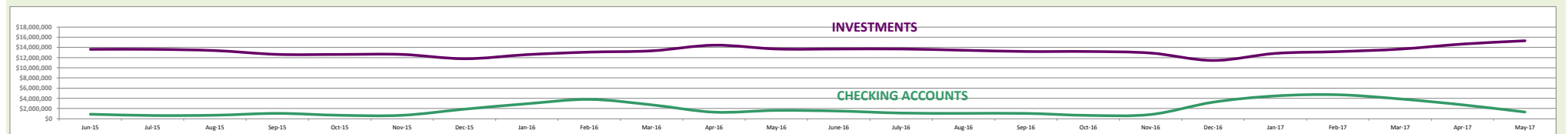
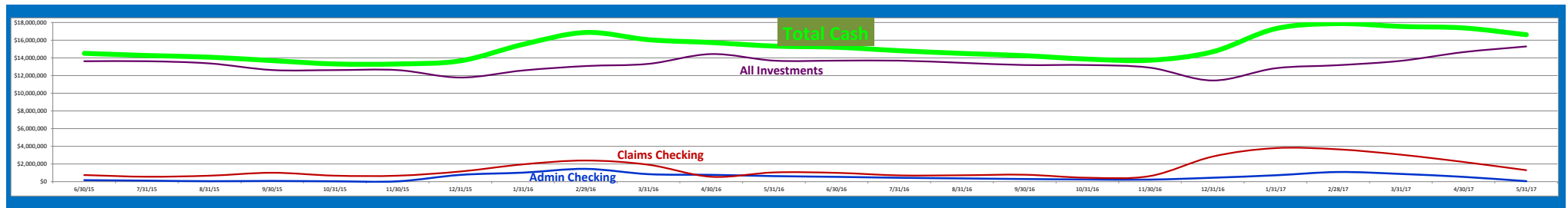
Column 15 should reflect the Total Expenses Incurred divided by the Net Premiums Earned. (Column 13 divided by Column 6)

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

KMIT Cash/Investment Summary

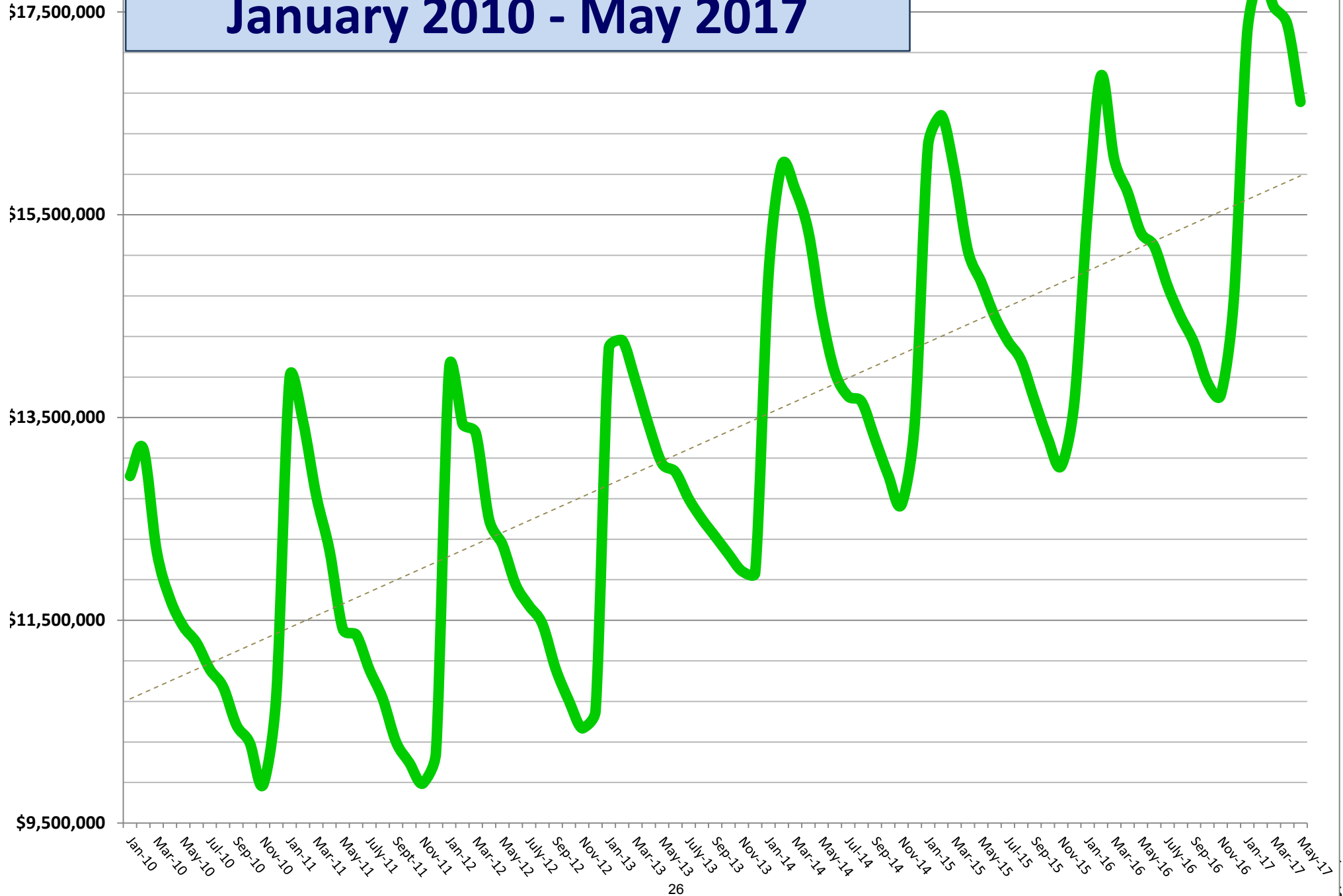
June 30, 2015--May 31, 2017

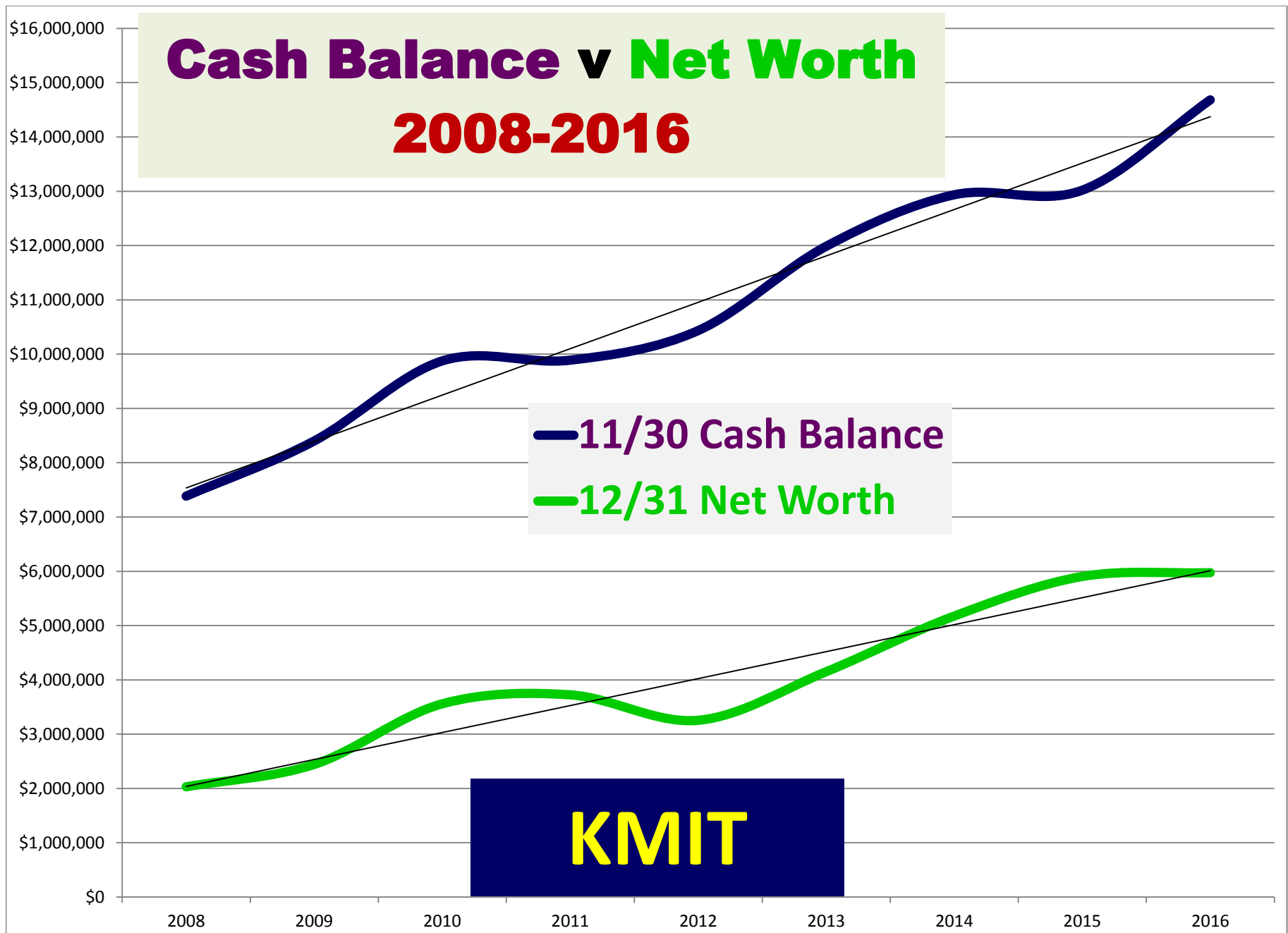
	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16	1/31/17	2/28/17	3/31/17	4/30/17	5/31/17
KMIT Admin Fund (KAF)																								
Admin Account	157,676	99,363	38,155	66,032	26,315	26,316	756,379	1,007,808	1,429,800	834,738	758,995	614,962	530,728	428,163	354,802	283,967	234,079	219,697	430,948	708,262	1,076,226	859,998	525,561	43,165
Admin Checking	157,676	99,363	38,155	66,032	26,315	26,316	756,379	1,007,808	1,429,800	834,738	758,995	614,962	530,728	428,163	354,802	283,967	234,079	219,697	430,948	708,262	1,076,226	859,998	525,561	43,165
KMIT Claims Fund (KCF)																								
Claims Account	617,158	292,834	437,404	927,412	620,803	620,803	916,848	1,873,340	2,184,922	1,739,923	333,513	953,807	654,244	598,584	574,353	566,173	372,993	539,135	2,566,118	3,609,069	3,356,821	2,765,303	1,909,755	884,370
TPA Claims Checking Account	110,386	244,843	219,388	58,669	35,387	35,387	210,174	63,920	184,669	152,171	200,914	71,336	321,905	89,682	127,454	199,161	52,523	77,000	252,457	162,189	274,153	262,147	296,457	393,557
Claims Checking	727,544	537,677	656,792	986,081	656,190	656,190	1,127,022	1,937,260	2,369,591	1,892,094	534,427	1,025,144	976,150	688,266	701,807	765,335	425,515	616,135	2,818,574	3,771,258	3,630,973	3,027,450	2,206,212	1,277,928
INVESTMENTS																								
All Investments	13,617,000	13,617,000	13,369,000	12,619,000	12,613,000	12,613,000	11,767,000	12,573,000	13,071,000	13,320,000	14,430,000	13,684,000	13,684,000	13,684,000	13,435,000	13,186,000	13,186,000	12,883,596	11,433,000	12,818,000	13,168,000	13,662,000	14,650,000	15,292,000
TOTAL CASH	14,502,220	14,254,040	14,063,947	13,671,112	13,295,505	13,295,506	13,650,401	15,518,067	16,870,392	16,046,832	15,723,422	15,324,105	15,190,878	14,800,429	14,491,609	14,235,302	13,845,595	13,719,428	14,682,522	17,297,520	17,875,199	17,549,448	17,381,774	16,613,093
	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16	1/31/17	2/28/17	3/31/17	4/30/17	5/31/17



KMIT Total Cash and Investments

January 2010 - May 2017





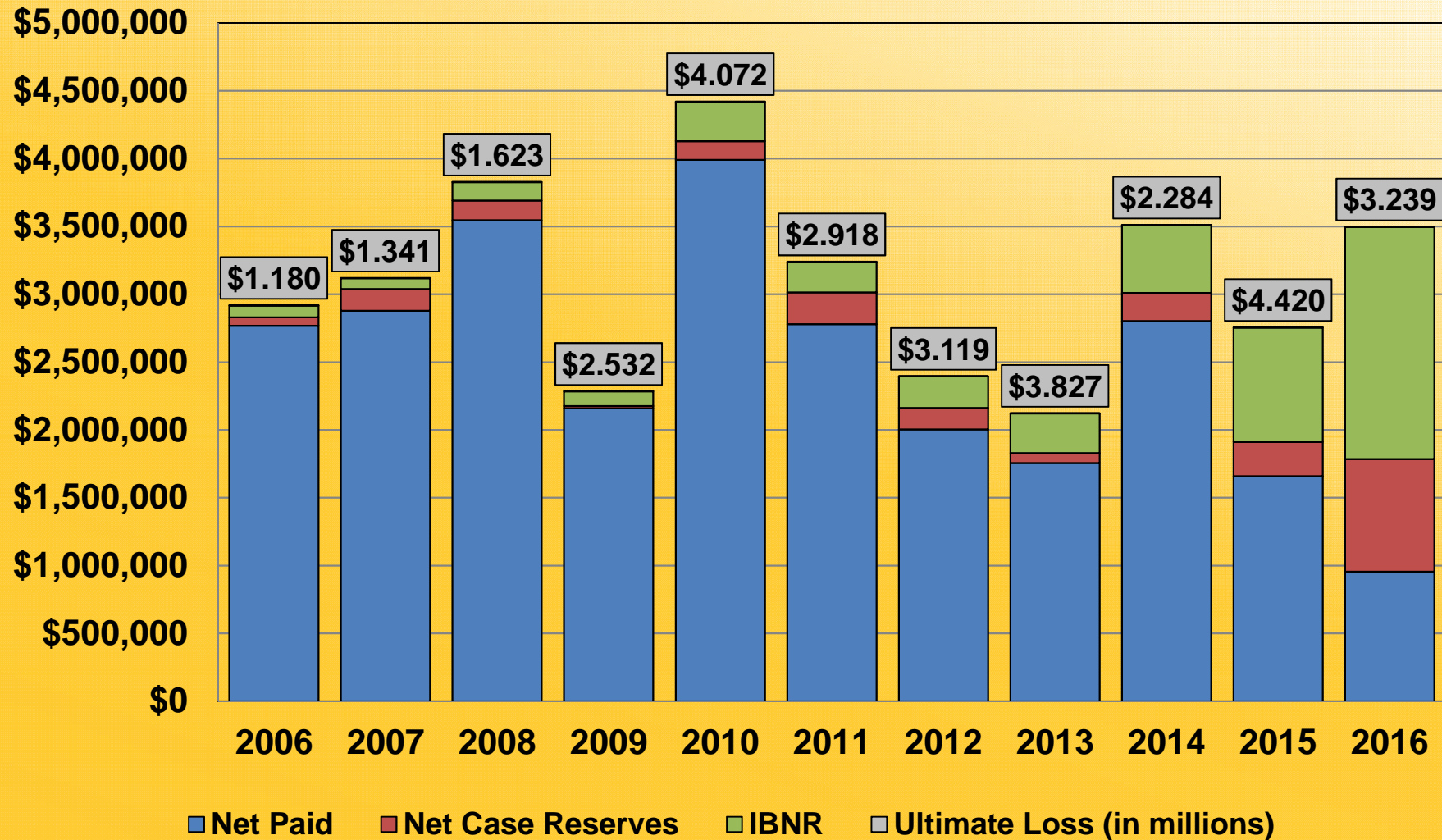
Kansas Municipal Insurance Trust Actuarial Analysis As of 12/31/2016

Prepared By: Milliman, Inc.



Providing Workers Compensation Insurance To Kansas Cities Since 1994

Breakdown of Ultimate Loss by Year



KMIT NET ULTIMATE LOSS & ALAE LIMITED TO AGGREGATE RETENTIONS			
Accident Year	Selected @ 12/31/16	Selected @ 12/31/15	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	1,328,630	1,328,630	0
1999	1,540,262	1,540,262	0
2000	1,582,392	1,588,723	(6,331)
2001	1,180,293	1,180,293	0
2002	1,340,826	1,340,826	0
2003	1,623,367	1,623,367	0
2004	2,532,173	2,498,969	33,204
2005	4,072,468	4,024,900	47,568
2006	2,917,637	2,905,173	12,464
2007	3,119,365	3,116,175	3,190
2008	3,827,405	3,754,393	73,012
2009	2,284,057	2,333,322	(49,265)
2010	4,419,595	4,220,269	199,326
2011	3,238,534	3,045,103	193,431
2012	2,395,507	2,263,115	132,392
2013	2,122,197	2,209,964	(87,767)
2014	3,510,038	3,532,764	(22,726)
2015	2,754,873	3,542,932	(788,059)
2016	3,496,226	3,714,015	(217,789)
Total	\$53,511,244	\$53,988,594	\$(477,350)



Looking forward



KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

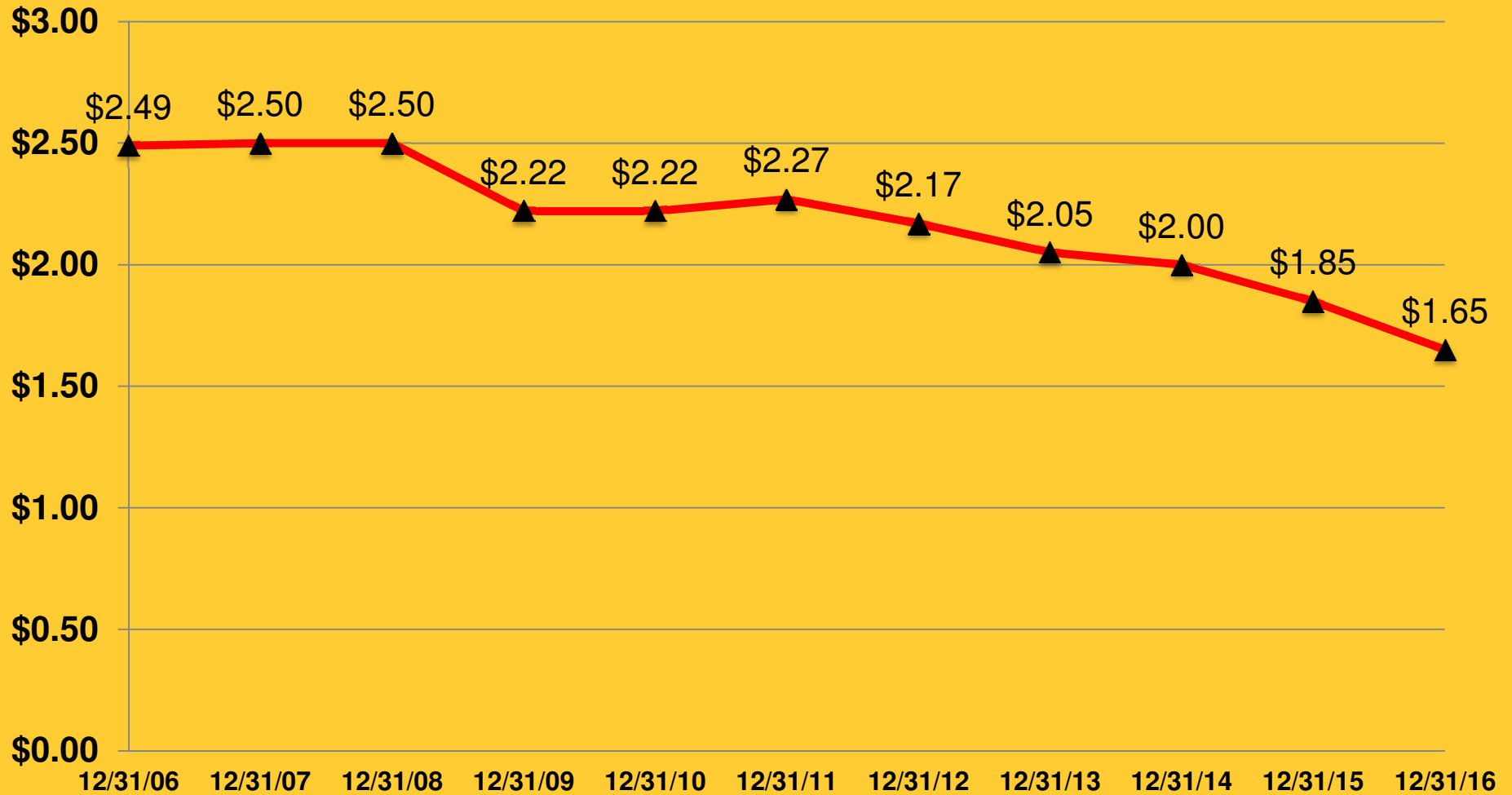
Workers' Compensation Projected 2017 Ultimate Loss & ALAE

	(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	\$2,917,637	\$1,399,227	2.09	1.000	1.057	1.00	2.21
2007	3,119,365	1,485,167	2.10	1.000	1.048	1.00	2.20
2008	3,827,405	1,588,854	2.41	1.000	1.024	1.00	2.47
2009	2,284,057	1,594,082	1.43	1.000	1.019	1.00	1.46
2010	4,419,595	1,606,836	2.75	1.000	1.028	1.00	2.83
2011	3,238,534	1,534,033	2.11	1.000	1.022	1.00	2.16
2012	2,395,507	1,596,327	1.50	1.000	1.017	1.00	1.53
2013	2,122,197	1,717,948	1.24	1.000	1.014	1.00	1.26
2014	3,510,038	1,987,456	1.77	1.000	1.000	1.00	1.77
2015	2,754,873	1,995,343	1.38	1.000	1.002	1.00	1.38
2016	3,496,226	2,078,833	1.68	1.000	1.000	1.00	1.68
Total	\$34,085,434	\$18,584,106	1.83			Weighted Average	1.87
						Avg L5	1.52
						Avg L3	1.61
						NCCI Kansas	1.42
(8)	2017 Selected Net Pure Premium						1.65
(9)	2017 Projected Payroll (\$00's)						\$2,242,779
(10) = (8) x (9)	Estimated KMIT 2017 Ultimate Losses and ALAE (Prior to Aggregate Excess Insurance)						\$3,700,585
(11)	Aggregate Retention Factor for 2017						0.97
12) = (10) x (11)	Estimated KMIT 2017 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,589,567
(13)	Discount Factor at 0.69%						0.981
14) = (12) x (13)	Present Value of Estimated KMIT 2017 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,521,365

* Based on Kansas NCCI Filing.

** Trended at 0.0% per year.

Projected Loss Rate by Report Valuation Date



▲ Projected Loss Rate



Providing Workers Compensation Insurance To Kansas Cities Since 1994

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Columbus
Claim No.: 2015070934
Employee Age: 51
AWW: \$477.33
Attorneys: Employee Y-Bill Phalen
Adjuster: Gene Miller

Date of Injury: 4/17/2015
Job Description: Animal Control
Updated: 6/12/2017
TTD Rate: \$318.22
Employer: Y-Ron Laskowski

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$1,200.00	\$2,500.00	\$100.00	\$3,800.00
New Reserves	\$25,000.00	\$22,000.00	\$7,500.00	\$54,500.00
Amount Paid	\$11,327.05	\$6,091.64	\$3,006.93	\$20,425.62
Outstanding	\$13,672.95	\$15,908.36	\$4,493.07	\$34,074.38

Accident Description/Nature of Injury:

- Claimant alleged bilateral hand numbness associated with his duties as an animal control officer.

Investigation/Compensability

- The injuries were initially denied based on negative prevailing factor opinion from Dr. Grantham. Claimant retained an attorney who obtained another doctor's opinion. The judge ordered an IME who opined the work injury was the prevailing factor for claimant's hand condition.

Medical Management

- Dr. Grantham did bilateral CTS surgery on each wrist and released him at MMI on 5/25/17. Claimant reports he continues to be unable to fully flex his index and long fingers on his left hand and that he has been evaluated in KC for cervical degeneration.
- Defense counsel believes we will soon receive a medical opinion associating the left hand symptoms with his cervical degeneration.

Periods of Disability

- 11/30/16 to 4/13/17

Indemnity

- TTD: No additional reserves posted for TTD.
- PPD: Reserves reflect 12% to Body.

Subrogation/Other Issues

- No source for subrogation or contribution. Claimant's attorney describes claimant as 'special needs' and since the city has let him go, we may face a work disability claim.

Plan of Action:

- We will continue to defend this claim by obtaining a medical opinion that the cervical degeneration is unrelated to his work injury. Disability ratings will be obtained when necessary, negotiations commenced, settlement authority sought, settlement reached and approval from Division obtained.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of El Dorado
Claim No.: 2016074411
Employee Age: 45
AWW: \$92.69
Attorneys: Employee -N0
Adjuster: Gene Miller

Date of Injury: 7/23/16
Job Description: Janitor
Updated: 5/10/17
TTD Rate: \$61.79
Employer -No

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$1,200.00	\$0.00	\$100.00	\$1,300.00
New Reserves	\$40,500.00	\$5,000.00	\$1,500.00	\$47,000.00
Amount Paid	\$40,000.78	\$4,339.24	\$522.89	\$44,892.91
Outstanding	\$499.22	\$660,76	\$947.11	\$2,107.09

Accident Description/Nature of Injury:

- Claimant was lifting a portion of a stage so another employee could replace a leg and felt pain in her right shoulder.

Investigation/Compensability

- The accident was witnessed, reported promptly and not questioned.

Medical Management

- Conservative care failed to relieve her symptoms and a MRI was performed which revealed a partial thickness tear of supraspinatus tendon and full thickness tear of rotator cuff. She was referred to Dr. Do who repaired on 11/14/16.

Periods of Disability

- 7/25/16 to 4/5/17

Indemnity

- TTD: \$2,339.24
- PPD: \$2,000.00

Subrogation/Other Issues

- No source for subrogation or contribution.

Plan of Action:

- Dr. Do released and rated her at 6% body, due to neck involvement. A full and final settlement of \$2,000 was reached and Division approval on 5/8/17.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Wellington
Claim No.: 2016075384
Employee Age: 33
AWW: \$474.23
Attorneys: Employee -No
Adjuster: Gene Miller

Date of Injury: 12/7/2016
Job Description: Sanitation Dept
Updated: 6/5/2017
TTD Rate: \$316.16
Employer -No

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$1,200.00	\$0.00	\$100.00	\$1,300.00
New Reserves	\$35,000.00	\$25,000.00	\$1,200.00	\$61,500.00
Amount Paid	\$15,667.61	\$8,174.99	\$205.22	\$24,047.82
Outstanding	\$19,332.39	\$16,825.01	\$1,297.78	\$37,452.18

Accident Description/Nature of Injury:

- Claimant fell off the back of the city trash truck and injured his right ankle and knee.

Investigation/Compensability

- The accident was witnessed, promptly reported and accepted as compensable.

Medical Management

- Conservative care failed to relieve his symptoms and he was referred to Mid-America Orthopedics where he continues to treat for his right ankle and knee. MRI of knee reveals tear of medical meniscus and surgery performed 4/24/17. He continues to have painful catching and popping which limits his activity and is proceeding to right ankle arthroscopy scheduled 6/23/17.

Periods of Disability

- 12/8/2016 to present. He was released to modified duty 1/10/17 but the city could not accommodate.

Indemnity

- TTD: Reserves reflect an additional 12 weeks.
- PPD: Reserves reflect 20% to leg.

Subrogation/Other Issues

- No source for subrogation or contribution. There is a child support lien we need to protect.

Plan of Action:

- I continue to closely monitor his medical recovery, following up with him after every doctor's visit. My efforts for early return to work have failed but will continue to make sure they have his restrictions after every doctor's visit.
- When he is released from care, I will request a disability rating, obtain settlement authority, negotiate a settlement, obtain Division approval and close file.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Garden City
Claim No.: 2017076410
Employee Age: 30
AWW: \$1,300.43
Attorneys: Employee NA
Adjuster: Gene Miller

Date of Injury: 4/30/2017
Job Description: Electrician
Updated: 5/22/2017
TTD Rate: \$627.00
Employer NA

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$1,200.00	\$0.00	\$100.00	\$1,300.00
New Reserves	\$100,000.00	\$31,000.00	\$5,000.00	\$136,000.00
Amount Paid	\$486.32	\$1,881.00	\$0.00	\$2,367.32
Outstanding	\$99,513.68	\$29,119.00	\$5,000.00	\$133,632.68

Accident Description/Nature of Injury:

- Claimant was repairing electrical lines after 12" snow. He was in the bucket of a Limited Access Machine repairing lines. He was being lowered to the ground when the machine tipped over and he fractured his left hip.

Investigation/Compensability

- The accident was witnessed by several coworkers, the injury not questioned and accepted as compensable.

Medical Management

- He was initially taken to the Garden City Hospital but then transported to Via Christi Hospital in Wichita where his hip was pinned by Dr. Dart. He is currently home recovering and is off work.

Periods of Disability

- 5/1/17 to present

Indemnity

- TTD: Reserves reflect 8 weeks.
- PPD: Reserves reflect 10% BAW.

Subrogation/Other Issues

- We have an on-going investigation into the reason the Limited Access Machine tipped over to explore possible subrogation. No other issues.

Plan of Action:

- I am maintaining close contact with claimant and following up after every doctor appointment. I will strive for early return to work. When he is released from medical care, I will request a disability rating, obtain settlement authority, negotiate settlement, obtain Division approval and close file.

CLAIM SUMMARY-RESERVE INCREASE

Employer: City of Pittsburgh
Claim No.: 2014048188
Employee Age: 35
AWW: \$228.00
Attorneys: Employee Y- Bill Phalen
Adjuster: Gene Miller

Date of Injury: 5/5/2014
Job Description: Seasonal Park
Updated: 6/12/2017
TTD Rate: \$152.00
Employer Y-Ron Laskowski

	Medical	Indemnity	Expense	Total
Prev. Reserves	\$1,200.00	\$0.00	\$100.00	\$1,300.00
New Reserves	\$20,000.00	\$10,000.00	\$3,500.00	\$33,500.00
Amount Paid	\$18,125.62	\$0.00	\$990.29	\$19,115.91
Outstanding	\$1,874.38	\$10,000.00	\$2,509.71	\$14,384.09

Accident Description/Nature of Injury:

- Claimant was weed eating when he stepped in a hole with is right foot. He claimed injury to his low back and right hip. He continued to work until laid off at the end of the season.

Investigation/Compensability

- The accident was not questioned and he declined medical treatment. He came forward in July requesting treatment and was questioned how he was able to continue such a physically demanding job for two months without medical care. The authorized doctor related the symptoms to the work injury and compensability was accepted.

Medical Management

- He has completed a course of physical therapy, received several SI joint injections, two trigger point injections and a radiofrequency ablation by Dr. Cayme. He was declared MMI by Dr. Do on 3/24/2016.

Periods of Disability

- None.

Indemnity

- TTD: Reserves reflect no TTD.
- PPD: Reserves reflect 15% Body.

Subrogation/Other Issues

- No source for subrogation or contribution.

Plan of Action:

- We have obtained a 1% BAW rating from Dr. Do. Claimant's attorney has not presented a rating or demand to date. Once the above has been received, we will evaluate the case value for settlement, obtain settlement authority if necessary, negotiate a full/final settlement of all issues, obtain Division approval and close file.

KMIT Risk Control Valued as of 5/31/2017

Comparison by Year

Policy Year	Severity	Frequency
2011	\$3,013,083	635
2012	\$2,155,958	598
2013	\$1,890,806	696
2014	\$3,312,744	742
2015	\$1,948,666	724
2016	\$1,716,632	774
2017	\$749,113	284

2017 by Month

Month	Severity	Frequency
January	\$133,911	49
February	\$133,947	45
March	\$165,286	59
April	\$184,618	54
May	\$131,350	77
Totals	\$749,113	284

2017 by Department

Department Name+	Severity	Frequency
Electric	\$160,482	11
Fire	\$123,156	41
Police	\$120,714	72
Water	\$76,764	23
Public Works	\$60,002	26
Municipality	\$52,000	4
Maintenance	\$36,415	14
Parks	\$34,356	16
Sanitation	\$25,933	10
Cemetery	\$19,777	2
Street	\$13,322	21
Administration	\$7,809	12
Emergency	\$3,900	3
All Other	\$2,770	9
Animal Control/Shelter	\$2,605	8
Zoo	\$1,305	4
Golf Course	\$1,302	2
Library	\$1,302	2
Housing Administration	\$1,300	1
Plant Operator	\$1,300	1
Public Utilities	\$1,300	1
Senior Center	\$1,300	1
Totals	\$749,113	284

2017 by Accident Type

Accident Type	Severity	Frequency
Occupational Hazard	\$271,011	67
Fall or Slip	\$173,844	47
Strain or Injury By	\$132,036	37
Cut/Puncture/Scrape	\$53,849	34
Striking Against/Stepping On	\$31,850	4
Foreign Body in Eye	\$21,214	21
Occupational Hazards: Rep. Motion	\$19,274	11
Struck or Injured By	\$12,508	16
Robbery or Criminal Assault	\$9,463	5
Motor Vehicle	\$6,505	12
Animal or Insect	\$5,205	11
Miscellaneous	\$4,547	4
Caught In or Between	\$3,906	10
Burn or Scald	\$1,300	3
Electric Shock	\$1,300	1
Miscellaneous Causes	\$1,300	1
Totals	\$749,113	284

**2017 Claims Over \$10,000
Valued as of 5/31/2017**

Rank	Accident Date	City	Department	Accident Type	Current Cost
1	4/30/2017	Garden City	Electric	Occupational Hazard	\$136,000
2	5/2/2017	Fort Scott	Police	Occupational Hazard	\$41,000
3	2/14/2017	Bonner Springs	Public Works	Strain or Injury By	\$31,000
4	1/19/2017	Atchison	Municipality	Strain or Injury By	\$30,500
5	3/17/2017	Larned	Fire Department	Fall or Slip	\$29,000
6	3/8/2017	Sterling	Maintenance	Fall or Slip	\$26,400
7	2/10/2017	Minneapolis	Water	Fall or Slip	\$21,750
8	5/1/2017	Haysville	Municipality	Fall or Slip	\$21,500
9	1/22/2017	Andover	Fire	Occupational Hazard	\$21,023
10	3/23/2017	Oswego	Water	Striking Against/Stepping On	\$21,000
11	2/6/2017	Larned	Cemetery	Cut/Puncture/Scrape	\$19,777
12	2/24/2017	Parsons	Water	Strain or Injury By	\$18,500
12	3/5/2017	Belleville	Fire	Strain or Injury By	\$18,500
14	1/6/2017	Hays	Police	Occupational Hazard	\$16,000
15	1/16/2017	Russell	Electric	Fall or Slip	\$13,000
16	2/2/2017	Wellington	Sanitation	Fall or Slip	\$11,000
				Total Cost of All \$10K+ Claims:	\$475,949
				Avg. Cost of All \$10K+ Claims:	\$29,747

2017 Claims Over \$10,000

Accident Type	Current Cost	Frequency	Average Cost Per Claim	Percentage of Costs
Occupational Hazards	\$255,523.00	5	\$51,104.60	44.65%
Fall or Slip Injury	\$145,912.00	7	\$20,844.57	25.50%
Strain or Injury By	\$98,500.00	4	\$24,625.00	17.21%
Struck or Injured By	\$23,500.00	1	\$23,500.00	4.11%
Step/Strike Against	\$21,000.00	1	\$21,000.00	3.67%
Rep. Motion	\$15,000.00	1	\$15,000.00	2.62%
Cut/Puncture/Scrape By	\$12,866.00	1	\$12,866.00	2.25%
Total	\$572,301.00			

Department	Current Cost	Frequency	Average Cost Per Claim	Percentage of Costs
Electric	\$173,762.00	3	\$57,920.67	30.36%
Police	\$113,500.00	4	\$28,375.00	19.83%
Water	\$61,250.00	3	\$20,416.67	10.70%
Municipality	\$52,000.00	2	\$26,000.00	9.09%
Fire	\$39,523.00	2	\$19,761.50	6.91%
Public Works	\$31,000.00	1	\$31,000.00	5.42%
Fire Department	\$29,000.00	1	\$29,000.00	5.07%
Maintenance	\$26,400.00	1	\$26,400.00	4.61%
Park	\$22,000.00	1	\$22,000.00	3.84%
Cemetery	\$12,866.00	1	\$12,866.00	2.25%
Sanitation	\$11,000.00	1	\$11,000.00	1.92%
Total	\$572,301.00			

KMIT Trustee Terms, 2001 - Present

pos	Name	City	Title	Appointed	Elect 1	Elect 2	Elect 3	Elect 4	term limit date	End Date
1	Gary Meagher	Lindsborg	City Administrator	Jun-98						Aug-98
1	Ron Pickman	Goodland	City Manager	N/A	Oct-98	Oct-00	Oct-02			Oct-04
1	Cheryl Beatty [3]	Eudora	City Manager	N/A	Oct-04	Oct-06	Oct-08			Apr-09
1	Herb Llewellyn	El Dorado	City Manager	Jun-09	Oct-09 [1]	Oct-10	Oct-12			Oct-14
1	David Dillner	Abilene	City Manager	N/A	Oct-14	Oct-16	Oct-18		Oct-20	
2	Nancy Calkins	Ft. Scott	City Clerk	N/A	Oct-00					May-01
2	Keith DeHaven	Sedgwick	Mayor	Jun-01	Oct-01	Oct-03	Oct-05			Jun-07
2	Sasha Stiles	Andover	City Administrator	N/A	Oct-07	Oct-09	Oct-11			Oct-13
2	Kathy Axelson	Rose Hill	City Administrator	N/A	Oct-13					Mar-14
2	Randy Frazer	Moundridge	City Adm/City Clerk	May-14	Oct-14 [1]	Oct-15	Oct-17	Oct-19	Oct-21	
3	Cherise Tieben	Dodge City	HR Director	Jun-99	Oct-00					Oct-01
3	Larry Kenton	Dodge City	Risk Mgr	Oct-01?	Oct-01*					Apr-02
3	Howard Partington	Great Bend	City Administrator	Apr-02	Oct-02	Oct-04	Oct-06			Oct-08
3	Jane Longmeyer	Dodge City	HR Officer	N/A	Oct-08	Oct-10	Oct-12			Dec-08
3	Daron Hall	Ulysses	City Administrator	Jun-09	Oct-09 [1]	Oct-10				Mar-12
3	Tim Hardy	Elkhart	City Administrator	Jun-12	Oct-12	Oct-14	Oct-16		Oct-18	
4	Mark Arbuthnot	Abilene	City Manager	?	?					Oct-01
4	Carol Eddington	Oswego	Deputy City Clerk	N/A	Oct-01	Oct-03	Oct-05			Oct-07
4	Bobby Busch	Neodesha	City Clerk	N/A	Oct-07	Oct-09	Oct-11			Oct-13
4	Tim Vandall	Ellsworth	City Administrator	N/A	Oct-13					May-15
4	Janie Cox	Haysville	City Clerk	N/A	Oct-15	Oct-17	Oct-19		Oct-21	
5	Paul Sasse	Independence	City Manager	?	?					Oct-01
5	Cheryl Lanoue	Concordia	City Clerk	N/A	Oct-01	Oct-03	Oct-05			Aug-06
5	Sharon Brown	Clay Center	Mayor	N/A	Oct-06 [1]	Oct-07	Oct-09			Apr-11
5	Debbie Price	Marysville	City Clerk	Apr-11	Oct-11	Oct-13	Oct-15		Oct-17	
6	Jane Henry	Derby	Environ/Safety Dir	N/A	Oct-96	Oct-98				May-00
6	Shawne Boyd	Derby	HR Coord	?-00	Oct-00					Oct-02
6	David Alfaro	Augusta	Assist. City Mgr.	N/A	Oct-02	Oct-04				Apr-06
6	Steve Archer	Arkansas City	City Manager	Apr-06	Oct-06	Oct-08	Oct-10			Dec-10
6	Debra Mootz	Roeland Park	City Clerk/DOF	Dec-10	Oct-11 [1]	Oct-12				Aug-14
6	Nathan McCommon	Tonganoxie	City Manager	N/A	Oct-14	Oct-16	Oct-18			Oct-16
6	Mike Webb	Edwardsville	City Manager	N/A	Oct-16	Oct-18	Oct-20		Oct-22	
7	Max Mize	Kingman	Mayor	N/A	Oct-96	Oct-98	Oct-00			Apr-01
7	Gary Hobbie	Russell	City Manager	Jun-01	Oct-01*	Oct-02	Oct-04	Oct-06		Oct-07
7	Larry Paine	Hillsboro	City Administrator	N/A	Oct-07 [1]	Oct-08	Oct-10	Oct-12		Oct-14
7	Kerry Rozman	Clay Center	City Clerk	N/A	Oct-14	Oct-16	Oct-18		Oct-20	
8	Ted Stolfus	Bonner Spgs	Mayor	May-97	Oct-99					Apr-01
8	Nancy Calkins	Mission	City Clerk	Jun-01	Oct-01 [4]	Oct-02				Oct-04
8	Ty Lasher	Cheney	City Administrator	N/A	Oct-04	Oct-06				Jun-07
8	Toby Dougherty	Hays	City Manager	Jun-07	Oct-07 [1]	Oct-08	Oct-10	Oct-12		Oct-11
8	Keith Schlaegel	Stockton	City Manager	N/A	Oct-11 [1]	Oct-12	Oct-14	Oct-16	Oct-18	
9	Carl Myers	Wellington	City Manager	Jul-97	Oct-97	Oct-99				Oct-01
9	Rhonda Schuetz	Hiawatha	City Clerk	N/A	Oct-01	Oct-03				Sep-04
9	Lana McPherson	De Soto	City Clerk	N/A	Oct-04 [1]	Oct-05	Oct-07	Oct-09		Oct-11
9	Claudia Smith	Bonner Spgs	Mayor	N/A	Oct-11	Oct-13	Oct-15			Apr-13
9	Fred Gress	Parsons	City Manager	Apr-13	Oct-13					Aug-14
9	Ty Lasher	Bel Aire	City Manager	N/A	Oct-14 [1]	Oct-15	Oct-17	Oct-19	Oct-21	
10	Tim Richards	Newton	Commissioner	Jul-97	Oct-97					Apr-99
10	Willis Heck	Newton	Mayor	May-99	Oct-99	Oct-01				Oct-03
10	Linda Jones	Osage City	City Clerk	N/A	Oct-03	Oct-05	Oct-07			Oct-09
10	Doug Gerber	Goodland	City Manager	Oct-09	Oct-11	Oct-13				Apr-14
10	Megan Fry	Pittsburg	HR Director	Mar-14	Oct-14 [1]	Oct-15	Oct-17	Oct-19		Jan-15
10	Jay Byers	Pittsburg	Assist. City Mgr.	Mar-15	Oct-15					Mar-16
10	Carey Steier	Pittsburg	HR Mgr.	Mar-16	Oct-16	Oct-17	Oct-19		Oct-21	
11	Jim Beadle	De Soto	Mayor	Jan-94	?					Jan-97
11	Kelly DeMeritt	Atchison	Assist. City Mgr	May-97	Oct-97	Oct-99	Oct-01			Oct-03
11	Bill Powers	Ulysses	City Administrator	N/A	Oct-03					Jan-04
11	Bud Newberry [2]	Derby	City Planner	Jan-04	Oct-04	Oct-05	Oct-07			Oct-09
11	Mac Manning	Peabody	City Adm/Clerk	Oct-09	Oct-11					Dec-12
11	Michelle Stegman	Garden City	HR Director	Jan-13	Oct-13					Apr-15
11	Michael Reagel	Garden City	Police Captain	May-15	Oct-15	Oct-17			Oct-19	

[1] one-year term

[2] appointed to Board while at Elkhart (Jan. '04); moved on to Ulysses in June '04; moved on to Derby in Dec '07

[3] first elected to the Board while in Kingman; moved on to Eudora in July '05

[4] first elected to the Board while in Ft. Scott

Non-Agenda Information and Background Material

KANSAS MUNICIPAL INSURANCE TRUST

Board of Trustees Minutes from February 24, 2017

Approved in Marysville, April 28, 2017

Meeting Convened: Friday, February 24, 2017, at the offices of AG360 Insurance Agency, in Moundridge, KS. The meeting was called to order by KMIT President Debbie Price at 9:06 AM.

Members Present: *Board Members Present:* President Price (Marysville), Vice President Randy Frazer (Moundridge), Treasurer David Dillner (Abilene), Immediate Past President Tim Hardy (Elkhart), Kerry Rozman (Clay Center), Ty Lasher (Bel Aire), Michael Reagle (Garden City), Janie Cox (Haysville), Carey Steier (Pittsburg), Keith Schlaegel (Stockton), and Michael Webb (Edwardsville) *Staff:* Paul Davis (CORnerstone), Gene Miller (TRISTAR), Jess Cornejo (CORnerstone), Deanna Furman (CORnerstone), Barbie Kifer (CORnerstone), Chris Retter (IMA) and Don Osenbaugh (KMIT Pool Administrator). *Guest:* Greg Nelson (Commerce Bank).

Members Absent From Meeting: None.

Minutes: December 16, 2016, Wichita (IMA): Motion to approve, as corrected, by Dillner; seconded by Rozman. Approved unanimously.

Financial Reports:

- a. December 31, 2016 Financials
- b. January 31, 2017 Financials
- c. "Unaudited" Fourth Quarter (12/31) 2016 KID Report
- d. January 31, 2017 Cash and Investment Summary

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

Reserve Advisory and Settlement Authority:

Miller reported on the following claims:

1. Claim #2016073948 (Edwardsville). Reserve increase advisory only.
2. Claim #2016072925 (Hoisington). Reserve increase advisory only.
3. Claim #2015072704 (Pittsburg). Reserve increase advisory only.

Loss Control Activities: Retter presented the loss control review. This status report is given at each Board meeting.

By-Laws Revision Discussion: Osenbaugh briefly discussed the need to get going on the By-Laws revision, and suggested that a committee be appointed to meet with Osenbaugh to write a first draft. President Price appointed the following volunteers: VP Frazer (committee chair), Dillner, Hardy and Cox.

Pool Performance History: Cornejo presented this annual report, which gives a long view of the loss history of the pool.

Annual Marketing Review: Presented by Osenbaugh, this review is intended to bring the Board up to date on the Primary Market of the Pool, and what this year's 'scouting report' looks like.

Annual Investment Update: Presented by KMIT's investment advisor, Greg Nelson, of Commerce Bank. This annual report is required by board policy.

Other Business: Osenbaugh reviewed the documents in the off-agenda section of the packet.

Adjournment: Motion to adjourn by Dillner; second by Rozman. Unanimous. Adjourned at 12:11 PM.



KANSAS MUNICIPAL INSURANCE TRUST

ACTUARIAL ANALYSIS OF FUNDING AND UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2016

Prepared for:

Mr. Don Osenbaugh
Pool Administrator

Prepared by:

Milliman, Inc.

Mindy M. Steichen, FCAS, MAAA
Consulting Actuary

March 27, 2017

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KANSAS MUNICIPAL INSURANCE TRUST

**ACTUARIAL ANALYSIS OF
FUNDING AND UNPAID CLAIM LIABILITIES
AS OF DECEMBER 31, 2016**

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KANSAS MUNICIPAL INSURANCE TRUST

ACTUARIAL ANALYSIS OF FUNDING AND UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2016

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, 2016;
- Provide funding estimates for 2017; 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, 2016 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.

Since our analysis as of December 31, 2015, we have reduced the pure premium trend from 1.0% to 0.0%. There have been no other material changes in procedures, methodology or significant assumptions used in deriving our estimates since our last analysis performed as of December 31, 2015.

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. Certain items are not considered, specifically administrative costs and the overhead costs of claims handling (commonly referred to as unallocated loss adjustment expenses or ULAE).

Mindy M. Steichen is a Fellow of the Casualty Actuarial Society and Member of the American Academy of Actuaries (AAA) and meets the Qualification Standards of the AAA to render the actuarial opinion contained herein.

LIMITED DISTRIBUTION OF RESULTS

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 \$477,000 since our last analysis. Favorable experience in the 2013 through 2016 accident years, was partially offset by adverse development in most of the 2004 through 2012 accident years.

KMIT NET ULTIMATE LOSS & ALAE LIMITED TO AGGREGATE RETENTIONS			
Accident Year	Selected @ 12/31/16	Selected @ 12/31/15	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	1,328,630	1,328,630	0
1999	1,540,262	1,540,262	0
2000	1,582,392	1,588,723	(6,331)
2001	1,180,293	1,180,293	0
2002	1,340,826	1,340,826	0
2003	1,623,367	1,623,367	0
2004	2,532,173	2,498,969	33,204
2005	4,072,468	4,024,900	47,568
2006	2,917,637	2,905,173	12,464
2007	3,119,365	3,116,175	3,190
2008	3,827,405	3,754,393	73,012
2009	2,284,057	2,333,322	(49,265)
2010	4,419,595	4,220,269	199,326
2011	3,238,534	3,045,103	193,431
2012	2,395,507	2,263,115	132,392
2013	2,122,197	2,209,964	(87,767)
2014	3,510,038	3,532,764	(22,726)
2015	2,754,873	3,542,932	(788,059)
2016	3,496,226	3,714,015	(217,789)
Total	\$53,511,244	\$53,988,594	\$(477,350)

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, 2016:

KMIT NET UNPAID CLAIM LIABILITIES AS OF DECEMBER 31, 2016			
Accident Year	Case Reserves	IBNR*	Total Unpaid
1994	\$0	\$0	\$0
1995	0	0	0
1996	0	0	0
1997	0	0	0
1998	0	0	0
1999	8,534	(8,559)	(25)
2000	13,846	1,584	15,430
2001	0	0	0
2002	0	0	0
2003	0	0	0
2004	58,951	44,482	103,433
2005	112,798	75,825	188,623
2006	62,730	87,556	150,286
2007	160,321	80,219	240,540
2008	144,446	136,050	280,496
2009	16,815	107,814	124,629
2010	138,121	290,093	428,214
2011	233,436	225,498	458,934
2012	159,702	232,684	392,386
2013	73,659	291,880	365,539
2014	207,832	499,558	707,390
2015	250,120	844,881	1,095,001
2016	830,501	1,710,564	2,541,065
Total	\$2,471,812	\$4,620,129	\$7,091,941

* The 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, 2017 to December 31, 2017 fund year is \$3.59 million on an undiscounted basis and \$3.52 million discounted at a yield rate of 0.69%. The following table displays our estimated funding amounts at various probability levels:

KMIT 2017 FUND YEAR LIMITED TO \$750,000 PER OCCURRENCE AND \$6,943,995 AGGREGATE RETENTION		
Probability Level	Undiscounted	Discounted @ 0.69%
95%	\$6,943,995	\$6,812,059
85%	5,635,620	5,528,543
75%	4,522,854	4,436,920
65%	3,804,941	3,732,647
Actuarial Central Estimate	\$3,589,567	\$3,521,365

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, 2016 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, 2016.

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 2016 were based on our December 31, 2015 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, 2016.

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, 2016 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, 2016.

The negative IBNR amount in the 1999 fund year is due to the fact that incurred losses exceed the aggregate retention for that year. 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 1999 reflects aggregate recoveries already received of \$112,699. Additional recoveries are expected.

FUNDING ANALYSIS

Exhibit 10 derives our projection of KMIT's ultimate losses for accident year 2017. 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 2016. These pure premiums were adjusted for:

- Changes in the self-insured retention;
- Changes in benefit levels (Exhibit 11); and
- Trends in average claim costs (0.0% per year).

The selected 2017 pure premium (row 8) was multiplied by the projected 2017 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 95th 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

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.

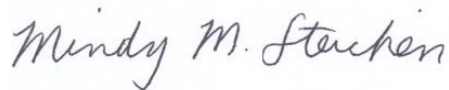
Finally, KMIT insures part of its exposure to limit its liability for losses. Our estimates are presented on a net basis with respect to excess and aggregate insurance recoverables. We have not made any provisions for uncollectible excess or aggregate insurance.

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,



Mindy M. Steichen, FCAS, MAAA
Consulting Actuary

MMS/bas

cc: Deanna Furman
Debbie James

March 27, 2017

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KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation Summary of Excess Insurance Program

Insurance Period	Per Claim Retention	Aggregate Retention	Excess Insurance Policy Limit
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	6,550,307	3,000,000
1/01/15-12/31/15	750,000	6,994,827	3,000,000
1/01/16-12/31/16	750,000	6,923,594	3,000,000
1/01/17-12/31/17	\$750,000	\$6,943,995	\$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

[illegible][illegible]

* 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 12/31/16

		(1)	(2)	(3)	(4) = [(1)-(2)]x(3)+(2)
Accident Year	Months of Development	Incurred Loss & ALAE @12/31/16	Incurred Large Loss & ALAE Adjustment	Cumulative Incurred LDF*	Indicated Ultimate Loss & ALAE**
1994	276	\$742,241	\$0	1.000	\$742,241
1995	264	1,103,496	0	1.000	1,103,496
1996	252	836,631	0	1.000	836,631
1997	240	1,895,658	0	1.000	1,895,658
1998	228	1,328,630	0	1.000	1,328,630
1999	216	1,661,520	0	1.000	1,661,520
2000	204	1,580,808	0	1.001	1,582,389
2001	192	1,180,293	0	1.002	1,182,654
2002	180	1,340,826	0	1.003	1,344,848
2003	168	1,623,367	0	1.004	1,629,860
2004	156	2,487,691	0	1.018	2,532,469
2005	144	3,996,643	499,925	1.023	4,077,068
2006	132	2,830,081	0	1.028	2,909,323
2007	120	3,039,146	0	1.033	3,139,438
2008	108	3,691,355	0	1.038	3,831,626
2009	96	2,176,243	0	1.049	2,282,879
2010	84	4,129,502	0	1.068	4,410,308
2011	72	3,013,036	0	1.087	3,275,170
2012	60	2,162,823	0	1.115	2,411,548
2013	48	1,830,317	0	1.156	2,115,846
2014	36	3,010,480	750,000	1.220	3,507,786
2015	24	1,909,992	0	1.287	2,458,160
2016	12	1,785,662	0	1.698	3,032,054
Total		\$49,356,441	\$1,249,925		\$53,291,602

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

** The large claims in the 2005 & 2014 accident years 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	264	276
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	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	1,103,496	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	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	1,895,658	1,895,658	1,895,658	1,895,658	1,895,658
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	1,328,630	1,328,630	1,328,630	1,328,630	1,328,630
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	1,652,961	1,652,986	1,652,986	1,652,986	1,652,986	1,652,986	1,652,986
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	1,564,092	1,566,962	1,566,962	1,566,962	1,566,962	1,566,962	1,566,962	1,566,962
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	1,180,293	1,180,293	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	1,340,825	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	1,340,826	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	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	1,623,367	1,623,367	1,623,367	1,623,367	1,623,367	1,623,367	1,623,367	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	2,410,324	2,428,740	2,428,740	2,428,740	2,428,740	2,428,740	2,428,740	2,428,740	2,428,740	2,428,740	2,428,740	2,428,740
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	3,860,932	3,883,845	3,883,845	3,883,845	3,883,845	3,883,845	3,883,845	3,883,845	3,883,845	3,883,845	3,883,845	3,883,845	3,883,845
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	2,758,786	2,767,351	2,767,351	2,767,351	2,767,351	2,767,351	2,767,351	2,767,351	2,767,351	2,767,351	2,767,351	2,767,351	2,767,351	2,767,351
2007	787,012	1,984,011	2,279,729	2,351,320	2,526,347	2,619,834	2,663,981	2,768,556	2,909,381	2,878,825	2,878,825	2,878,825	2,878,825	2,878,825	2,878,825	2,878,825	2,878,825	2,878,825	2,878,825	2,878,825	2,878,825	2,878,825	2,878,825
2008	1,191,790	2,489,314	2,865,128	3,060,081	3,201,123	3,242,919	3,294,839	3,473,330	3,546,909	3,546,909	3,546,909	3,546,909	3,546,909	3,546,909	3,546,909	3,546,909	3,546,909	3,546,909	3,546,909	3,546,909	3,546,909	3,546,909	3,546,909
2009	730,841	1,582,734	1,831,733	1,946,136	2,099,939	2,143,884	2,154,269	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428	2,159,428
2010	1,125,821	2,295,412	3,059,724	3,408,765	3,596,993	3,707,200	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381	3,991,381
2011	923,653	1,662,070	1,908,433	2,383,873	2,509,948	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600	2,779,600
2012	794,945	1,405,620	1,633,737	1,846,961	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121	2,003,121
2013	678,447	1,493,185	1,658,532	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658	1,756,658
2014	1,390,345	2,546,230	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648	2,802,648
2015	1,003,505	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872	1,659,872
2016	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161	955,161
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 - 264	264 - 276	276 - 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	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	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	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	1.028	1.000	1.000	1.000	1.000	1.000
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	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	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
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	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002
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	1.000	1.000	1.000	1.000	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	1.000	1.000	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	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	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	1.007	1.008	1.008	1.008	1.008	1.008	1.008	1.008	1.008	1.008	1.008	1.008	1.008
2005	2.090	1.145	1.071	1.068	1.030	1.044	1.032	1.007	1.021	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006	1.006
2006	2.198	1.156	1.075	1.058	1.039	1.006	1.037	1.004	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003	1.003
2007	2.521	1.149	1.031	1.074	1.037	1.017	1.039	1.051	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989
2008	2.089	1.151	1.068	1.046	1.013	1.016	1.054	1.021	1.021	1.021	1.021	1.021	1.021	1.021	1.021	1.021	1.021	1.021	1.021	1.021	1.021	1.021	1.021
2009	2.166	1.157	1.062	1.079	1.021	1.005	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002	1.002
2010	2.039	1.333	1.114	1.055	1.031	1.077	1.077	1.077	1.077	1.077	1.077	1.077	1.077	1.077	1.077	1.077	1.077	1.077	1.077	1.077	1.077	1.077	1.077
2011	1.799	1.148	1.																				

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

Workers' Compensation
 Net Ultimate Medical & Indemnity Loss & ALAE Indications
 Paid Loss Development Projection
 Evaluation as of 12/31/16

		(1)	(2)	(3)	(4)	(5) = [(1)-(2)]x(4)+(3)
Accident Year	Months of Development	Paid Loss & ALAE @12/31/16	Paid Large Loss & ALAE Adjustment	Incurred Large Loss & ALAE Adjustment	Cumulative Paid LDF*	Indicated Ultimate Loss & ALAE**
1994	276	\$742,241	\$0	\$0	1.017	\$754,859
1995	264	1,103,496	0	0	1.018	1,123,359
1996	252	836,631	0	0	1.019	852,527
1997	240	1,895,658	0	0	1.020	1,933,571
1998	228	1,328,630	0	0	1.021	1,356,531
1999	216	1,652,986	0	0	1.022	1,689,352
2000	204	1,566,962	0	0	1.023	1,603,002
2001	192	1,180,293	0	0	1.025	1,209,800
2002	180	1,340,826	0	0	1.027	1,377,028
2003	168	1,623,367	0	0	1.030	1,672,068
2004	156	2,428,740	0	0	1.049	2,547,748
2005	144	3,883,845	499,925	499,925	1.054	4,066,577
2006	132	2,767,351	0	0	1.061	2,936,159
2007	120	2,878,825	0	0	1.069	3,077,464
2008	108	3,546,909	0	0	1.079	3,827,115
2009	96	2,159,428	0	0	1.097	2,368,893
2010	84	3,991,381	0	0	1.122	4,478,329
2011	72	2,779,600	0	0	1.153	3,204,879
2012	60	2,003,121	0	0	1.199	2,401,742
2013	48	1,756,658	0	0	1.272	2,234,469
2014	36	2,802,648	750,000	750,000	1.430	3,685,287
2015	24	1,659,872	0	0	1.690	2,805,184
2016	12	955,161	0	0	3.326	3,176,865
Total		\$46,884,629	\$1,249,925	\$1,249,925		\$54,382,808

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

** The large claims in the 2005 & 2014 accident years 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 12/31/16

	(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	Incurred Loss & ALAE @ 12/31/16	Indicated Ultimate Loss & ALAE
				IBNR**		
1994	276	\$742,241	\$0	1.000	\$0	\$742,241
1995	264	1,103,496	0	1.000	0	1,103,496
1996	252	836,631	0	1.000	0	836,631
1997	240	1,895,658	0	1.000	0	1,895,658
1998	228	1,328,630	0	1.000	0	1,328,630
1999	216	1,661,520	0	1.000	0	1,661,520
2000	204	1,588,723	0	1.001	1,587	1,580,808
2001	192	1,180,293	0	1.002	2,356	1,180,293
2002	180	1,340,826	0	1.003	4,010	1,340,826
2003	168	1,623,367	0	1.004	6,468	1,623,367
2004	156	2,498,969	0	1.018	44,186	2,487,691
2005	144	4,024,900	499,925	1.023	79,252	3,996,643
2006	132	2,905,173	0	1.028	79,129	2,830,081
2007	120	3,116,175	0	1.033	99,549	3,039,146
2008	108	3,754,393	0	1.038	137,444	3,691,355
2009	96	2,333,322	0	1.049	108,992	2,176,243
2010	84	4,220,269	0	1.068	268,706	4,129,502
2011	72	3,045,103	0	1.087	243,720	3,013,036
2012	60	2,263,115	0	1.115	233,415	2,162,823
2013	48	2,209,964	0	1.156	298,230	1,830,317
2014	36	3,532,764	750,000	1.220	501,810	3,010,480
2015	24	3,542,932	0	1.287	790,071	1,909,992
2016	12	3,828,881	0	1.698	1,573,945	1,785,662
Total		\$54,577,345	\$1,249,925		\$4,472,870	\$49,356,441
						\$53,829,311

* The A'Priori Ultimate Losses & ALAE are based on Milliman's 12/31/15 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 12/31/16

		(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 @ 12/31/16	Indicated Ultimate Loss & ALAE
1994	276	\$742,241	\$0	1.017	\$12,407	\$742,241	\$754,648
1995	264	1,103,496	0	1.018	19,512	1,103,496	1,123,008
1996	252	836,631	0	1.019	15,600	836,631	852,231
1997	240	1,895,658	0	1.020	37,170	1,895,658	1,932,828
1998	228	1,328,630	0	1.021	27,327	1,328,630	1,355,957
1999	216	1,661,520	0	1.022	35,767	1,652,986	1,688,753
2000	204	1,588,723	0	1.023	35,719	1,566,962	1,602,681
2001	192	1,180,293	0	1.025	28,788	1,180,293	1,209,081
2002	180	1,340,826	0	1.027	35,251	1,340,826	1,376,077
2003	168	1,623,367	0	1.030	47,283	1,623,367	1,670,650
2004	156	2,498,969	0	1.049	116,730	2,428,740	2,545,470
2005	144	4,024,900	499,925	1.054	180,596	3,883,845	4,064,441
2006	132	2,905,173	0	1.061	167,027	2,767,351	2,934,378
2007	120	3,116,175	0	1.069	201,138	2,878,825	3,079,963
2008	108	3,754,393	0	1.079	274,881	3,546,909	3,821,790
2009	96	2,333,322	0	1.097	206,319	2,159,428	2,365,747
2010	84	4,220,269	0	1.122	458,888	3,991,381	4,450,269
2011	72	3,045,103	0	1.153	404,077	2,779,600	3,183,677
2012	60	2,263,115	0	1.199	375,613	2,003,121	2,378,734
2013	48	2,209,964	0	1.272	472,571	1,756,658	2,229,229
2014	36	3,532,764	750,000	1.430	836,775	2,802,648	3,639,423
2015	24	3,542,932	0	1.690	1,446,523	1,659,872	3,106,395
2016	12	3,828,881	0	3.326	2,677,684	955,161	3,632,845
Total		\$54,577,345	\$1,249,925		\$8,113,646	\$46,884,629	\$54,998,275

* The A'Priori Ultimate Losses & ALAE are based on Milliman's 12/31/15 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 12/31/16

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) =Min [(6), (7)]
Accident Year	Incurred Loss & ALAE @ 12/31/16	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	\$742,241	\$754,859	\$742,241	\$754,648	\$742,241	N/A	\$742,241
1995	1,103,496	1,103,496	1,123,359	1,103,496	1,123,008	1,103,496	N/A	1,103,496
1996	836,631	836,631	852,527	836,631	852,231	836,631	\$1,796,589	836,631
1997	1,895,658	1,895,658	1,933,571	1,895,658	1,932,828	1,895,658	1,543,031	1,543,031
1998	1,328,630	1,328,630	1,356,531	1,328,630	1,355,957	1,328,630	1,472,773	1,328,630
1999	1,661,520	1,661,520	1,689,352	1,661,520	1,688,753	1,661,520	1,540,262	1,540,262
2000	1,580,808	1,582,389	1,603,002	1,582,395	1,602,681	1,582,392	1,702,335	1,582,392
2001	1,180,293	1,182,654	1,209,800	1,182,649	1,209,081	1,180,293	2,045,088	1,180,293
2002	1,340,826	1,344,848	1,377,028	1,344,836	1,376,077	1,340,826	2,720,504	1,340,826
2003	1,623,367	1,629,860	1,672,068	1,629,835	1,670,650	1,623,367	3,218,926	1,623,367
2004	2,487,691	2,532,469	2,547,748	2,531,877	2,545,470	2,532,173	4,544,300	2,532,173
2005	3,996,643	4,077,068	4,066,577	4,075,895	4,064,441	4,072,468	5,602,842	4,072,468
2006	2,830,081	2,909,323	2,936,159	2,909,210	2,934,378	2,917,637	4,978,483	2,917,637
2007	3,039,146	3,139,438	3,077,464	3,138,695	3,079,963	3,119,365	4,920,798	3,119,365
2008	3,691,355	3,831,626	3,827,115	3,828,799	3,821,790	3,827,405	5,448,469	3,827,405
2009	2,176,243	2,282,879	2,368,893	2,285,235	2,365,747	2,284,057	5,503,943	2,284,057
2010	4,129,502	4,410,308	4,478,329	4,398,208	4,450,269	4,419,595	5,517,871	4,419,595
2011	3,013,036	3,275,170	3,204,879	3,256,756	3,183,677	3,238,534	5,397,530	3,238,534
2012	2,162,823	2,411,548	2,401,742	2,396,238	2,378,734	2,395,507	5,619,072	2,395,507
2013	1,830,317	2,115,846	2,234,469	2,128,547	2,229,229	2,122,197	6,047,177	2,122,197
2014	3,010,480	3,507,786	3,685,287	3,512,290	3,639,423	3,510,038	6,550,307	3,510,038
2015	1,909,992	2,458,160	2,805,184	2,700,063	3,106,395	2,754,873	6,994,827	2,754,873
2016	1,785,662	3,032,054	3,176,865	3,359,607	3,632,845	3,496,226	6,923,594	3,496,226
Total	\$49,356,441	\$53,291,602	\$54,382,808	\$53,829,311	\$54,998,275	\$53,985,129		\$53,511,244

* 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 12/31/16

	(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	1,543,031	1,543,031	0	0	0
1998	1,328,630	1,328,630	1,328,630	0	0	0
1999	1,540,262	1,548,821	1,540,287	8,534	(8,559)	(25)
2000	1,582,392	1,580,808	1,566,962	13,846	1,584	15,430
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	2,532,173	2,487,691	2,428,740	58,951	44,482	103,433
2005	4,072,468	3,996,643	3,883,845	112,798	75,825	188,623
2006	2,917,637	2,830,081	2,767,351	62,730	87,556	150,286
2007	3,119,365	3,039,146	2,878,825	160,321	80,219	240,540
2008	3,827,405	3,691,355	3,546,909	144,446	136,050	280,496
2009	2,284,057	2,176,243	2,159,428	16,815	107,814	124,629
2010	4,419,595	4,129,502	3,991,381	138,121	290,093	428,214
2011	3,238,534	3,013,036	2,779,600	233,436	225,498	458,934
2012	2,395,507	2,162,823	2,003,121	159,702	232,684	392,386
2013	2,122,197	1,830,317	1,756,658	73,659	291,880	365,539
2014	3,510,038	3,010,480	2,802,648	207,832	499,558	707,390
2015	2,754,873	1,909,992	1,659,872	250,120	844,881	1,095,001
2016	3,496,226	1,785,662	955,161	830,501	1,710,564	2,541,065
Total	\$53,511,244	\$48,891,115	\$46,419,303	\$2,471,812	\$4,620,129	\$7,091,941

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

** For the 1999 accident year, the 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 2017 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	\$2,917,637	\$1,399,227	2.09	1.000	1.057	1.00	2.21
2007	3,119,365	1,485,167	2.10	1.000	1.048	1.00	2.20
2008	3,827,405	1,588,854	2.41	1.000	1.024	1.00	2.47
2009	2,284,057	1,594,082	1.43	1.000	1.019	1.00	1.46
2010	4,419,595	1,606,836	2.75	1.000	1.028	1.00	2.83
2011	3,238,534	1,534,033	2.11	1.000	1.022	1.00	2.16
2012	2,395,507	1,596,327	1.50	1.000	1.017	1.00	1.53
2013	2,122,197	1,717,948	1.24	1.000	1.014	1.00	1.26
2014	3,510,038	1,987,456	1.77	1.000	1.000	1.00	1.77
2015	2,754,873	1,995,343	1.38	1.000	1.002	1.00	1.38
2016	3,496,226	2,078,833	1.68	1.000	1.000	1.00	1.68
Total	\$34,085,434	\$18,584,106	1.83			Weighted Average	1.87
						Avg L5	1.52
						Avg L3	1.61
						NCCI Kansas	1.42
(8)	2017 Selected Net Pure Premium						1.65
(9)	2017 Projected Payroll (\$00's)						\$2,242,779
(10) = (8) x (9)	Estimated KMIT 2017 Ultimate Losses and ALAE (Prior to Aggregate Excess Insurance)						\$3,700,585
(11)	Aggregate Retention Factor for 2017						0.97
(12) = (10) x (11)	Estimated KMIT 2017 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,589,567
(13)	Discount Factor at 0.69%						0.981
(14) = (12) x (13)	Present Value of Estimated KMIT 2017 Ultimate Losses and ALAE (Limited to Aggregate Retention)						\$3,521,365

* Based on Kansas NCCI Filing.

** Trended at 0.0% 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 2017
07/01/93	0.889	0.889	2006	1.005	1.057
07/01/93	1.009	0.897	2007	1.013	1.048
11/01/93	0.981	0.880	2008	1.036	1.024
07/01/94	1.004	0.883	2009	1.042	1.019
07/01/95	1.004	0.887	2010	1.033	1.028
05/01/96	1.024	0.908	2011	1.039	1.022
07/01/96	1.007	0.915	2012	1.043	1.017
07/01/97	1.007	0.921	2013	1.047	1.014
09/01/97	0.985	0.907	2014	1.061	1.000
07/01/98	1.008	0.915	Estimated 2015	1.059	1.002
07/01/99	1.008	0.922	Estimated 2016	1.061	1.000
10/01/99	1.012	0.933	Estimated 2017	1.061	1.000
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			
07/01/13	1.006	1.050			
01/01/14	1.010	1.060			
07/01/14	1.002	1.062			
01/01/15	0.995	1.057			
07/01/15	1.004	1.061			

* Source: 2016 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) = 1 / (2)	(5) = 1 / (3)	(6)
Month of Development	1994-2003 Selected Cumulative Paid LDF*	2004-2016 Selected Cumulative Paid LDF*	1994-2003 Indicated Payment Pattern	2004-2016 Indicated Payment Pattern	Selected Payment Pattern
276	1.017	1.027	98.3%	97.4%	100.0%
264	1.018	1.028	98.2%	97.3%	100.0%
252	1.019	1.029	98.1%	97.2%	100.0%
240	1.020	1.030	98.0%	97.1%	100.0%
228	1.021	1.031	97.9%	97.0%	100.0%
216	1.022	1.032	97.8%	96.9%	100.0%
204	1.023	1.034	97.8%	96.7%	99.8%
192	1.025	1.037	97.6%	96.4%	99.5%
180	1.027	1.040	97.4%	96.2%	99.0%
168	1.030	1.044	97.1%	95.8%	98.0%
156	1.034	1.049	96.7%	95.3%	97.0%
144	1.039	1.054	96.2%	94.9%	96.0%
132	1.046	1.061	95.6%	94.3%	95.0%
120	1.054	1.069	94.9%	93.5%	94.0%
108	1.063	1.079	94.1%	92.7%	93.0%
96	1.081	1.097	92.5%	91.2%	92.0%
84	1.106	1.122	90.4%	89.1%	91.0%
72	1.137	1.153	88.0%	86.7%	90.0%
60	1.182	1.199	84.6%	83.4%	85.0%
48	1.254	1.272	79.7%	78.6%	80.0%
36	1.409	1.430	71.0%	69.9%	75.0%
24	1.665	1.690	60.1%	59.2%	60.0%
12	3.277	3.326	30.5%	30.1%	30.0%

* Loss Development Factors are selected on Exhibit 4.

KANSAS MUNICIPAL WORKERS' COMPENSATION INSURANCE TRUST

**Workers' Compensation
Calculation of Discount Factor for 2017**

(1)	(2)	(3)	(4)
Month of Development	Selected Cumulative Payment Pattern*	Incremental Payment Pattern*	Discounted Incremental Payment Pattern**
12	30.0%	30.0%	29.9%
24	60.0%	30.0%	29.7%
36	75.0%	15.0%	14.7%
48	80.0%	5.0%	4.9%
60	85.0%	5.0%	4.9%
72	90.0%	5.0%	4.8%
84	91.0%	1.0%	1.0%
96	92.0%	1.0%	1.0%
108	93.0%	1.0%	0.9%
120	94.0%	1.0%	0.9%
132	95.0%	1.0%	0.9%
144	96.0%	1.0%	0.9%
156	97.0%	1.0%	0.9%
168	98.0%	1.0%	0.9%
180	99.0%	1.0%	0.9%
192	99.5%	0.5%	0.5%
204	99.8%	0.3%	0.3%
216	100.0%	0.2%	0.2%
228	100.0%	0.0%	0.0%
240	100.0%	0.0%	0.0%
252	100.0%	0.0%	0.0%
264	100.0%	0.0%	0.0%
276	100.0%	0.0%	0.0%
Total		100.0%	98.1%

* 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 2017 Ultimate Loss & ALAE at Various Probability Levels Discounted at 0.69%

Probability Level	Gross of Aggregate Retention		Limited to Aggregate Retention*	
	Undiscounted	Discounted at 0.69%	Undiscounted	Discounted at 0.69%
95%	8,585,357	8,422,235	6,943,995	6,812,059
85%	5,809,918	5,699,530	5,635,620	5,528,543
75%	4,662,737	4,574,145	4,522,854	4,436,920
65%	3,922,620	3,848,090	3,804,941	3,732,647
Actuarial Central Estimate	3,700,585	3,630,274	3,589,567	3,521,365

* Limited to an aggregate retention of \$6,943,995.

KANSAS MUNICIPAL INSURANCE TRUST

FINANCIAL STATEMENTS-STATUTORY BASIS
WITH
SUPPLEMENTAL INFORMATION
DECEMBER 31, 2016 AND 2015
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS

KANSAS MUNICIPAL INSURANCE TRUST

FINANCIAL STATEMENTS DECEMBER 31, 2016 AND 2015

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Independent Auditor's 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, 2016 and 2015 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.

Auditor's 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, 2016 and 2015, 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, 2016 and 2015 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 30, 2017

KANSAS MUNICIPAL INSURANCE TRUST

BALANCE SHEETS – STATUTORY BASIS

December 31,	2016	2015
ASSETS		
Cash and cash equivalents	\$ 3,115,279	\$ 1,914,612
Investments	11,651,205	11,835,062
Interest income accrued	53,403	42,318
Premiums receivable	70,789	109,968
Agent commissions receivable	1,412	4,080
Excess insurance premium receivable	23,920	22,030
Specific receivable	15,577	34,311
<i>Total assets</i>	14,931,585	13,962,381
Less: non admitted assets	-	-
<i>Total admitted assets</i>	<u>\$ 14,931,585</u>	<u>\$ 13,962,381</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Reserve for unpaid workers' compensation claims	\$ 7,091,938	\$ 6,579,153
Other expenses due or accrued	46,500	46,000
Taxes, licenses and fees due or accrued	381,733	519,500
Return premiums payable	399,191	365,547
Deposits on premium	1,037,223	775,849
<i>Total liabilities</i>	8,956,585	8,286,049
Fund balance		
Fund balance	5,975,000	5,676,332
<i>Total liabilities and fund balance</i>	<u>\$ 14,931,585</u>	<u>\$ 13,962,381</u>

KANSAS MUNICIPAL INSURANCE TRUST

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

For the years ended December 31,	2016	2015
Underwriting income		
Direct premiums earned	\$ 4,829,526	\$ 5,260,880
Less: excess insurance premium	<u>451,042</u>	<u>459,126</u>
Net underwriting income	<u>4,378,484</u>	<u>4,801,754</u>
Deductions		
Workers' compensation claims incurred	3,009,276	3,419,127
Claims adjustment expenses incurred	227,388	156,996
Other administrative expenses incurred	<u>1,003,526</u>	<u>1,110,068</u>
Total underwriting deductions	<u>4,240,190</u>	<u>4,686,191</u>
Net underwriting gain	138,294	115,563
Investment income / Other income		
Interest earned	<u>160,374</u>	<u>128,600</u>
Net income	298,668	244,163
Fund balance, beginning of year	5,676,332	5,432,169
Change in non - admitted assets	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,975,000</u>	<u>\$ 5,676,332</u>

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF CASH FLOWS – STATUTORY BASIS

For the years ended December 31,	2016	2015
Cash flows from operating activities		
Net income	\$ 298,668	\$ 244,163
Adjustments to reconcile net income to net cash used in operating activities:		
Amortization of premiums on investments	53,613	44,111
(Increase) decrease in assets:		
Interest income accrued	(11,085)	2,647
Premium receivable	39,179	(9,332)
Agent commission receivable	2,668	(2,122)
Excess insurance premium receivable	(1,890)	3,520
Specific receivable	18,734	(18,317)
Increase (decrease) in liabilities:		
Reserve for unpaid workers' compensation claims	512,785	379,030
Other expenses due or accrued	500	1,000
Taxes, licenses and fees due or accrued	(137,767)	20,252
Return premium payable	33,644	(35,418)
Deposits on premiums	261,374	(238,555)
<i>Net cash provided by operating activities</i>	1,070,423	390,979
Cash flows from investing activities		
Purchase and maturities of investments:		
Purchase of U.S. Government and agency securities	(3,781,000)	(4,384,180)
Sale and maturity of U.S. Government and agency securities	3,911,244	4,413,000
<i>Net cash provided by investing activities</i>	130,244	28,820
<i>Net increase in cash and cash equivalents</i>	1,200,667	419,799
Cash and cash equivalents, beginning of year	1,914,612	1,494,813
Cash and cash equivalents, end of year	<u>\$ 3,115,279</u>	<u>\$ 1,914,612</u>
Supplemental disclosure		
Cash paid during the year for:		
Income tax	<u>\$ 0</u>	<u>\$ 0</u>
Interest	<u>\$ 0</u>	<u>\$ 0</u>

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, 2016 to January 1, 2017 and \$750,000 per occurrence for the period from January 1, 2015 to January 1, 2016. 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. Cash accounts at Commerce Bank exceeded the Federal limit by \$2,613,541 at December 31, 2016. The Trust had a repurchase agreement in place to cover \$2,556,109 of 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>2016</u>	<u>2015</u>
Cash-administrative	\$ 408,878	\$ 756,379
Cash-claims	<u>2,706,401</u>	<u>1,158,233</u>
Total cash and cash equivalents	<u>\$ 3,115,279</u>	<u>\$ 1,914,612</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, 2016 and 2015, fair value, gross unrealized losses and amortized cost of investments were as follows:

2016					
	Original Cost	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investments					
Money Market Securities	\$ 6,708,000	\$ 6,708,000	\$ 25,879	\$ (19,969)	\$ 6,713,910
US Agency	2,154,453	2,150,000	722	(4,071)	2,146,651
Corporate bonds	2,227,480	2,104,531	450	(19,666)	2,085,314
Municipals	691,379	688,674	1,344	(1,583)	688,435
Total	<u>\$ 11,781,312</u>	<u>\$ 11,651,205</u>	<u>\$ 28,395</u>	<u>\$ (45,289)</u>	<u>\$ 11,634,311</u>
2015					
	Original Cost	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investments					
Money Market Securities	\$ 6,955,000	\$ 6,955,000	\$ 683	\$ (16,182)	\$ 6,939,501
US Agency	3,411,102	3,400,801	-	(16,313)	3,384,488
Corporate bonds	1,551,302	1,479,261	-	(11,488)	1,467,773
Total	<u>\$ 11,917,404</u>	<u>\$ 11,835,062</u>	<u>\$ 683</u>	<u>\$ (43,983)</u>	<u>\$ 11,791,762</u>

The following is a summary of maturities of these securities as of December 31, 2016.

<u>Amounts maturing in:</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
Due within one year	\$ 3,408,532	\$ 3,408,739
Due from one to five years	8,242,673	8,225,572
Due from five to ten years	-	-
	<u>\$ 11,651,205</u>	<u>\$ 11,634,311</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, 2016 and 2015:

2016			
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	\$ -	\$ 6,713,910	\$ -
US Agency	2,146,651	-	-
Corporate bonds	-	2,085,314	-
Municipals	-	688,435	-
Total	<u>\$ 2,146,651</u>	<u>\$ 9,487,659</u>	<u>\$ -</u>

2015			
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	\$ -	\$ 6,939,501	\$ -
US Agency	3,384,488	-	-
Corporate bonds	-	1,467,773	-
Total	<u>\$ 3,384,488</u>	<u>\$ 8,407,274</u>	<u>\$ -</u>

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, 2016 and 2015. 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, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Reported claims	\$ 2,219,538	\$ 2,192,769
Claim adjustment expenses	243,711	222,647
Reserve for incurred but not reported claims	<u>4,628,689</u>	<u>4,163,737</u>
	<u>\$ 7,091,938</u>	<u>\$ 6,579,153</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>2016</u>	<u>2015</u>
Balance at January 1, gross reserves	\$ 6,386,816	\$ 6,386,816
Less reinsurance recoverables	<u>186,693</u>	<u>186,693</u>
Net balance at beginning of period	<u>6,200,123</u>	<u>6,200,123</u>
Incurred related to:		
Current year	3,496,226	3,542,932
Prior years	<u>(259,562)</u>	<u>33,191</u>
Total incurred	<u>3,236,664</u>	<u>3,576,123</u>
Paid related to:		
Current year	955,161	1,003,505
Prior years	<u>1,389,688</u>	<u>2,193,588</u>
Total paid	<u>2,344,849</u>	<u>3,197,093</u>
Net balance at December 31	7,091,938	6,579,153
Plus reinsurance recoverables	<u>329,812</u>	<u>460,944</u>
Balance at December 31, gross reserves	<u>\$ 7,421,750</u>	<u>\$ 7,040,097</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, 2016 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 \$1,037,223 and \$775,849 represent premiums for the 2017 and 2016 contract years collected prior to December 31, 2016 and 2015, 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 2016 and 2015. During the years ended December 31, 2016 and 2015, 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 30, 2017, 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

For the years ended December 31,	2016	2015
Insurance Department fees and taxes	\$ 24,920	\$ 190,117
Risk and claim management fees	550,000	530,000
League of Kansas Municipalities fees	70,000	70,000
Administrator fees	99,360	98,560
Independent agent commissions	90,158	97,527
Risk Analysis	38,160	22,076
NCCI fees	27,105	754
Professional services	48,148	48,550
Other expenses	55,675	52,484
	<u>\$ 1,003,526</u>	<u>\$ 1,110,068</u>

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS-YEAR ENDED DECEMBER 31, 2016
ACTIVITY BY CONTRACT PERIOD

For the years ended December 31,	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Underwriting income:												
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: excess insurance premium	-	-	-	-	-	-	-	-	-	-	-	-
Net underwriting income	-	-	-	-	-	-	-	-	-	-	-	-
Deductions:												
Workers' compensation claims incurred	-	-	-	-	-	-	(6,331)	-	-	-	32,704	47,568
Claims adjustment expenses incurred	-	-	-	-	-	-	-	-	-	-	500	-
Other administrative expenses incurred	-	-	-	1,844	350	282	(596)	-	-	-	(283)	(911)
Total underwriting deductions	-	-	-	1,844	350	282	(6,927)	-	-	-	32,921	46,657
Net underwriting gain (loss)	-	-	-	(1,844)	(350)	(282)	6,927	-	-	-	(32,921)	(46,657)
Investment income / Other income												
Interest earned (net)	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	-	-	-	(1,844)	(350)	(282)	6,927	-	-	-	(32,921)	(46,657)
Fund balance, beginning of period	74,487	46,579	495,282	(288,756)	(400,590)	(425,922)	(311,364)	322,871	606,319	687,285	(141,449)	(1,282,556)
Fund balance, end of period	\$ 74,487	\$ 46,579	\$ 495,282	\$ (290,600)	\$ (400,940)	\$ (426,203)	\$ (304,437)	\$ 322,871	\$ 606,319	\$ 687,285	\$ (174,370)	\$ (1,329,213)
Non admitted assets												
Current fund balance after non admitted assets												

KANSAS MUNICIPAL INSURANCE TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
STATUTORY BASIS-YEAR ENDED DECEMBER 31, 2016
ACTIVITY BY CONTRACT PERIOD

For the years ended December 31,	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Underwriting income:												
Direct premiums earned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,829,526	\$ 4,829,526
Less: excess insurance premium	-	-	-	-	-	-	-	-	-	-	451,042	451,042
Net underwriting income	-	-	-	-	-	-	-	-	-	-	4,378,484	4,378,484
Deductions:												
Workers' compensation claims incurred	11,966	2,089	71,204	(48,933)	195,574	189,897	120,181	(91,484)	(58,374)	(840,254)	3,383,470	3,009,276
Claims adjustment expenses incurred	499	1,101	1,808	(332)	3,752	3,534	12,211	3,717	35,648	52,195	112,755	227,388
Other administrative expenses incurred	(1,701)	(2,855)	(4,017)	(4,312)	(1,999)	(2,717)	(4,238)	(12,991)	(25,638)	(78,891)	1,142,200	1,003,526
Total underwriting deductions	10,763	335	68,995	(53,577)	197,327	190,714	128,154	(100,758)	(48,364)	(866,950)	4,638,425	4,240,190
Net underwriting gain (loss)	(10,763)	(335)	(68,995)	53,577	(197,327)	(190,714)	(128,154)	100,758	48,364	866,950	(259,941)	138,294
Investment income / Other income												
Interest earned (net)	-	-	-	-	-	-	-	-	-	-	160,374	160,374
Net income (loss)	(10,763)	(335)	(68,995)	53,577	(197,327)	(190,714)	(128,154)	100,758	48,364	866,950	(99,567)	298,668
Fund balance, beginning of period	308,425	757,891	641,925	1,641,476	(336,991)	191,697	1,019,176	1,311,168	502,130	257,249	-	5,676,332
Fund balance, end of period	\$ 297,662	\$ 757,557	\$ 572,930	\$ 1,695,053	\$ (534,318)	\$ 983	\$ 891,022	\$ 1,411,926	\$ 550,494	\$ 1,124,199	\$ (99,567)	5,975,000
Non admitted assets												-
Current fund balance after non admitted assets												\$ 5,975,000

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	Year Ended 12/31/2005
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	\$ 3,837,793
Excess insurance premium	<u>151,393</u>	<u>210,142</u>	<u>133,376</u>	<u>117,122</u>	<u>79,456</u>	<u>80,124</u>	<u>86,819</u>	<u>127,168</u>	<u>189,458</u>	<u>366,991</u>	<u>221,435</u>	<u>374,472</u>
Net underwriting income	<u>1,306,189</u>	<u>1,640,359</u>	<u>1,709,671</u>	<u>1,637,393</u>	<u>1,298,266</u>	<u>1,471,989</u>	<u>1,602,954</u>	<u>1,838,488</u>	<u>2,427,184</u>	<u>2,907,497</u>	<u>3,035,213</u>	<u>3,463,321</u>
Deductions:												
Workers' compensation claims incurred	716,699	1,049,151	790,126	1,451,640	1,244,536	1,393,559	1,462,975	1,097,086	1,211,717	1,474,073	2,375,698	3,827,640
Claims adjustment expenses incurred	25,541	54,345	46,505	91,393	84,096	146,703	123,714	83,208	129,109	149,296	153,524	244,828
Other administrative expenses incurred	<u>477,137</u>	<u>598,509</u>	<u>492,670</u>	<u>527,664</u>	<u>486,764</u>	<u>454,812</u>	<u>450,315</u>	<u>437,017</u>	<u>533,042</u>	<u>649,335</u>	<u>739,429</u>	<u>815,740</u>
Total underwriting deductions	<u>1,219,377</u>	<u>1,702,005</u>	<u>1,329,301</u>	<u>2,070,697</u>	<u>1,815,396</u>	<u>1,995,074</u>	<u>2,037,004</u>	<u>1,617,311</u>	<u>1,873,868</u>	<u>2,272,704</u>	<u>3,268,651</u>	<u>4,888,208</u>
Net underwriting gain (loss)	86,812	(61,646)	380,370	(433,304)	(517,130)	(523,085)	(434,050)	221,177	553,316	634,793	(233,438)	(1,424,887)
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	95,674
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,335</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss)	109,487	11,579	495,282	(290,600)	(400,940)	(426,203)	(304,437)	322,871	606,319	687,285	(174,370)	(1,329,213)
Fund balance, beginning of period	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of fund balance	<u>(35,000)</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance end of period	<u>\$ 74,487</u>	<u>\$ 46,579</u>	<u>\$ 495,282</u>	<u>\$ (290,600)</u>	<u>\$ (400,940)</u>	<u>\$ (426,203)</u>	<u>\$ (304,437)</u>	<u>\$ 322,871</u>	<u>\$ 606,319</u>	<u>\$ 687,285</u>	<u>\$ (174,370)</u>	<u>\$ (1,329,213)</u>
Non admitted assets												
Current fund balance after non admitted assets												

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 12/31/2006	Year Ended 12/31/2007	Year Ended 12/31/2008	Year Ended 12/31/2009	Year Ended 12/31/2010	Year Ended 12/31/2011	Year Ended 12/31/2012	Year Ended 12/31/2013	Year Ended 12/31/2014	Year Ended 12/31/2015	Year Ended 12/31/2016	Total
Underwriting income:												
Direct premiums earned	\$ 4,272,140	\$ 4,950,174	\$ 5,519,169	\$ 5,193,412	\$ 5,213,781	\$ 4,442,326	\$ 4,484,533	\$ 4,853,835	\$ 5,460,345	\$ 5,261,044	\$ 4,829,526	\$ 80,956,765
Excess insurance premium	<u>384,425</u>	<u>420,728</u>	<u>372,790</u>	<u>341,935</u>	<u>351,375</u>	<u>336,966</u>	<u>337,595</u>	<u>395,128</u>	<u>432,750</u>	<u>456,352</u>	<u>451,042</u>	<u>6,419,042</u>
Net underwriting income	<u>3,887,715</u>	<u>4,529,446</u>	<u>5,146,379</u>	<u>4,851,477</u>	<u>4,862,406</u>	<u>4,105,360</u>	<u>4,146,938</u>	<u>4,458,707</u>	<u>5,027,595</u>	<u>4,804,692</u>	<u>4,378,484</u>	<u>74,537,723</u>
Deductions:												
Workers' compensation claims incurred	2,726,729	2,915,737	3,584,745	2,152,661	4,223,165	3,086,570	2,217,836	1,989,319	3,356,962	2,614,864	3,383,470	50,346,957
Claims adjustment expenses incurred	190,908	203,628	242,659	131,395	196,430	151,963	177,671	132,878	151,731	140,009	112,755	3,164,289
Other administrative expenses incurred	<u>907,402</u>	<u>915,548</u>	<u>991,848</u>	<u>953,969</u>	<u>1,029,900</u>	<u>938,769</u>	<u>930,513</u>	<u>996,444</u>	<u>1,076,010</u>	<u>1,054,220</u>	<u>1,142,200</u>	<u>17,599,256</u>
Total underwriting deductions	<u>3,825,039</u>	<u>4,034,913</u>	<u>4,819,252</u>	<u>3,238,025</u>	<u>5,449,495</u>	<u>4,177,302</u>	<u>3,326,020</u>	<u>3,118,641</u>	<u>4,584,702</u>	<u>3,809,093</u>	<u>4,638,425</u>	<u>71,110,502</u>
Net underwriting gain (loss)	62,676	494,533	327,127	1,613,452	(587,089)	(71,942)	820,918	1,340,066	442,893	995,599	(259,941)	3,427,221
Investment income / Other income												
Interest earned (net)	234,986	263,024	245,802	81,601	52,768	72,925	70,104	71,861	107,601	128,600	160,374	2,545,444
Other income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,335</u>
Net income (loss)	297,662	757,557	572,930	1,695,053	(534,318)	983	891,022	1,411,926	550,494	1,124,199	(99,567)	5,975,000
Fund balance, beginning of period	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance end of period	<u>\$ 297,662</u>	<u>\$ 757,557</u>	<u>\$ 572,930</u>	<u>\$ 1,695,053</u>	<u>\$ (534,318)</u>	<u>\$ 983</u>	<u>\$ 891,022</u>	<u>\$ 1,411,926</u>	<u>\$ 550,494</u>	<u>\$ 1,124,199</u>	<u>\$ (99,567)</u>	5,975,000
Non admitted assets												-
Current fund balance after non admitted assets												<u>\$ 5,975,000</u>

BY-LAWS AND INTERLOCAL COOPERATION AGREEMENT FOR THE KANSAS MUNICIPAL INSURANCE TRUST

Effective Date: January 1, 2018 (DRAFT to be considered by KMIT General Membership on 9/17/17)

In consideration of the mutual covenants contained herein, this Interlocal Cooperation Agreement is made and entered into by and among Kansas municipalities which execute this Agreement and become members of the Kansas Municipal Insurance Trust ("KMIT" or "the Trust"), each of which hereby agrees to abide by the terms and conditions of this Agreement and all actions taken pursuant to this Agreement.

ARTICLE 1. Authority.

- 1.1 The Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq., as amended and the Interlocal Cooperation Act, K.S.A. 12-2901, et seq., as amended, authorize this Agreement and the powers commonly held and to be jointly exercised by Kansas municipalities which become members of the Kansas Municipal Insurance Trust.

ARTICLE 2. Definitions.

As used in this Agreement, the following terms shall have the meaning hereinafter set out:

- 2.1 Act. The Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq., as amended from time to time.
- 2.2 Administrator. An individual or firm ~~designated~~ contracted by the KMIT Board of Trustees.
- 2.3 Agreement. The Bylaws and Interlocal Cooperation Agreement for the Kansas Municipal Insurance Trust.
- 2.4 Board of Trustees or Board. The Board of Trustees of the Trust.
- 2.5 Bylaws. The Bylaws and Interlocal Cooperation Agreement for the Kansas Municipal Insurance Trust.
- 2.6 Contributions. Amounts paid by members to receive the benefits of the Trust.
- 2.7 Member. A Kansas municipality which adopts this Agreement and becomes a member of the Trust.

- 2.8 Municipality. Any Kansas ~~city~~ municipality (as defined by K.S.A 75-6102), and the League of Kansas Municipalities.
- 2.9 Pool. The Kansas Municipal Insurance Trust.
- ~~2.10 Representative. The person designated pursuant to Section 11.1b to be a member's official representative for the purposes of the Trust.~~
- 2.10 Trust. The Kansas Municipal Insurance Trust.
- 2.11 Trustee. A person serving on the Board.

ARTICLE 3. Purposes.

- 3.1 The purposes of this Agreement are to:
- a. Form a group-funded Pool, known as the Kansas Municipal Insurance Trust, as permitted by the Act, to fund through joint self-insurance, excess insurance, reinsurance, or other lawful manner, obligations imposed upon employers under the workers' compensation Act as described in articles 5 and 5a of Chapter 44 of the Kansas Statutes Annotated, as from time to time amended, and to take any action authorized by law or as determined by the Board, with the powers set forth in this Agreement; and
 - b. Provide, through the Trust, certain claims and risk management services related to the workers' compensation liabilities so pooled, and assist members in reducing and preventing such workers' compensation liabilities.

ARTICLE 4. Creation of Trust.

- 4.1 There is hereby created the Kansas Municipal Insurance Trust as a separate legal public entity, constituting an interlocal governmental agency as provided by law. The Trust shall continue in effect until dissolved in accordance with this Agreement.
- 4.2 The Trust is formed, financed, organized, and shall operate in accordance with the provisions of this Agreement. This Agreement constitutes the bylaws of the Trust.
- 4.3 The Trust may sue and be sued.
- 4.4 In accordance with the provisions of the Interlocal Cooperation Act, this Agreement shall be submitted to the Attorney General to determine whether it is in proper form and compatible with the laws of Kansas, and to such other state officers encompassed by this Agreement, as may be required by the Interlocal Cooperation Act or other laws of this state, and to the Commissioner of Insurance as part of the

application and certification process to establish a group-funded Pool under the Act. Any municipality which enters into this Agreement shall file a copy of the Agreement with its Register of Deeds and with the Secretary of State, in accordance with the provisions of K.S.A. 12-2905, and amendments thereto.

- 4.5 This Agreement shall take effect and may be amended and shall continue in effect until the Trust is dissolved, all as provided herein.
- 4.6 This Agreement does not establish an insurance company, nor shall the benefits or obligations of this public agency constitute a policy of insurance coverage.

ARTICLE 5. Members.

- 5.1 Membership in the Trust is limited to those municipalities which: ~~(1) are members in good standing of the League of Kansas Municipalities;~~ (2) (1) meet the requirements established by the Board of Trustees; and ~~(3)~~ (2) which properly adopt this Agreement.
- 5.2 Municipalities, including former members, may be admitted to the Trust after its formation only upon approval of the Board and subject to the conditions set out in this Agreement and such additional conditions as the Board may from time to time require.

ARTICLE 6. Board of Trustees.

- 6.1 The Board shall be composed of eleven persons elected by the members, each of whom shall be a representative of a different member.
- 6.2 ~~The Administrator shall have the right to attend and participate fully in discussions during all meetings of the Board of Trustees in an ex-officio, non-voting capacity, and shall not be considered a Trustee.~~ The Administrator or designee shall attend all meetings of the Board of Trustees.
- 6.3 Election of Trustees shall take place at the annual meeting of the members. Trustees shall assume office at the first Board meeting following their election.
- 6.4 Terms of the Trustees shall be two-year overlapping terms or until their successors are elected except that, of the Trustees first elected pursuant to Section 6.1, six will be elected to serve until the first Board meeting following the annual meeting of the members held during 1995; and five will be elected to serve until the first Board meeting following the annual meeting of the members held during 1996. No person shall serve as a Trustee more than three consecutive two-year terms. However, this term limitation shall not include the initial term of office (January 1994 through October 1994).

- 6.5 A vacancy shall occur on the Board when a Trustee:
- a. Submits a written resignation to the Board.
 - b. Dies.
 - c. Ceases to be a Member Representative.
 - d. Fails to attend three consecutive regular meetings of the Board without the Board having entered upon its minutes an approval for an additional absence or absences, except that such additional absence or absences shall be excused for temporary mental or physical disability or illness.
 - e. Is removed by the members pursuant to Article 10.
 - f. Is convicted of a felony.
 - g. The Board shall have the power to suspend any trustee who fails to resign for cause as stipulated in Article 6.5 (c), (d) and (f) until such time as removal is approved by KMIT members pursuant to Article 10.
- 6.6 Any vacancy in the position of Trustee will be filled by ~~majority vote of the remaining Trustees~~ appointment of the President of the Board, at the recommendation of the Nomination Committee, until the next annual meeting of the members, at which time the members shall elect a person to fill the vacancy for the unexpired term.
- 6.7 No Trustee may be an owner, officer, or employee of any service agent or representative, as provided in K.S.A. 12-2627, and amendments thereto. Each Trustee must be a resident of Kansas.

ARTICLE 7. Officers, meetings, procedures.

- 7.1 The officers of the Board shall be: president, vice-president, and treasurer. The Board shall establish the powers and duties of each officer, consistent with this Agreement. The vice-president may exercise the powers of the president in the absence of the president. Officers shall be elected by and from the Trustees, at the first Board meeting following each annual meeting of the members.
- 7.2 The Administrator shall ~~designate a person to~~ serve as Secretary of the Board.
- 7.3 The Board shall fix the date, time and place of regular meetings, which may be held without further notice. ~~Special meetings may be called by the president, or by any~~

~~six members of the Board, by written notice mailed at least ten days in advance to all Trustees or by unanimously executed waiver of notice.~~ Special meetings may be called by the President or by any six Trustees, by digital notice of at least two business days, executed through and by the Administrator. Special meetings may be via phone conference.

- 7.4 Six Trustees shall constitute a quorum to do business. All acts of the Board shall require a quorum and a majority vote of the Trustees present, except where a different vote is required by this Agreement.
- 7.5 The Board shall adopt such procedures as it deems necessary or desirable for the conduct of its business.
- 7.6 Any action of the Board may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all Trustees. Such consent shall have the same effect as a unanimous vote. The consent may be executed in counterparts.

ARTICLE 8. Powers and duties of the Trust and the Board.

- 8.1 The Trust shall have all powers necessary or desirable to achieve the purposes of the Trust. The Board may exercise all powers of the Trust except those powers reserved to the members, and all powers necessary and proper for the operation of the Trust and implementation of this Agreement, subject to the limits of this Agreement and the Act. The Board is responsible for all operations of the Trust.
- 8.2 Subject to the limits of the Act, the powers of the Board shall include, but not be limited to, the power to:
 - a. Delegate, by resolution adopted at a meeting of the Trustees and specifically defined in the written minutes of the Trustees' meetings, authority for specific functions to the Administrator, but only to the extent permitted by the Act.
 - b. Establish member contributions, pursuant to guidelines adopted by the Board from time to time.
 - c. Serve as the policy-holder of any group policies or plans.
 - d. Determine the methods of claim administration and payment; provide for claim experience for the members collectively or separately; and establish claim procedures and conditions to be met prior to the payment or defense of a claim.
 - e. Jointly self-insure or obtain excess insurance (specific or aggregate) or reinsurance, or any combination thereof, or otherwise provide for the funding of

coverage provided by or through the Trust, as the Board deems appropriate.

~~f. Designate and establish the duties of the Administrator.~~

- f. Provide for the administration of the moneys of the Trust, for the manner of payments to the Trust, and for payment of all expenses of the Trust; establish standards for the accountability of all receipts and disbursements of the Trust; and establish procedures for safekeeping, handling and investing such moneys received or paid.
- g. Acquire, lease, hold, and dispose of real and personal property.
- h. Exercise the full power and authority of any member of the Trust when requested to do so by the member's governing body.
- i. Provide for necessary activities to accomplish the purposes of this Agreement and of the Trust.
- j. Do any act permitted by law and not in conflict with this Agreement.
- k. Provide for an independent audit of claim handling procedures, payments, or overall operations of the Trust, at such times as the Board may determine.
- l. Establish loss reduction, prevention and risk management policies, procedures, and requirements for members of the Trust.
- m. Adopt and adjust the coverage provided through the Trust in concurrence with any affected excess insurers or reinsurers.
- n. Enter into contracts as necessary or appropriate for the operation of the Trust.
- o. Appoint committees from time to time, as the Board considers appropriate.
- p. Approve attorneys or firms of attorneys to represent members in claims covered by or through the Trust.
- q. Obtain the services of agents, attorneys, brokers, consultants, employees and service providers as necessary or appropriate for the operation of the Trust.
- r. Provide risk management services and educational and other programs related to risk management.
- s. Establish from time to time the address where the books and records of the Trust will be maintained.

8.3 Subject to the limits of the Act, the Board shall:

- a. Perform all duties required by the Act.
- b. Obtain and provide to members annually an audit of the finances of the Trust performed by an independent certified public accountant.
- c. Provide for ~~at least quarterly~~ monthly financial statements to account for income, expenses, assets and liabilities of the Trust.
- d. Provide at least annually for an actuarial review of the Trust.
- e. Adopt a budget annually and report the budget to the members.
- f. Require that fidelity bonds be in effect for ~~the Administrator, claims service provider and its employees, and every other~~ every person having access to moneys of the Trust.

8.4 The Trustees shall not extend credit to individual members for any purpose.

ARTICLE 9. Financing.

- 9.1 All moneys contributed to the Trust, and earnings thereon, shall be held in the name of and for the benefit of the Trust.
- 9.2 The Board shall establish member contributions pursuant to guidelines established by the Board from time to time consistent with the Act. The contributions may include, as the Board determines, an annual contribution, contributions on a periodic basis more frequent than annually, and any additional contributions which the Board deems necessary or appropriate to protect the financial condition of the Trust. The contributions may be based upon experience modification factors, payroll audits, or any other bases the Board considers appropriate. Additional contributions may be imposed after the year in which coverage is provided.
- 9.3 A member shall only be responsible for additional contributions to the Trust which relate to claims arising out of occurrences during and expenses relating to years in which the municipality is a member of the Trust.
- 9.4 Any refund of surplus moneys shall be consistent with the Act and with policies adopted by the Board. No refund of surplus moneys shall be made to any member or former member which owes any amount to the Trust until the amount so owed is paid, and any amount so owed may be deducted from the refund to the member or former member. No refund of surplus moneys shall cause the Trust to become

impaired or insolvent.

- 9.5 Investments of moneys of the Trust shall be limited to those investments permitted by the Act.

ARTICLE 10. Members' powers and meetings.

10.1 The members shall have the power to:

- a. Elect Trustees pursuant to Article 6.
- b. Remove any Trustee from the Board by a two-thirds vote of the membership present at a meeting or by an affirmative vote of two-thirds vote of the membership by a mail ballot.
- c. Dissolve the Trust by a two-thirds vote of the membership present at a meeting or by an affirmative vote of two-thirds vote of the membership by a mail ballot.
- d. Amend the Agreement by an affirmative vote of two-thirds vote of the membership present at a meeting or by an affirmative vote of two-thirds vote of the membership by a mail ballot. Written notice of any proposed amendment shall be provided to each member at least thirty days in advance of the vote thereon.

10.2 Members shall meet at least once annually in conjunction with the annual meeting of the League of Kansas Municipalities. Special meetings of the General Membership may be called by the Board or pursuant to a procedure to be established by the Board. A special meeting shall be called upon written request executed by at least thirty percent (30%) of the membership.

- a. Notice of any member meeting shall be mailed by the Administrator to each member at least fifteen days in advance.
- b. The president of the Board shall preside at the meeting.
- c. Fifty-one percent of the membership or 15 members present at a meeting shall constitute a quorum to conduct business.
- d. Proxy voting shall not be allowed.
- e. Each member shall be entitled to one vote, to be cast by its representative.
- f. The location of meetings of members will be as determined from time to time by the Board.

ARTICLE 11. Obligations of Members.

11.1 Members shall have the obligation to:

- a. Pay promptly all contributions and other payments to the Trust at such times and in such amounts as shall be established in accordance with this Agreement, including any interest and penalties for late payment as may be required by a policy adopted by the Board.
- b. ~~Designate in writing a representative and one or more alternate representatives for the members' meetings. Each representative and alternate representative must be an elected officer, appointed officer, or employee of a member and must be appointed by majority vote of the governing body of the member to be the member's official representative for the purposes of the Trust. An alternate representative may exercise all the powers of a representative during a member meeting, in the absence of the representative.~~ Recognize/observe that each member shall have only one vote at any meeting of the General Membership. If needed, the Administrator shall provide ONE written ballot for each member, and that ballot must be signed by an official of the member city in order to be valid. Written balloting may be waived by an overwhelming show of hands on any given question, as determined by the President.
- c. Allow the Trust and its Administrator, agents, contractors, employees and officers reasonable access to all facilities of the member and all records required for the administration of the Trust and implementation of this Agreement.
- d. Cooperate fully with the Trust's attorneys and Administrator, and any other agent, contractor, employee or officer of the Trust in activities relating to the purposes and powers of the Trust.
- e. Provide information requested by the Trust, its Administrator, and any other agent, contractor, employee or officer of the Trust, as reasonably required for the administration of the Trust.
- f. Allow the Trust, and attorneys and others designated by the Trust, to represent the member in the investigation, settlement and litigation of any claim within the scope of loss protection furnished by or through the Trust.
- g. Follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board. The Trust does not assume any duty the member may have to provide safe facilities, equipment, machinery, or operational procedures for its employees or the public.

- h. Report to the Trust, in the form and within the time required by the Board, all incidents or occurrences which could reasonably be expected to result in the Trust being required to consider a claim.
- i. Report to the Trust, in the form and within the time required by the Board, the addition of new programs and facilities or the significant reduction or expansion of existing programs and facilities or other acts.

11.2 It shall be the express obligation of every member of the Trust to comply with the workers' compensation laws of the State of Kansas and such laws shall govern the duties of employers and the liabilities to employees of the members of the Trust.

ARTICLE 12. Withdrawal or non-renewal of members.

12.1 Any member may withdraw from the Trust on any coverage renewal date by written notice of withdrawal provided to the Administrator no later than 60 days prior to the renewal date, unless the Board and any affected excess insurer or reinsurer agrees to a shorter notice period.

- a. In the event that a member chooses to withdraw at a point in the premium (calendar) year other than the renewal date, a "short-rate cancellation" schedule shall be applied. The "short-rate cancellation" amount will be determined by use of the National Council on Compensation Insurance, Inc. (NCCI) Basic Manual (most current edition), under "RULE 3 – RATING DEFINITIONS AND APPLICATION OF PREMIUM ELEMENTS" of that manual.

12.2 The Board may, at its option, non-renew any member with the Trust on any coverage renewal date by written notice of non-renewal provided by the Administrator no later than 60 days prior to the renewal date.

12.3 A withdrawn or non-renewed member shall lose all voting rights upon withdrawal or non-renewal. Any claim of title or interest to any asset of the Trust, and any continuing obligation of the Trust to the member or of the member to the Trust, after the member's withdrawal or non-renewal, shall be consistent with this Agreement, any policy adopted by the Board, any excess insurance or reinsurance policy of the Trust, and the Act.

ARTICLE 13. Cancellation of membership.

~~13.1 A member which terminates its membership in the League of Kansas Municipalities shall, on the date of such termination, have its membership in the Trust automatically canceled.~~

13.1 The membership in the Trust of a member which fails to make a contribution or any other payment due the Trust shall be automatically canceled on the sixtieth day following the due date, unless time for payment is extended by the Board and payment is made within any extended period. A notice of failure to make a contribution or other payment due the Trust shall be mailed to the member at least thirty (30) days prior to the date of automatic cancellation. A cancellation of membership under this paragraph 13.2 shall not be subject to the provisions of paragraph 13.3.

13.2 Membership in the Trust may be canceled for failure to carry out any other obligation of a member, subject to the following:

- a. The member shall receive notice from the Board of the alleged failure and not less than thirty (30) days in which to cure the alleged failure, along with notice that cancellation of membership could result if the failure is not so cured.
- b. If the failure is not cured within the time required by the Board's notice or any extension of such time as the Board may grant, the Board may cancel the membership. The member may request a hearing before the Board on the proposed cancellation. The request shall be made in writing to the Administrator at least five days before the end of the period given by the Board to cure the alleged failure.
- c. If a hearing is timely requested, the Board shall provide the member at least ten days' prior written notice of the time and place of the hearing, and the proposed cancellation may not take effect until such time after the conclusion of any hearing as the Board may set.

13.3 Cancellation of membership shall be in addition to any other remedy which may exist.

13.4 A member whose membership has been canceled shall lose all voting rights upon the effective date of the cancellation. Any claim of title or interest to any asset of the Trust, and any continuing obligation of the Trust to the member or of the member to the Trust, after cancellation of the membership, shall be as determined consistent with this Agreement, any policy adopted by the Board, and the Act.

ARTICLE 14. Dissolution and disposition of property.

14.1 The Trust may be dissolved by the members as provided in Article 10. In the event of dissolution of the Trust, the assets of the Trust not used or needed for the purposes of the Trust, as determined by the Board, shall be distributed exclusively to municipalities which are members of the Trust immediately prior to dissolution to

be used for one or more public purposes.

- 14.2 Upon partial or complete dissolution of the Trust by the members in accordance with Article 10, the Trustees shall determine, consistent with this Agreement, all other matters relating to the disposition of property and dissolution of the Trust, by a two-thirds vote of all Trustees.
- 14.3 The Board shall serve as trustees for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Trust.

ARTICLE 15. Liability of Trustees, officers, Administrator, and employees.

- 15.1 No Trustee, officer, Administrator, or employee of the Trust shall be personally liable for any acts performed or omitted in good faith nor for any debts or other liabilities, actual or contingent, of the Trust or upon contracts or engagements on its behalf. The Trust shall defend and indemnify the Trustees, officers, Administrator and employees against any and all expense, including attorney fees and liability expenses sustained by them or any of them in connection with any suit or suits which may be brought against them involving or pertaining to any of their acts or duties performed or omitted in good faith. The Trust may purchase public officials liability, errors and omissions or other insurance providing similar coverage for the Trustees, officers and employees of the Trust. Nothing herein shall be deemed to prevent compromises of any such litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.

ARTICLE 16. General provisions.

- 16.1 This document constitutes a contract among and between those municipalities which become all the members of the Trust. The terms of this contract may be enforced in court by the Trust or by any of its members.
- 16.2 Except as provided in this Agreement and to the extent of the financial contributions to the Trust agreed to herein or such additional obligations as may come about through amendments to this Agreement, no member agrees or contracts herein to be held responsible for any claims made against any other member. The contracting parties intend in the creation of the Trust to establish an organization to operate only within the scope herein set out and have not herein created as between member and member any relationship of partnership, surety, indemnification, or responsibility for the debts of or claims against any other member, except that, to the extent required by the Act, all members of the Trust shall be jointly liable for the payment of claims to the extent of the assets of the Trust.
- 16.3 The laws of Kansas shall govern the interpretation and performance of this

Agreement.

- 16.4 In the event that any portion of this Agreement is held invalid or unenforceable, such invalidity or unenforceability shall not affect other portions, and this Agreement is expressly declared to be severable.
- 16.5 This Agreement does not relieve any member of any obligation or responsibility imposed upon it by law except to the extent that actual and timely performance thereof by the Trust satisfies such obligation or responsibility.
- 16.6 All moneys received by the Trust are public funds, including earned interest, derived from its members which are municipalities within the State of Kansas.
- 16.7 Neither this Agreement nor any action adopting this Agreement is intended to nor does it waive, nor shall it be construed as waiving, any immunity or limitation on liability provided to the members or their officers or employees by any law, including but not limited to any such immunity or limitation appearing in the Kansas Tort Claims Act, and amendments thereto. The laws regarding workers' compensation and the benefits to the employer are reserved and shall not be deemed to have been waived by any action approving this Agreement or by membership in the Trust.
- 16.8 The provisions of this Agreement and of the other documents referred to herein, and the assets of the Trust, are for the benefit of the members of the Trust only, and no other persons or entities shall have any rights or interest in this Agreement or in any of the other documents referred to herein or in any such assets, as a third party beneficiary or otherwise. The assets of the Trust shall not be subject to attachment, garnishment, or any equitable proceeding.
- 16.9 It is the intention of the members that the Trust and any income of the Trust not be subject to taxation, and the members shall cooperate in such respects, including amending this Agreement, as reasonably necessary to establish and maintain the non-taxable status of the Trust.
- 16.9a Except as permitted in this Agreement, and amendments hereto, neither the Board nor any other person or entity is authorized to incur liabilities or obligations or enter into contracts on behalf of the members.
- 16.10 To the extent permitted by any applicable excess insurance or reinsurance, if the Board or its authorized representative and a member disagree on whether a loss is covered through the Trust or on the amount of a covered loss, the Board or its authorized representative or the member may request that the disagreement be submitted to binding arbitration as follows:

- a. Unless otherwise agreed by the Board or its authorized representative and the member, three persons shall be selected for the arbitration panel, one by the Board or its authorized representative, one by the member, and one by the two so selected to act as umpire to decide the items upon which the other two disagree. If the two so selected fail for fifteen days to agree upon the umpire, the dispute of coverage shall be submitted to the American Arbitration Association for arbitration pursuant to their standard rules and regulations.
 - b. The decision of the panel shall be binding on the Board or its authorized representative and the member.
 - c. The Trust shall pay the fees and expenses of the panelist selected by the Board or its authorized representative, the member shall pay the fees and expenses of the panelist selected by it, and the fees and expenses of the umpire shall be shared equally by the Trust and the member.
- 16.11 In the event of the payment of any loss by the Trust under this Agreement, the Trust shall be subrogated to the extent of such payments to all the rights of the member against any other person or other entity legally responsible for damages for such loss, and in such event the member agrees to render all reasonable assistance to effect recovery.
- 16.12 The provisions of the Act are hereby adopted by reference as a part of this Agreement, and any provision of this Agreement in conflict with the Act shall be inapplicable.
- 16.13 This Agreement may be executed in counterparts. The original of each executed Agreement shall be filed with the Trust.
- 16.14 This executed Agreement replaces and ~~supercedes~~ **supersedes** all prior By-Laws for Kansas Municipal Insurance Trust.

In witness whereof, the parties hereto have entered into this Agreement by the execution of this signature page which shall be attached to and be a part of this Agreement.

This Agreement is executed by _____, Kansas, pursuant to Article 10, 10.1(d), as a result of certain changes to the By-Laws adopted at a ~~Special~~ Meeting of the Members of KMIT on ~~October 7, 2012~~ September 17, 2017.

By: _____

Print Name: _____

Title: _____

Date: _____

ATTEST:

By: _____

Print Name: _____

Title: _____

Date: _____

*The original KMIT By-Laws have been amended on October 7, 1996, October 8, 2001, October 7, 2012, and September 17, 2017.